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The information in this document forms part of the Product Disclosure Statement for the Individual Section of the Mercer SmartSuper Plan in the Corporate Superannuation Division of the Mercer Super Trust dated 25 November 2019.

This booklet is issued by Mercer Superannuation (Australia) Limited ABN 79 004 717 533 as trustee of the Mercer Super Trust ABN 19 905 422 981. “MERCER” and Mercer SmartPath are Australian registered trademarks of Mercer (Australia) Pty Ltd (Mercer) ABN 32 005 315 917.
ABOUT THIS BOOKLET

This Investments booklet (Booklet) provides important information about the Individual Section of the Mercer SmartSuper Plan in the Corporate Superannuation Division (CSD) of the Mercer Super Trust and forms part of the Product Disclosure Statement (PDS).

You should consider the information in this Booklet and the PDS and any other important information booklets referred to in this Booklet and the PDS before making any decision about your super.

This Booklet contains general information only and does not take into account your individual objectives, financial situation or needs. Before acting on any of this information, you should consider whether it is appropriate to your objectives, financial situation and needs. You should get financial advice tailored to your personal circumstances.

Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533 Australian Financial Services Licence (AFSL) 235906 is the trustee of the Mercer Super Trust. In this Booklet, MSAL is called trustee, we or us.

Mercer Investments (Australia) Limited (MIAL) ABN 66 008 612 397 AFSL 244385 advises the trustee about the selection, appointment, replacement and ongoing evaluation of investment managers. MIAL is named in this Booklet and has consented to being so named. MSAL and MIAL are wholly owned subsidiaries of Mercer (Australia) Pty Ltd (Mercer) ABN 32 005 315 917.

References to ‘your Plan’ and ‘Individual Section’ throughout the PDS and this Booklet mean the Individual Section of the Mercer SmartSuper Plan in the CSD of the Mercer Super Trust.

MSAL is responsible for the contents of this Booklet and is the issuer of this Booklet. MIAL and Mercer are not responsible for the issue of, or any statements in this Booklet, the PDS or any of the other important information booklets referred to in this Booklet or the PDS. They do not make any recommendation or provide any opinion regarding your Plan in the Mercer Super Trust or an investment in it.

The value of the investments in your Plan may rise and fall. MIAL, MSAL or Mercer do not guarantee the investment performance, earnings, or the return of any capital invested in your Plan.

Updated information

The information in this Booklet, the PDS and the other booklets (that are part of the PDS) may change. You can obtain updated information that is not materially adverse at mercersuper.com or call the Helpline to request a copy of the information free of charge. Changes that are materially adverse will be advised to you as required by law.
**HOW TO CONTACT US**

**Helpline**
Call the Helpline on **1800 682 525** or if calling from outside Australia on **61 3 8306 0900** from 8am to 7pm AEST Monday to Friday.

**Online**
[mercersuper.com](http://mercersuper.com)
After you join the Individual Section, we will send you your personal login. You will then be able to access information about your super in the Mercer Super Trust, including annual reports.

Our online tools include:
- up to date information on investment options
- information from our wealth education experts
- financial planning tools
- ability to update your contact details

Our website is available 24 hours per day, seven days per week; however, the website may not be available when we need to carry out scheduled updates or maintenance.

**By mail**
General correspondence and forms
Mercer Super Trust
GPO Box 4303
Melbourne VIC 3001

To write to the trustee
Mercer Superannuation (Australia) Limited
GPO Box 4303
Melbourne VIC 3001

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**Keep your contact details up to date**
We can only send you information if we have your current contact details. You can update your details at [mercersuper.com](http://mercersuper.com) (sign in using your personal login) or call the Helpline.

We may send member communications to you (including member statements and significant event notices that the law permits) by:
- email
- SMS, and/or
- a link to a website so you can download them.

We can also post any documents to you. When you receive your personal login details, simply update your communication preferences online under ‘Personal Details’ or call the Helpline.
HOW TO CHOOSE YOUR INVESTMENTS

MEMBERS JOINING THE INDIVIDUAL SECTION DIRECTLY

We provide a diverse range of investment options to help meet your needs. This gives you the flexibility to tailor your investment strategy.

As a new member of your Plan, you can select up to ten investment options from our investment menu. If you decide not to make an investment selection, we will automatically invest your super in the default investment option Mercer SmartPath®, which is the MySuper product for your Plan.

For more details about our investment options see the:
• ‘Investments menu’, and
• ‘Investment options in detail’ section later in this Booklet.

Making an investment choice

Once you have received your personal login, you can select or change investment options online at mercersuper.com or by calling the Helpline.

Different rules apply to investing in the Mercer Direct investment option. Refer to the ‘About the Mercer Direct investment option’ section later in this Booklet.

You should seek advice from a licensed, or appropriately authorised, financial adviser before you choose investment options. It is important to review your investment selection regularly.

Investment strategy for future contributions

On joining your Plan your investment strategy for future contributions will be the Mercer SmartPath investment option unless you select a different option(s).

Your investment strategy for future contributions will apply to all future contributions, including rollovers from other super funds and all other cashflows including distributions and rebates.

MEMBERS WHO HAVE BEEN AUTOMATICALLY TRANSFERRED FROM AN EMPLOYER PLAN IN THE CSD

If you were transferred from an employer plan in the CSD you may have been an accumulation member or a defined benefit member. You should refer to your Product Disclosure Statement and the other member material you received since joining your employer plan in the CSD for details of what type of member you were in your employer plan.

Amounts for which you had choice as to how this money was invested, either as a defined benefit or accumulation member, will be invested in the same investment options that you were invested in at the time of the transfer to the Individual Section. Where this is not possible you will be invested in options which most closely correspond* to the investment options that you were invested in.

If at the time of your transfer you were a defined benefit member, then the part of your super for which you did not have a choice as to how it was invested (including the defined benefit portion), will be invested in the Mercer Cash investment option until you elect otherwise or are advised otherwise in a separate communication from the trustee.

Further, if you were a defined benefit member with choice as to how to invest part of your super and 100% of this part of your super was invested in:
• the Fairfax Media Super investment option (if you transferred from Fairfax Media Super)
• the Ford Select investment option (if you transferred from the Ford Employees Superannuation Plan or the Ford Management Superannuation Plan), or
• the Mercer Growth investment option (if you transferred from any other CSD plan)
then this part of your super will be invested in the Mercer SmartPath investment option until you elect otherwise.

If at the time of your transfer you were an accumulation member who received investment earnings on all or part of your super based on a crediting rate declared by the trustee, then that part of your super will be invested in the Mercer Cash investment option until you elect otherwise or are advised otherwise in a separate communication from the trustee.
**Investment strategy for future contributions**

If at the time of your transfer, you were:

- a defined benefit member, or
- an accumulation member where your future contributions would have received investment earnings on all or part of your super based on a crediting rate declared by the trustee

your investment strategy for future contributions will be the Mercer SmartPath investment option unless you select a different option(s).

For all other members the investment strategy for future contributions will be the same investment option(s) that applied to your future contributions at the time of your transfer.

Where this is not possible you will be invested in options which most closely correspond* to the investment options that applied to your future contributions at the time of your transfer.

Your investment strategy for future contributions will apply to all future contributions, including rollovers from other super funds and all other cashflows including distributions and rebates.

* Most of the investment options in the CSD are the same as in the Individual section except for the Fairfax Media Super investment option and the Ford Select investment option. These investment options do not have an exact Individual Section equivalent and hence will be matched to the Mercer Growth investment option in the Individual section.

**Changing (switching) investment options**

You can change (switch) your investment option(s) at any time. A switch is a sale of units in one investment option and a purchase of units in another investment option.

If you switch options, it’s important to specify whether the change will apply to:

- your current super account balance,
- your investment strategy for future contributions, or
- both of the above.

You can make a switch online at mercersuper.com (sign in using your personal login) or call our Helpline.

See ‘Units and unit pricing’ for details on which unit price applies when changing or switching investment options.

**MEMBERS WHO HAVE BEEN AUTOMATICALLY TRANSFERRED FROM THE PERSONAL SUPERANNUATION DIVISION (PSD) ON 1 JANUARY 2020**

Refer to the ‘Important Notice – Transfer from the PSD to the Mercer SmartSuper Plan – Individual Section’ available at mercersuper.com (using your personal login) or from the Helpline for information about:

- Where your future contributions will be invested in the Individual Section; and
- Where your super account balance will be invested in the Individual Section.
**MERCER INVESTMENT MENU**

The trustee may add, remove or alter investment options. We will advise you about any changes.

<table>
<thead>
<tr>
<th>READY-MADE OPTIONS</th>
<th>SELECT-YOUR-OWN OPTIONS</th>
<th>MERCER DIRECT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide access to a combination of asset classes to target a specific investment objective</td>
<td>Incorporate principles of social responsibility</td>
<td>Offers a range of shares, Exchange Traded Funds (ETFs) and term deposits</td>
</tr>
<tr>
<td>Mercer Smartpath*</td>
<td>Mercer Socially Responsible Shares</td>
<td>Mercer Australian Shares</td>
</tr>
<tr>
<td></td>
<td>Mercer Sector options</td>
<td>Mercer Passive options</td>
</tr>
<tr>
<td></td>
<td>Mercer Direct</td>
<td></td>
</tr>
<tr>
<td>Mercer Diversified Shares</td>
<td>Mercer Socially Responsible Australian Shares</td>
<td>Mercer International Shares</td>
</tr>
<tr>
<td>Mercer High Growth</td>
<td>Mercer Socially Responsible Global Shares (Unhedged)</td>
<td>Mercer International Shares – Hedged</td>
</tr>
<tr>
<td>Mercer Select Growth</td>
<td>Mercer Socially Responsible High Growth*</td>
<td>Mercer Property</td>
</tr>
<tr>
<td>Mercer Growth</td>
<td>Mercer Socially Responsible Growth</td>
<td>Mercer Fixed Interest</td>
</tr>
<tr>
<td>Mercer Moderate Growth</td>
<td>Mercer Socially Responsible Moderate Growth*</td>
<td>Mercer Enhanced Passive Conservative Growth</td>
</tr>
<tr>
<td>Mercer Conservative Growth</td>
<td>Mercer Socially Responsible Conservative Growth*</td>
<td></td>
</tr>
<tr>
<td>Mercer Cash</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* The default investment option.
* These investment options will be available from 1 January 2020.

**INVESTMENT OPTION NAME CHANGES**

New investment option names are effective at 1 January 2020, as shown in the below table.

<table>
<thead>
<tr>
<th>Prior to 1 January 2020</th>
<th>From 1 January 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mercer Overseas Shares (Unhedged)</td>
<td>Mercer International Shares</td>
</tr>
<tr>
<td>Mercer Hedged Overseas Shares</td>
<td>Mercer International Shares – Hedged</td>
</tr>
<tr>
<td>Indexed Australian Shares</td>
<td>Mercer Passive Australian Shares</td>
</tr>
<tr>
<td>Indexed Overseas Shares</td>
<td>Mercer Passive International Shares</td>
</tr>
<tr>
<td>Indexed Australian Listed Property</td>
<td>Mercer Passive Australian Listed Property</td>
</tr>
<tr>
<td>Enhanced Indexed Growth</td>
<td>Mercer Enhanced Passive Growth</td>
</tr>
<tr>
<td>Enhanced Indexed Conservative Growth</td>
<td>Mercer Enhanced Passive Conservative Growth</td>
</tr>
</tbody>
</table>
**READY-MADE INVESTMENT OPTIONS**

The Ready-made investment options combine a mix of asset classes and management styles to target a stated investment objective.

The trustee chooses and monitors the investment managers and decides how to allocate across the different asset classes, which may be growth, defensive oriented, or a mix of both.

The Ready-made investment options are:

- Mercer SmartPath (the default investment option)
- Mercer Diversified Shares
- Mercer High Growth
- Mercer Select Growth
- Mercer Growth
- Mercer Moderate Growth
- Mercer Conservative Growth
- Mercer Cash

**SELECT-YOUR-OWN INVESTMENT OPTIONS**

**Mercer Socially Responsible Investment options**

The Mercer Socially Responsible Investment (SRI) options incorporate principles of social responsibility into investment decisions. The SRI options use a multi-manager investment approach, with different investment managers selected to implement investment strategies in each asset class.

**Mercer Sector options**

These options offer exposure mainly to one major asset class. They are designed for investors who want to invest in a particular asset class, or multiple asset classes, to tailor their own portfolio.

**Mercer Passive options**

These options aim to perform in line with the overall market in which they invest. They may also have some exposure to active management.

**Mercer Direct option**

The Mercer Direct investment option allows you to take greater control of your investments, by choosing from a range of:

- Shares
- Term deposits
- Exchange Traded Funds (ETFs).

Refer to the ‘Mercer Direct investment option’ section later in this Booklet for more information.

**NO GUARANTEES**

There are no guarantees investment returns will be positive or you will be able to maintain the value of original capital. Your super account balance is dependent on movements in the value of the underlying investments in your investment option(s).

You should see a licensed, or appropriately authorised, financial adviser if you are unsure about your investment choices.

Low or negative investment returns will affect your super benefit. That means your super benefit may be less than the amount of contributions paid into your super account if you leave the Mercer Super Trust. Tax, fees and charges will also reduce your benefit.

You can obtain up to date returns for your Plan’s Ready-made and Select-your-own investment options, at mercersuper.com (sign in using your personal login).

Refer to the ‘Understanding Investment Risks’ section in this Booklet for more information.
Your super can be invested in various asset classes, depending on your investment option(s). An explanation of the asset classes is provided in the table below.

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Australian Shares</strong></td>
<td>Investments in Australian companies listed on the Australian Stock Exchange (ASX) or equity based trusts, derivatives or unlisted Australian based equity type investments. It may include a small exposure to companies listed outside the ASX.</td>
</tr>
</tbody>
</table>
| **International Shares** | Investments in companies listed on securities exchanges around the world. These investments may be hedged or unhedged to manage movements in exchange rates, which can have an impact on the value of investments (up or down). Investments in international shares may be in:  
  • Developed markets, which are countries that have sophisticated economies and a middle to high income per person.  
  • Emerging markets, which includes countries that are less developed and have low to middle income per person. |
| **Real Assets**      | Real assets include investments in property, infrastructure and natural resources such as timber. These assets may be Australian or international and listed or unlisted. Property investments include, but are not limited to, office buildings, shopping centres, and industrial estates. Infrastructure investments are investments in long-term assets required for major economic and social needs such as airports, tunnels, bridges, toll roads, pipelines and utilities. |
| **Alternative Assets** | Alternative assets comprise of investments that do not fit within other asset classes. They may include investments in hedge funds, private equity, mezzanine debt and insurance linked strategies. Alternative investments may have growth and/or defensive characteristics. |
| **Growth Fixed Interest** | Growth fixed interest investments target a higher return by investing in issuers that may carry a higher degree of credit risk or illiquidity relative to defensive fixed interest and cash investments. Generally the exposures will be to non-investment grade corporate bond issuers, or sovereign bond issuers in emerging markets, which may also carry emerging market currency risks. |
| **Defensive Fixed Interest and Cash** | Defensive fixed interest investments generally provide a regular income stream with the repayment of capital expected at the end of the term. These investments are generally considered defensive as they are predominantly invested in highly rated sovereign bond issuers in developed markets or highly rated investment grade corporate issuers. Cash includes short-term interest bearing investments and fixed term interest bearing investments. |

For more information on:
- asset allocations (the assets each investment option invests in) and their percentage of growth investments and defensive investments, see the ‘Investment option in detail’ section that starts on page 14.
- growth and defensive investments are explained in the ‘Glossary of Key Terms’ on page 23.
INVESTMENT PHILOSOPHY AND APPROACH

Investment objectives and strategy
Each investment option has a specific performance objective and investment strategy. Our investment options are reasonably likely to meet their objectives; however, there is no guarantee that a particular objective will be met over a particular time period.

Our approach for each option’s investment strategy is to select a mix of investments that support the option’s objective. We may change the investment objective and strategy for each investment option to ensure there is a reasonable probability we deliver on the objective. The actual asset allocation may fall outside the stated ranges for an option during certain times such as extreme market conditions.

We use formal quarterly analysis to monitor the performance of investment options against their objectives and an annual investment health check to help us assess whether we need to make any changes. We will provide you with information about any significant changes to the features of the investment options.

Manager research and selection
The trustee has appointed MIAL as an investment consultant. MIAL advises the trustee on the selection, appointment, replacement and ongoing evaluation of investment managers.

Mercer’s significant scale in researching investment managers globally provides us with access to some of the best ideas from more than 7,000 investment managers around the world. MIAL leverages a global research network to seek to establish optimal combinations of specialist managers for each asset class, selecting managers for their strength in idea generation, portfolio construction, implementation and business management.

The Ready-made options and many of the Select-Your-Own investment options adopt an actively managed, multi-manager approach. This involves selecting optimal combinations of investment managers to achieve exposure to a range of investment management styles. Our intent is to maximise the potential of the options to produce consistent performance throughout market cycles.

Passive options are typically invested via a single investment manager. They are designed to offer lower cost access to a particular asset class, by investing in line with the relevant index.

The trustee may remove, replace, or appoint investment managers for the investment options at its discretion at any time.

HOW MERCER SUPER TRUST’S ASSETS ARE INVESTED
The trustee may invest the Mercer Super Trust’s assets in:

- funds managed by investment managers
- a range of investments such as securities, derivatives and cash managed via mandates held with investment managers, and
- funds managed by MIAL including but not limited to the Mercer Multi-Manager Funds (MMFs) or the Mercer Investment Funds (MIFs). The assets may also be invested in funds or investment vehicles managed by other Mercer related entities.

MIAL is the responsible entity of the MMFs and MIFs and appoints investment managers to manage the assets of the MMFs and MIFs either directly or via external investment vehicles.

The investments for the Mercer Super Trust including the underlying investments of the MMFs and MIFs are generally held by an external custodian or directly by MIAL or MSAL.

UNITS AND UNIT PRICING
Applicable for all investment options other than the Mercer Direct investment option.

What are units?
You are allocated a number of units, which represent the assets of each investment option. The assets of each investment option are divided into units of equal value. Each unit has a regularly changing price allocated to it.

The unit price of a whole unit (one unit), reflects the asset value of the investment option divided by the number of units on issue for that investment option at the relevant time. We make allowances for any transaction and operational costs (see ‘Transactional and operational costs’ in ‘Additional explanation of fees and costs’ section of the How Your Super Works booklet for more details).

Each time there is a contribution to the Mercer Super Trust, the trustee allocates units in the relevant option at the entry price. Similarly, when there are payments made, the trustee redeems units from the relevant investment option at the exit price. Payments include super benefits, fees, insurance premiums or tax.

The entry price for contributions, rollovers or transfers will generally be calculated after your transaction is received and validated (which may be different to the last available unit price at the time of your transaction). The exit price used for super benefits, fees, premiums, tax and expenses is generally the price available at the time the relevant transaction is processed.

Units are not transferrable. You can see the number of units you hold in your investment options by using your personal login at mercersuper.com or by checking your statements.
We allocate units after we receive all the necessary information to invest.

The issue (or redemption) of units may be suspended if the trustee believes the entry (or exit) price of the units cannot be calculated in a manner fair to all members holding those units. Also the redemption of units may be suspended if we are unable to realise sufficient funds to satisfy a redemption request from the sale of the underlying assets.

What is Unit Pricing?
Each unit has a regularly changing price allocated to it, which is generally calculated daily (except on weekends and Melbourne public holidays). Unit prices may rise or fall depending on fluctuations in the underlying value of investments in each investment option. We have a Unit Pricing Policy governing the calculation of unit prices, and unit prices are independently verifiable.

Investment returns based on unit prices are likely to differ from the underlying manager’s actual return due to timing differences and differences in fees and costs.

Unit pricing and changes to investment options
If you change investment options, the unit price for the switch will generally be calculated after your request is received and validated, which may be different to the last available unit price at the time of your transaction.

How assets are valued?
Unless the trustee determines otherwise, the value of the underlying assets of the investment options will be based on market values determined by an external custodian or investment manager.

When valuing assets, we make an estimate of the tax liability due that has not yet been paid on investment income and capital gains, both realised and unrealised.

For the Mercer Direct investment option only
The Mercer Direct Member Guide provides details about transactions and how your assets within the Mercer Direct investment option are valued. You can get a copy of the Mercer Direct Member Guide at mercersuper.com

SUSTAINABLE INVESTMENT AND ESG CONSIDERATIONS

For all investment options except Mercer Direct
We build sustainability principles into our investment options to help protect and enhance the value of your super. We look beyond traditional financial factors to consider the potential investment impacts of corporate governance as well as environmental and social issues – such as an aging population, climate change and human rights.

We believe a sustainable investment approach is more likely to create and preserve long-term investment capital and more specifically that:

• Environmental, Social and Corporate Governance (ESG) factors, including labour standards can have a material impact on long-term risk and return outcomes and these should be integrated into the investment process.

• Taking a broader perspective on risk, including identifying longer-term sustainability themes and trends, is likely to lead to improved risk management and new investment opportunities.

• Climate change poses a systemic risk and investors should consider the potential financial impacts associated with the transition to a low-carbon economy and the physical impacts.

• Active ownership (or stewardship) helps the realisation of long-term value by providing investors with an opportunity to enhance the value of companies and markets. Therefore, proxy voting and engagement around material ESG issues are incorporated throughout our investment decision making and ownership practices.

This combined approach to the integration of ESG considerations and investment stewardship is captured as a sustainable investment approach. We believe sustainable investment principles can be applied across asset classes to varying degrees. For more information refer to the trustee’s Sustainable Investment Policy, available at mercersuper.com/documents or call the Helpline.
Exclusion of controversial weapons and tobacco

Across all of our investment options, the investment managers we select are required to exclude investments in:

- **Controversial weapons**: Companies that manufacture whole weapons systems, or delivery platforms, or components that were developed or are significantly modified for exclusive use in cluster munitions, anti-personnel landmines, biological or chemical weapons, as well as companies involved in the production and retailing of automatic and semi-automatic civilian firearms.

- **Tobacco companies**: Companies involved in the manufacture and/or production of tobacco products (regardless of revenue), including subsidiaries and joint ventures, as well as any other company that derives 50% or more of revenue from other tobacco-related business activities such as packaging, distribution and retail of tobacco products.

**For Mercer Direct**

The trustee does not impose any specific ESG requirements for the shares, exchange traded funds and term deposits available to you through Mercer Direct.

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**Mercer Socially Responsible investment (SRI) options only**

From 1 January 2020 we will have seven SRI options (we currently have four). When it comes to these options, we consider a wider range of ethical issues in addition to the ESG considerations previously mentioned.

Socially Responsible investing in the context of these investment options means:

- Appointing investment managers who must take sustainability issues into account when making investment decisions, by actively integrating ESG factors into their investment processes,

- Engaging with the companies in which these options invest regarding material ESG issues,

- Excluding investments in companies with a material exposure to certain industries,

- Intentionally looking for investment opportunities linked to sustainability solutions.

The additional exclusions and sustainable companies focus, as outlined in the table below, apply to the Socially Responsible Australian Shares and International Shares asset classes, which are used across the SRI options.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Additional exclusions</th>
<th>Focus on Sustainable Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Socially Responsible</td>
<td></td>
<td>Australian companies contributing to the UN Sustainable Development Goals</td>
</tr>
<tr>
<td>Australian Shares(^1)</td>
<td>Alcohol production</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Carbon intensive fossil fuels (defined as thermal coal and tar sands)~</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Gambling</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Pornography</td>
<td></td>
</tr>
<tr>
<td>Socially Responsible</td>
<td></td>
<td>Global companies delivering positive social and environmental impacts</td>
</tr>
<tr>
<td>International Shares(^2)</td>
<td>Alcohol production and distribution</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Carbon intensive fossil fuels (defined as thermal coal and tar sands)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Gambling</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Nuclear weapons</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Pornography</td>
<td></td>
</tr>
</tbody>
</table>

1. Will not invest in companies with a material exposure; where material exposure is defined as 5% of revenue or greater in the last financial year with the exception of ~carbon intensive fossil fuels where material exposure is defined as 20% or more of a company’s revenue in the last financial year. This asset class also has a carbon intensity target of 20% below the carbon intensity of the benchmark.

2. Will not invest in companies with a material exposure; where material exposure is defined as 10% or more of a company’s revenue in the last financial year.

**Socially responsible investment risk and return considerations**

Applying socially responsible investment principles may affect investment risks and returns. Some SRI, for example, may exclude investments in sectors considered unethical, such as pornography. These options may have less diversified investment opportunities and may forgo some potentially profitable investments on ethical grounds.
**ABOUT THE MERCER SMARTPATH INVESTMENT OPTION**

The Mercer SmartPath investment option takes a whole of life approach to investing your super. This means we actively manage your investment in Mercer SmartPath to help ensure your asset mix is in line with your life stage, based on your age.

Your super will be placed in the relevant path for your year of birth (you cannot choose the path) and you will remain in that path as long as you invest in Mercer SmartPath.

If we are advised of an incorrect date of birth, you will be moved into your correct path (effective from the time your correct date of birth is confirmed) for the investment of any future contributions and other cashflows. Your super account balance will also be switched to the correct path at that time.

**How Mercer SmartPath changes over time**

When you’re younger Mercer SmartPath starts with a higher allocation of growth assets (approximately 90% growth and 10% defensive). As you get older, your exposure to growth assets will gradually reduce to ensure the investment returns are less volatile. This gradual adjustment continues until the allocation reaches approximately 50% growth and 50% defensive at ages 66–70. This gradual adjustment to the asset allocation is called the Glidepath, which is shown in the diagram below.

For example, if you were born between 1 January 1964 and 31 December 1968, your investment strategy is based on 78% growth assets at 1 January 2020 and will move along the Glidepath. By 1 January 2025 it is expected you will have 68% growth assets moving gradually to approximately 50% growth assets and asset allocation by 2034.

Refer to the ‘Investment options in detail’ section later in this Booklet, for more details on the investment strategy, objectives and asset allocation for each path as at 1 January 2020.

Your Annual Report will include details of the actual asset allocation for each path at 30 June each year.
UNDERSTANDING INVESTMENT RISKS

All investments, including super, carry some risks. Investment options each have different levels and types of risks, depending on the assets they invest in. You can help balance risk by choosing investment options across different asset classes, regions and investment managers.

Investment risk is generally used to describe the risk of an investor getting back less than they put in. Taxes, expenses and low or negative investment returns can also have an impact on investment risk in super. Investment options each have different levels and types of risks, depending on the assets they invest in.

Generally, assets with the highest long-term return also carry the highest level of short-term risk. Returns for each investment option will vary and future returns may be different to past returns.

Your investment could rise or fall in value or produce a return that is less than expected. Rises and falls in value can happen quickly and for many reasons.

Below are the types of investment risks that may affect investments in your Plan.

**Counterparty risk** – a counterparty does not meet its contractual obligations, for example, defaulting on financial obligations under a total return swap or a foreign currency forward contract.

**Credit risk** – a debt issuer may default on payment of interest or principal.

**Currency risk** – overseas investments lose value as a result of a rising Australian dollar.

**Individual asset risk** – associated with individual assets within a particular asset class.

**Inflation risk** – an investment may not maintain its purchasing power due to increases in the price of goods and services.

**Investment manager risk** – a particular investment manager may underperform (e.g. their view on markets could be wrong, their investment style could be out of favour or they could lose key investment personnel).

**Liquidity risk** – the risk you will be unable to redeem your investment at the time you choose.

**Market risk** – adverse moves in the financial markets negatively impact the value of an investment.

**Operational risk** – the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events that we or our service providers may be exposed to in managing or operating the options. This extends to technology failures, service outages, or security breaches, including unauthorised access to and/or use of proprietary information, customer data and disruption to fund operations.

**Political risk** – domestic and international political events negatively impact the value of an investment.

**Securities Lending Risk** – the risks associated with a securities lending program, in which securities are loaned to third parties in order to provide greater returns. Some of the investment options may be indirectly exposed to this risk via their underlying investment vehicles. Where an investment option is indirectly exposed to securities lending, there is a risk that the borrower may become insolvent or otherwise become unable to meet its loan obligations.
Managing risks

The trustee aims to appropriately manage investment risks using a number of approaches. This includes offering you a diverse range of investment options, allowing you to select an option, or combination of options, to suit the time you expect to hold your investment in your Plan. If you don’t make an investment choice, the Mercer SmartPath default will provide you with diversification across asset classes, investment managers and investment styles.

The trustee and its investment consultants consider investment risks in constructing the investment options and aim to help manage those risks primarily through diversification and by using some or all of the following strategies:

• investing with a number of different investment managers (to reduce investment manager risk)
• investing in a number of individual securities within each asset class (to reduce individual asset risk, liquidity risk and credit risk)
• where applicable, investing across different asset classes (to reduce market risk, inflation risk and liquidity risk)
• where applicable, investing across different countries (to reduce political risk, inflation risk, liquidity risk and currency risk)
• securities lending risk is managed by full collateralisation of loans and the appointment of an experienced Securities Lending Agent and Oversight and Monitoring Agent to administer and monitor the program.

For additional risks that apply to the Mercer Direct investment option, refer to the ‘Mercer Direct investment option’ information later in this Booklet.

We strongly recommend you speak to a licensed, or appropriately authorised, financial adviser before making an investment decision.

Use of derivatives

The investment managers appointed by the trustee may use derivatives to help manage risk (e.g. to hedge part of an international currency exposure).

Derivatives, such as futures or options, are investment products whose value is derived from one or more underlying assets. The value of a share option, for example, is linked to the value of the underlying share.

Derivatives are used to assist in the efficient management of the portfolios (e.g. to quickly and effectively adjust asset class exposures and for rebalancing purposes) and to manage risk (e.g. for currency hedging). Losses from derivatives can occur (e.g. due to market movements).

Derivative risk is managed in adherence to the Derivatives Policy for Mercer Funds.

STANDARD RISK MEASURE

The Standard Risk Measure (SRM) is the estimated number of negative annual returns in any 20 year period. It is a tool to help you compare investment risk across investment options. The SRM is based on industry guidance and is not a complete assessment of investment risk. It does not take into account:

• what the size of a negative return could be
• if the size of a positive return will be enough to meet your objectives, or
• the impact of administration fees and tax on the likelihood of a negative return.

You should check you are comfortable with the risks and potential losses associated with your chosen investment option(s).

The seven risk labels of a standard risk measure are listed below.

<table>
<thead>
<tr>
<th>Risk labels</th>
<th>Estimated number of negative annual returns over any 20 year period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very high</td>
<td>6 or more</td>
</tr>
<tr>
<td>High</td>
<td>Between 4 and 6</td>
</tr>
<tr>
<td>Medium to high</td>
<td>Between 3 and 4</td>
</tr>
<tr>
<td>Medium</td>
<td>Between 2 and 3</td>
</tr>
<tr>
<td>Low to medium</td>
<td>Between 1 and 2</td>
</tr>
<tr>
<td>Low</td>
<td>Between 0.5 and 1</td>
</tr>
<tr>
<td>Very low</td>
<td>Less than 0.5</td>
</tr>
</tbody>
</table>

Risk labels are not a guarantee of the number or frequency of negative annual returns for an investment option.
### MERCER SMARTPATH INVESTMENT OPTIONS IN DETAIL

#### READY-MADE INVESTMENT OPTIONS

|---------------------|----------------|----------------|------------------|----------------|-------------------|

#### Description
- For members born on or before 31 December 1953. You may be retired or about to retire, therefore we are continuing to reduce your allocation to growth assets.
- For members born between 1 January 1954 and 31 December 1958. You may be retired or about to retire, therefore we are continuing to reduce your allocation to growth assets.
- For members born between 1 January 1959 and 31 December 1963. You may be beginning to approach retirement, therefore we are gradually reducing your allocation to growth assets.
- For members born between 1 January 1964 and 31 December 1968. You have many years left to retirement and time to see through the ups and downs of a growth-oriented investment approach, so your money is invested in mainly growth assets but we are gradually reducing your allocation to growth assets.
- For members born between 1 January 1969 and 31 December 1973. You have many years left to retirement and time to see through the ups and downs of a more aggressive investment approach, so your money is invested in mainly growth assets.
- For members born after 31 December 1973. You have many years left to retirement and time to see through the ups and downs of a more aggressive investment approach, so your money is invested in mainly growth assets.

#### Objectives
- To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 2.0% per annum over rolling four year periods.
- To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 2.50% per annum over rolling five year periods.
- To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.25% per annum over rolling six year periods.
- To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.75% per annum over rolling seven year periods.
- To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4.25% per annum over rolling seven year periods.
- To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4.5% per annum over rolling seven year periods.

#### Standard Risk Measure / Minimum Suggested Timeframe

<table>
<thead>
<tr>
<th>Asset Allocation</th>
<th>Growth</th>
<th>Defensive</th>
<th>Growth</th>
<th>Defensive</th>
<th>Growth</th>
<th>Defensive</th>
<th>Growth</th>
<th>Defensive</th>
<th>Growth</th>
<th>Defensive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Allocation Ranges %</td>
<td>30-70</td>
<td>30-70</td>
<td>40-80</td>
<td>40-80</td>
<td>50-90</td>
<td>50-90</td>
<td>60-100</td>
<td>60-100</td>
<td>70-100</td>
<td>70-100</td>
</tr>
<tr>
<td>Total Asset Allocation %</td>
<td>50</td>
<td>50</td>
<td>58</td>
<td>58</td>
<td>68</td>
<td>68</td>
<td>78</td>
<td>78</td>
<td>88</td>
<td>88</td>
</tr>
</tbody>
</table>

*The reference ‘Born prior to 1954’ include the following paths – Born prior to 1929, Born 1929 to 1933, Born 1934 to 1938, Born 1939 to 1943, Born 1944 to 1948 and Born 1949 to 1953.

MERCER READY-MADE INVESTMENTS OPTIONS

<table>
<thead>
<tr>
<th>MERCER READY-MADE</th>
<th>MERCER DIVERSIFIED SHARES</th>
<th>MERCER HIGH GROWTH</th>
<th>MERCER SELECT GROWTH</th>
<th>MERCER GROWTH</th>
<th>MERCER MODERATE GROWTH</th>
<th>MERCER CONSERVATIVE GROWTH</th>
<th>MERCER CASH</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td>Invests mainly in Australian and International Shares. International currency exposure may be hedged. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.</td>
<td>Invests across most asset classes, but mainly in growth assets. It is designed for members who want exposure to mainly growth assets and can tolerate a high level of risk over seven years.</td>
<td>Invests across a range of different asset classes with a focus on higher returning growth strategies particularly unlisted investments and private markets. It is designed for members who can tolerate a medium to high level of risk over six years.</td>
<td>Invests across most asset classes but mainly in growth assets. It is designed for members who want exposure to mainly growth assets and can tolerate a medium to high level of risk over five years.</td>
<td>Invests across most asset classes but mostly in defensive assets. It is designed for members who want exposure to mainly defensive assets and can tolerate a low to medium level of risk over four years.</td>
<td>Invests across most asset classes but mostly in defensive assets. It is designed for members who want no exposure to growth assets and can tolerate a very low level of risk over one year or less.</td>
<td></td>
</tr>
<tr>
<td><strong>Objectives</strong></td>
<td>To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4% per annum over rolling ten year periods.</td>
<td>To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4% per annum over rolling seven year periods.</td>
<td>To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.75% per annum over rolling six year periods.</td>
<td>To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.5% per annum over rolling five year periods.</td>
<td>To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 2.5% per annum over rolling four year periods.</td>
<td>To maintain the invested capital and to achieve a return above that available on bank bills as measured by the Bloomberg AusBond Bank Bill Index on an annual basis.</td>
<td></td>
</tr>
<tr>
<td><strong>Standard Risk Measure / Minimum Suggested Timeframe</strong></td>
<td>High Ten years</td>
<td>High Seven years</td>
<td>Medium to high Six years</td>
<td>Medium to high Five years</td>
<td>Medium Four years</td>
<td>Low to medium Three years</td>
<td>Very low One year or less</td>
</tr>
<tr>
<td><strong>Asset Allocation</strong></td>
<td>Growth</td>
<td>Defensive</td>
<td>Growth</td>
<td>Defensive</td>
<td>Growth</td>
<td>Defensive</td>
<td>Growth</td>
</tr>
<tr>
<td><strong>Asset Allocation Ranges %</strong></td>
<td>80-100</td>
<td>0-20</td>
<td>70-100</td>
<td>0-30</td>
<td>55-95</td>
<td>5-45</td>
<td>55-95</td>
</tr>
<tr>
<td><strong>Total Asset Allocation %</strong></td>
<td>100</td>
<td>0</td>
<td>88</td>
<td>12</td>
<td>74</td>
<td>26</td>
<td>75</td>
</tr>
<tr>
<td><strong>Asset Class</strong></td>
<td>Range %</td>
<td>Target %</td>
<td>Range %</td>
<td>Target %</td>
<td>Range %</td>
<td>Target %</td>
<td>Range %</td>
</tr>
<tr>
<td><strong>Australian Shares</strong></td>
<td>30-60</td>
<td>45</td>
<td>20</td>
<td>33</td>
<td>10-40</td>
<td>24</td>
<td>10-40</td>
</tr>
<tr>
<td><strong>Real Assets</strong></td>
<td>0-35</td>
<td>16</td>
<td>0-40</td>
<td>20</td>
<td>0-35</td>
<td>15</td>
<td>0-35</td>
</tr>
<tr>
<td><strong>Alternative Assets</strong></td>
<td>0-15</td>
<td>5</td>
<td>0-20</td>
<td>11</td>
<td>0-20</td>
<td>10</td>
<td>0-20</td>
</tr>
<tr>
<td><strong>Growth Fixed Interest</strong></td>
<td>0-15</td>
<td>4</td>
<td>0-15</td>
<td>5</td>
<td>0-15</td>
<td>5</td>
<td>0-15</td>
</tr>
<tr>
<td><strong>Defensive Fixed Interest &amp; Cash</strong></td>
<td>0-20</td>
<td>0</td>
<td>0-15</td>
<td>2</td>
<td>0-25</td>
<td>12</td>
<td>0-25</td>
</tr>
<tr>
<td><strong>Cash</strong></td>
<td>n/a</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SOCIALLY RESPONSIBLE</td>
<td>MERCER SOCIALLY RESPONSIBLE SHARES</td>
<td>MERCER SOCIALLY RESPONSIBLE AUSTRALIAN SHARES</td>
<td>MERCER SOCIALLY RESPONSIBLE GLOBAL SHARES (UNHEDGED)</td>
<td>MERCER SOCIALLY RESPONSIBLE HIGH GROWTH*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------------------</td>
<td>-----------------------------------</td>
<td>---------------------------------------------</td>
<td>-----------------------------------------------------</td>
<td>----------------------------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Description</strong></td>
<td>Invests mainly in Australian and International Shares. International currency exposure may be hedged. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years. Socially responsible (i.e. ethical) considerations are taken into account when making investment decisions for this option.</td>
<td>Invests in Australian shares. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years. Socially responsible (i.e. ethical) considerations are taken into account when making investment decisions for this option.</td>
<td>Invests in Global Shares. International currency exposure is not hedged. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years. Socially responsible (i.e. ethical) considerations are taken into account when making investment decisions for this option.</td>
<td>Invests across most asset classes, but mainly in growth assets. It is designed for members who want exposure to mainly growth assets and can tolerate a high level of risk over seven years. Socially responsible (i.e. ethical) considerations are taken into account when making investment decisions for this option.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Objectives</strong></td>
<td>To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4% per annum over rolling ten year periods.</td>
<td>To exceed the benchmark, after investment fees, over the medium to long term.</td>
<td>To exceed the benchmark by 1.5% p.a. (before investment fees) on a rolling five year basis.</td>
<td>To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4% per annum over rolling seven year periods.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Standard Risk Measure / Minimum Suggested Timeframe</strong></td>
<td>High Ten years</td>
<td>High Ten years</td>
<td>High Ten years</td>
<td>High Seven Years</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Asset Allocation</strong></td>
<td>Growth Defensive</td>
<td>Growth Defensive</td>
<td>Growth Defensive</td>
<td>Growth Defensive</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Asset Allocation Ranges %</strong></td>
<td>80-100 0-20</td>
<td>90-100 0-10</td>
<td>90-100 0-10</td>
<td>70-100 0-30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Asset Allocation %</strong></td>
<td>100 0</td>
<td>100 0</td>
<td>100 0</td>
<td>88 12</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Asset Class</strong></td>
<td>Range % Target %</td>
<td>Range % Target %</td>
<td>Range % Target %</td>
<td>Range % Target %</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australian Shares</td>
<td>30-60 45</td>
<td>90-100 100</td>
<td>90-100 100</td>
<td>20-50 33</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International Shares</td>
<td>40-70 55</td>
<td>90-100 100</td>
<td>90-100 100</td>
<td>25-55 39</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Assets</td>
<td>0-35</td>
<td>0</td>
<td>0</td>
<td>0-35</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alternative Assets</td>
<td>0-15</td>
<td>0</td>
<td>0</td>
<td>0-15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth Fixed Interest</td>
<td>0-15</td>
<td>0</td>
<td>0</td>
<td>0-15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defensive Fixed Interest &amp; Cash</td>
<td>0-20</td>
<td>0</td>
<td>0</td>
<td>0-20</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* These investment options will be available from 1 January 2020.
**SOCIALLY RESPONSIBLE OPTIONS**

<table>
<thead>
<tr>
<th>SOCIAL RESPONSIBLE GROWTH</th>
<th>MERCER SOCIALLY RESPONSIBLE MODERATE GROWTH</th>
<th>MERCER SOCIALLY RESPONSIBLE CONSERVATIVE GROWTH</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td>Invests across most asset classes, but mainly in growth assets. It is designed for members who want exposure to mainly growth assets and can tolerate a medium to high level of risk over five years. Socially responsible (i.e. ethical) considerations are taken into account when making investment decisions for this option.</td>
<td>Invests across most asset classes, but with a slightly higher exposure to growth assets than defensive assets. It is designed for members who want exposure to growth and defensive assets and can tolerate a medium level of risk over four years. Socially responsible (i.e. ethical) considerations are taken into account when making investment decisions for this option.</td>
</tr>
<tr>
<td><strong>Objectives</strong></td>
<td>To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.5% per annum over rolling five year periods.</td>
<td>To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 2.5% per annum over rolling four year periods.</td>
</tr>
<tr>
<td><strong>Standard Risk Measure / Minimum Suggested Timeframe</strong></td>
<td>Medium to high Five years</td>
<td>Medium Four Years</td>
</tr>
<tr>
<td><strong>Asset Allocation</strong></td>
<td>Growth</td>
<td>Defensive</td>
</tr>
<tr>
<td><strong>Asset Allocation Ranges %</strong></td>
<td>55-95 6-45</td>
<td>35-75 25-65</td>
</tr>
<tr>
<td><strong>Total Asset Allocation %</strong></td>
<td>75 25</td>
<td>54 46</td>
</tr>
<tr>
<td><strong>Asset Class</strong></td>
<td>Range %</td>
<td>Target %</td>
</tr>
<tr>
<td>Australian Shares</td>
<td>10-40 26</td>
<td>0-30 17</td>
</tr>
<tr>
<td>International Shares</td>
<td>15-45 32</td>
<td>5-35 21</td>
</tr>
<tr>
<td>Real Assets</td>
<td>0-35 14</td>
<td>0-30 12</td>
</tr>
<tr>
<td>Alternative Assets</td>
<td>0-20 8</td>
<td>0-20 9</td>
</tr>
<tr>
<td>Growth Fixed Interest</td>
<td>0-15 5</td>
<td>0-15 6</td>
</tr>
<tr>
<td>Defensive Fixed Interest &amp; Cash</td>
<td>0-30 15</td>
<td>20-50 35</td>
</tr>
</tbody>
</table>

*These investment options will be available from 1 January 2020.*
### AUSTRALIAN / INTERNATIONAL

<table>
<thead>
<tr>
<th>Description</th>
<th>MERCER AUSTRALIAN SHARES</th>
<th>MERCER INTERNATIONAL SHARES*</th>
<th>MERCER INTERNATIONAL SHARES - HEDGED*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invests mainly in Australian Shares, but may have an exposure to companies listed outside the Australian Exchange. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.</td>
<td></td>
<td>Invests in International Shares mainly in developed market, but may also have some exposure in Emerging Markets. International currency exposure is generally unhedged. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.</td>
<td></td>
</tr>
<tr>
<td>Objectives</td>
<td>To exceed the benchmark, after investment fees, over the medium to long term.</td>
<td>To exceed the benchmark, after investment fees, over the medium to long term.</td>
<td>To exceed the benchmark, after investment fees, over the medium to long term.</td>
</tr>
<tr>
<td>Standard Risk Measure / Minimum Suggested Timeframe</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Asset Allocation</td>
<td>Growth</td>
<td>Defensive</td>
<td>Growth</td>
</tr>
<tr>
<td>Asset Allocation Ranges %</td>
<td>90-100</td>
<td>0-10</td>
<td>90-100</td>
</tr>
<tr>
<td>Total Asset Allocation %</td>
<td>100</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Asset Class</td>
<td>Range %</td>
<td>Target %</td>
<td>Range %</td>
</tr>
<tr>
<td>Australian Shares</td>
<td>90-100</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>International Shares</td>
<td></td>
<td></td>
<td>90-100</td>
</tr>
<tr>
<td>Cash</td>
<td>0-10</td>
<td>0</td>
<td>0-10</td>
</tr>
</tbody>
</table>

*New investment option names are effective at 1 January 2020. Refer to the ‘Investment options name change’ table on page 5 for details.*
## REAL ASSETS/FIXED INTEREST

<table>
<thead>
<tr>
<th>Description</th>
<th>Mercer Property</th>
<th>Mercer Fixed Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>Invests in Global Property, through a combination of Australian Direct Property (unlisted) and Global Listed Property. International currency exposure is generally hedged. It is designed for members who want exposure to mainly growth assets and can tolerate a medium to high level of risk over ten years.</td>
<td>Invest mainly in defensive fixed interest assets. International currency exposure is generally hedged. It is designed for members who want exposure to mainly defensive assets and can tolerate a medium level of risk over three years.</td>
</tr>
</tbody>
</table>

| Objectives | To exceed the benchmark, after investment fees, over the medium to long term. | To exceed the benchmark, after investment fees, over the medium term. |

<table>
<thead>
<tr>
<th>Standard Risk Measure / Minimum Suggested Timeframe</th>
<th>Medium to high</th>
<th>Ten years</th>
<th>Medium</th>
<th>Three Years</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Asset Allocation</th>
<th>Growth</th>
<th>Defensive</th>
<th>Growth</th>
<th>Defensive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Allocation Ranges %</td>
<td>50–100</td>
<td>0–50</td>
<td>0–10</td>
<td>90–100</td>
</tr>
<tr>
<td>Total Asset Allocation %</td>
<td>75</td>
<td>25</td>
<td>0</td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Range %</th>
<th>Target %</th>
<th>Range %</th>
<th>Target %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Direct Property</td>
<td>0–100</td>
<td>50</td>
<td>0–10</td>
<td>0</td>
</tr>
<tr>
<td>Global Listed Property</td>
<td>0–100</td>
<td>50</td>
<td>0–10</td>
<td>0</td>
</tr>
<tr>
<td>Growth Fixed Interest</td>
<td>0–100</td>
<td>50</td>
<td>0–10</td>
<td>0</td>
</tr>
<tr>
<td>Defensive Fixed Interest</td>
<td>0–100</td>
<td>50</td>
<td>0–100</td>
<td>100</td>
</tr>
<tr>
<td>Cash</td>
<td>0–10</td>
<td>0</td>
<td>0–30</td>
<td>0</td>
</tr>
</tbody>
</table>
# Mercer SmartSuper - Individual Section

## Investments

### Passive / Enhanced Passive Options

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>Invests mainly in Australian Shares. The option takes a passive investment approach. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.</td>
<td>Invests mainly in International Shares. International currency exposure is generally unhedged. The option takes a passive investment approach. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.</td>
<td>Invests mainly in Australian Listed Property. The option takes a passive investment approach. It is designed for members who want exposure to growth assets and can tolerate a very high level of risk over ten years.</td>
<td>Invests across most asset classes but mainly in growth assets. The option predominantly takes a passive investment approach, but with a small amount of active management. It is designed for members who want exposure to mainly growth assets and can tolerate a high level of risk over five years.</td>
<td>Invests across most asset classes but mainly in defensive assets. The option predominantly takes a passive investment approach, but with a small amount of active management. It is designed for members who want exposure to mainly defensive assets and can tolerate a medium level of risk over three years.</td>
</tr>
<tr>
<td>Objectives</td>
<td>To meet the benchmark return over the medium to long term.</td>
<td>To meet the benchmark return over the medium to long term.</td>
<td>To meet the benchmark return over the medium to long term.</td>
<td>To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3% per annum over rolling five year periods.</td>
<td>To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 1% per annum over rolling three year periods.</td>
</tr>
<tr>
<td>Standard Risk Measure / Minimum Suggested Timeframe</td>
<td>High Ten years</td>
<td>High Ten years</td>
<td>Very high Ten years</td>
<td>High Five years</td>
<td>Medium Three years</td>
</tr>
<tr>
<td>Asset Allocation</td>
<td>Growth</td>
<td>Defensive</td>
<td>Growth</td>
<td>Defensive</td>
<td>Growth</td>
</tr>
<tr>
<td>Asset Allocation Ranges %</td>
<td>90-100</td>
<td>0-10</td>
<td>90-100</td>
<td>0-10</td>
<td>90-100</td>
</tr>
<tr>
<td>Total Asset Allocation %</td>
<td>100</td>
<td>0</td>
<td>100</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Asset Class</td>
<td>Range %</td>
<td>Target %</td>
<td>Range %</td>
<td>Target %</td>
<td>Range %</td>
</tr>
<tr>
<td>Australian Shares</td>
<td>90-100</td>
<td>100</td>
<td>15-45</td>
<td>31</td>
<td>0-30</td>
</tr>
<tr>
<td>International Shares</td>
<td>90-100</td>
<td>100</td>
<td>20-50</td>
<td>36</td>
<td>0-30</td>
</tr>
<tr>
<td>Real Assets</td>
<td>0-30</td>
<td>8</td>
<td>0-25</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Alternative Assets</td>
<td>0-20</td>
<td>0</td>
<td>0-20</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Australian Listed Property</td>
<td>90-100</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth Fixed Interest</td>
<td>0-10</td>
<td>0</td>
<td>0-10</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Defensive Fixed Interest &amp; Cash</td>
<td>10-40</td>
<td>25</td>
<td>50-80</td>
<td>65</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>0-10</td>
<td>0</td>
<td>0-10</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

*New investment option names are effective at 1 January 2020. Refer to the ‘Investment options name change’ table on page 5 for details.
**MERCER DIRECT INVESTMENT OPTION**

The Mercer Direct investment option allows you to take control of your investments. You can choose from a range of shares and a selection of Exchange Traded Funds (ETFs) listed on the Australian Stock Exchange (ASX), as well as a range of term deposits.

The Mercer Direct investment option offers extra investment choice and control, combined with the convenience of maintaining a single super account within the Mercer Super Trust, with easy online access and one consolidated annual statement.

Mercer Direct uses an online trading platform where you can trade in real time (during ASX trading hours), monitor your account, generate reports and access information. Where applicable, Investment profiles may be available on the Mercer Direct section of the secure website and the Product Disclosure Statements for ETFs are available on the ETF provider’s website.

Please note that any Investment Profiles are from a third party source and the trustee does not endorse the contents. While we believe the profiles are reliable, the trustee accepts no responsibility for any errors or omissions.

Shares, ETFs and term deposits available within the Mercer Direct investment option may change due to changes in the composition of the ASX, the addition of new ETFs, listed investment companies, other ASX traded products or trustee decisions.

**How you can invest in Mercer Direct**

It is important to note that unlike other investment options, the Mercer Direct investment option cannot accept direct contributions nor can you make partial withdrawals without first transferring funds into a Ready-made and/or Select-your-own investment option(s) of your choice.

To be eligible to invest in Mercer Direct, you must initially have a minimum super account balance of $20,000. You can invest a maximum of 80% of your super account balance in the Mercer Direct investment option, as long as you have at least $5,000 in other investment options.

To invest in the Mercer Direct investment option, go online at [mercersuper.com](http://mercersuper.com) (sign in using your personal login) and transfer a dollar amount from a Ready-made and/or Select-your-own investment option into the Mercer Direct investment option. The minimum amount you may transfer to the Mercer Direct investment option in one transaction is $500. Once you have transferred a dollar amount into the Mercer Direct cash account, you can use those funds to purchase shares, ETFs and/or term deposits via the online trading platform.

There are other investment limits that may apply to investments made in the Mercer Direct investment option. In addition, the features, fees and risks for the Mercer Direct investment option are very different to the Ready-made and Select-your-own investment options.

For more details about the Mercer Direct investment option, please refer to the *How Your Super Works* booklet (for fee details) and the *Mercer Direct Member Guide* available at [mercersuper.com](http://mercersuper.com).

**Mercer Direct – Risks and objectives**

Investing in the Mercer Direct investment option is different from the other investment options available through your Plan in the Mercer Super Trust. This is because you choose your own investments and your portfolio is likely to be unique. With this greater degree of control comes a greater responsibility to understand the nature of your investments and their ability to generate your intended return and satisfy your desired level of risk.

You should consider the following before investing in the Mercer Direct investment option:

- **Do you have investments outside super?** You should consider any savings and investments that will contribute to your income in retirement, not just your Mercer Super Trust balance.

- **Your current age and your expected retirement age.** The amount of investment risk you may be willing to take at least partly depends on how close you are to retiring. Typically, members will reduce their investment risk as they approach retirement and consider how their income needs will be met. If you are a super member, the Retirement Income Simulator, available on the secure member site, can help you analyse your current position, desired retirement benefit, investment risks and return as well as other factors.

- **What are your investment objectives?** Consider your investment objectives and whether Mercer Direct will help meet these objectives.

- **Do you have adequate diversification?** By spreading your investments across different asset classes, countries and investment managers you can balance the risks and returns according to what you are comfortable with. There is a risk that a lack of diversification can increase volatility.

- **Superannuation is a long term investment.** Mercer Direct allows you to easily and conveniently buy and sell shares, but it should not be used to attempt to time the market or make short term investment decisions. Frequent trading can also lead to higher costs overall.

- **Once you have selected your investments through Mercer Direct, how often will you monitor and compare them against your objectives?** As the market changes, will you alter your mix of investments if they no longer meet your objectives?

There may also be risks with transacting online. We accept no responsibility (to the extent permitted by law) if the secure member website or the Mercer Direct section of the secure member site are unavailable. The Mercer Super Trust reserves the right to temporarily change, suspend or cancel operations in the secure member website or the Mercer Direct section of the secure member website without prior notice.
Other risks can include, if you cancel a term deposit before the maturity date, the term deposit provider may withhold some or all of the earnings that would have been due had you held the term deposit to maturity. Refer to the terms and conditions of the term deposit provider for further information on any break fees, available on the Mercer Direct section of the secure member website.

If you do not keep your registered email address up to date, you will miss being advised of and participating in any applicable corporate actions. If you do not respond by the due date, the corporate action will expire and this may have an impact on your investments in the Mercer Direct investment option.

The investment objectives below are general in nature and offered as a guide to the way investments of this type will typically behave. The characteristics of your chosen investments may be quite different and you or your financial adviser will need to research your individual investments.

### MERCER DIRECT INVESTMENT OPTION

<table>
<thead>
<tr>
<th>Shares</th>
<th>Description</th>
<th>Designed for members who want to invest a proportion of their super in shares listed on the S&amp;P/ASX 300 Index and who can tolerate a very high level of risk over seven years or longer.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective</td>
<td>To provide long-term capital growth with some income.</td>
<td></td>
</tr>
<tr>
<td>Standard risk measure</td>
<td>Very high</td>
<td></td>
</tr>
<tr>
<td>Minimum suggested timeframe</td>
<td>Seven years</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ETFs</th>
<th>Description</th>
<th>Designed for members who want to invest a proportion of their super in a wide choice of ETFs and can tolerate a high level of risk over seven years or longer.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective</td>
<td>To provide market performance, before fees and charges, of a particular group of assets.</td>
<td></td>
</tr>
<tr>
<td>Standard risk measure</td>
<td>High*</td>
<td></td>
</tr>
<tr>
<td>Minimum suggested timeframe</td>
<td>Seven years</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Term deposits</th>
<th>Description</th>
<th>Designed for members who want to invest a proportion of their super in term deposits (typically ranging from a one to 12 month period) and can tolerate a very low level of risk over one year or less.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective</td>
<td>To provide an income stream with a very low risk of capital loss.</td>
<td></td>
</tr>
<tr>
<td>Standard risk measure</td>
<td>Very low</td>
<td></td>
</tr>
<tr>
<td>Minimum suggested timeframe</td>
<td>One year or less</td>
<td></td>
</tr>
</tbody>
</table>

* Risks for ETFs will vary depending on the ETF chosen, but because ETFs are listed, risks can be categorised as 'High' or 'High to Medium'. ETFs are traded on the ASX, so the expected frequency of a negative annual return can may be similar to shares, however diversification within an ETF can reduce volatility. For more information, refer to the Research tab for any ETF you are considering, through Mercer Direct Online, or read the Product Disclosure Statement on the ETF provider’s website.

^ The Mercer Direct section of the secure member website allows you to transact and includes information that you will need to monitor and manage your Mercer Direct investments.
Glossary of Key Terms

Active Investment Approach
Managers of investment options with an active approach aim to perform better than the market overall.

Asset Allocation
The allocation between the various asset classes (e.g. shares, fixed interest and property) of an investment option. It also includes the growth/defensive target of the investment option.

Asset Class
Type of asset that share common features, predominately its potential return and volatility. The main asset classes are shares, property, cash and bonds.

Capital Markets
The part of the financial markets concerned with raising capital by dealing in shares, bonds and other long term investments.

Consumer Price Index (CPI)
CPI is a measure of the rate of inflation. In Australia, it’s based on a selection of household goods and services.

Corporate Bonds
A corporate bond is a debt security issued by a corporation. Corporate bonds are typically classified into two main groups, investment grade and non-investment grade depending on their credit rating and likely risk of default. Non-investment grade corporate bonds have a lower credit rating than investment grade bonds and as such are considered to be of higher risk than investment grade bonds.

Defensive Investments
- Defensive investments tend to produce lower but more stable long-term returns than growth investments. Defensive investments include:
  - Cash
  - Defensive fixed interest
  - Growth fixed interest – 50% of any allocation to growth fixed interest is classified as a defensive investment
  - Real assets –
    - Direct property – 50% of any allocation to direct property is classified as a defensive investment
    - Unlisted infrastructure – 30% of any allocation to unlisted infrastructure is classified as a defensive investment.
  - Alternative Assets – 25% of sustainable opportunities and 50% of the allocation to multi-asset funds and hedge funds is classified as a defensive investment.

Exchange Traded Funds (ETFs)
ETFs are a listed basket of securities that track a market or sector index and aim to provide the same returns as that market or sector index. ETFs are traded like normal stocks on a stock exchange.

Futures
Contracts for assets (especially commodities or shares) bought at agreed prices but delivered and paid for later.

Global
Global generally means Australian and international. For example, investments may be made in Australian and international shares where an investment option invests in Global shares.

Growth Investments
Growth Investments have the potential to produce higher returns over the long-term (when compared to defensive investments) but are also likely to experience higher volatility (ups and downs) in performance from year to year. Growth investments include:
- Australian shares
- International shares
- Growth fixed interest – 50% of any allocation to growth fixed interest is classified as a growth investment
- Real assets – including property, infrastructure and unlisted real assets (50% of unlisted (direct) property and 70% of unlisted infrastructure is classified as growth)
- Alternative assets, including private equity, sustainable opportunities, multi-asset funds and hedge funds (50% of the allocation to multi-asset funds and hedge funds and 75% of sustainable opportunities is classified as a growth investment).

Hedging
Hedging generally refers to the process of protecting investments against, or reducing the risk of, adverse price movements. For example, investment managers may use various techniques to minimise the effect of currency movements on overseas investments – this is currency hedging.

International
Investments predominantly in countries other than Australia.

Minimum Suggested Timeframe
The minimum time you should consider holding your investment in an investment option. This is a guide only.
Multi-manager investment approach
More than one specialist manager may be appointed to manage assets in each asset class, sector or investment style within the investment options.

Objectives
These identify the type of return the option aims to achieve for investors. The objectives are sometimes stated in terms of a particular named index, e.g. the Bloomberg AusBond Bank Bill Index, or a target that relates to CPI.

Please note the objectives of any particular investment option should not be treated, or relied upon as a forecast, indicator or guarantee of any future returns or performance for that option. The value of investments may rise and fall, in any of the options.

Objective Time Horizon
The time horizons used in the investment objectives for particular options:
• Short term – Less than three years
• Medium term – Three to seven years
• Long term – Greater than seven years

Options
Contract that gives the investor the right, but not the obligation, to buy or sell an underlying asset at an agreed price.

Passive Investment approach
Investment options with a passive approach aim to perform in line with the overall market but may have some exposure to active management.

RBA Cash Rate
The rate of interest which the Reserve Bank of Australia (RBA) charges on overnight loans to commercial banks.

Shares
A share is an investment that represents part ownership of a company. The Mercer Direct investment option gives you access to securities listed on the S&P/ASX 300 Index.

Sovereign Bonds
A sovereign bond is a debt security issued by a national government.

Target and ranges
The target is the expected long-term asset allocation of the investment option. Factors such as the trustee’s assessment of market valuations may cause the actual asset allocation mix to vary from the target, but it will generally stay within the asset allocation ranges.

Term deposits
A term deposit is a deposit held with a financial institution for a fixed term with a fixed rate of interest payable at the end of the term. These are generally short-term with maturities ranging anywhere from 1 month to 12 months.
If you have any questions about your super, contact us at:
Mercer Super Trust
GPO Box 4303
Melbourne VIC 3001
Helpline 1800 682 525
Or visit mercersuper.com