

Mercer SmartSuper

Investments booklet

19 April 2024

The information in this document forms part of the Product Disclosure Statement for Mercer SmartSuper (your Plan) in the Corporate Superannuation Division of the Mercer Super Trust dated 1 April 2023.



About this booklet

This *Investments* booklet (Booklet) provides important information about the investment options in your Plan in the Corporate Superannuation Division of the Mercer Super Trust and forms part of your Plan's Product Disclosure Statement (PDS).

You should consider the information in this Booklet, the PDS and any other important information booklets referred to in this Booklet and the PDS before making a decision about your super. You can get a copy of the PDS and the booklets that are part of the PDS at mercersuper.com.au/pds or by calling the Helpline.

It is important that you understand the information in this Booklet. Ask us or a person you trust, such as your adviser, for help if you have difficulty understanding any information about your super or the options available to you.

If you are having difficulty due to a disability, understanding English or for any other reason, we are here to help.

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

The Target Market Determination for this product can be found at mercersuper.com.au/TMD.

Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533 Australian Financial Services Licence (AFSL) 235906 is the trustee of the Mercer Super Trust ABN 19 905 422 981. In this Booklet, MSAL is referred to as 'trustee', 'we', 'our' or 'us'.

The trustee has appointed Mercer Investments (Australia) Limited (MIAL) ABN 66 008 612 397 AFSL 244385 as an implemented consultant to provide investment strategy advice, portfolio management and implementation services including investment manager selection and monitoring. MIAL is also the responsible entity of a number of investment funds (the Mercer Funds). Another Mercer entity, Advance Asset Management Limited (AAML) ABN 98 002 538 329 AFSL 240902 is the responsible entity for a number of other investment funds (the Advance Funds). The Mercer Super Trust invests in the Mercer Funds and the Advance Funds.

MIAL and AAML are named in this Booklet and have consented to being so named.

MSAL, MIAL and AAML are wholly owned subsidiaries of Mercer (Australia) Pty Ltd (MAPL) ABN 32 005 315 917, which is part of the Mercer global group of companies (Mercer).

See the Glossary at the end of this Booklet for clarification on capitalised terms used in this booklet.

MSAL is responsible for the contents of this Booklet and is the issuer of this Booklet. MIAL, AAML and MAPL 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. MSAL, MIAL, AAML and MAPL 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 are current as at the date of publication. Information in the PDS may change from time to time and if it is not materially adverse, will be made available online at mercersuper.com.au/pds.

A paper copy of any updated information will be given or an electronic copy made available on request at no charge by calling the Helpline.

We will advise you directly of any material changes as required by law.

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How to contact us

Phone

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

We can help you in a number of languages, simply ask for a translator when you call.

Online

mercersuper.com.au

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. If, for any reason, our online services are not available, you may call the Helpline for assistance. If our online services are not available, we are not responsible for any loss because you were unable to perform transactions during that time.

Mail

Mercer Super Trust
GPO Box 4303
Melbourne VIC 3001

Please include your Plan name and your member number when writing to us.

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.au (sign in using your personal login) or call the Helpline.

If the law permits, we may send member communications to you electronically (including member statements and significant event notices) by:

- Email, and/or
- 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

We give you the flexibility to tailor your investment strategy by offering a range of investment options that you can choose from.

As a new member of your Plan, you can select up to ten investment options from our investment menu for your opening balance. 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:

- 'Investment options 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 your investment options online at mercersuper.com.au or by calling the Helpline.

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

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 most other cashflows.

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, and/or
- Your investment strategy for future contributions.

You can make a switch online at mercersuper.com.au (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.

You should seek advice from a licensed, or appropriately authorised, financial adviser before you choose and/or switch investment options.

Investment options menu

The following table summarises the investment options available to you. More information is provided in the 'Investment options in detail' section later in this Booklet. You can also find out more about how our sustainable investment approach is implemented within the Mercer investment options, in the *Sustainable Investment Information* booklet.

The trustee may add, remove or alter investment options. We will advise you of any changes, as required by law.

Ready-made options	Select-your-own options			Mercer Direct
	Mercer Sustainable Plus options^^	Mercer Sector options	Mercer Passive and Enhanced Passive options	
These options provide access to a combination of asset classes to target a stated investment objective	Within these options, some asset classes incorporate additional sustainability criteria^	These options offer exposure to mainly one major asset class	These options aim to perform broadly in line with their benchmark, some may have exposure to active management	This option provides access to a range of shares, Exchange Traded Funds (ETFs) and term deposits
Mercer SmartPath*	Mercer Sustainable Plus High Growth^^	Mercer Australian Shares	Mercer Passive Australian Shares	
Mercer Diversified Shares	Mercer Sustainable Plus Conservative Growth^^	Mercer International Shares	Mercer Passive International Shares	
Mercer High Growth		Mercer International Shares – Hedged	Mercer Passive Australian Listed Property	
Mercer Select Growth		Mercer Property	Mercer Enhanced Passive Growth	
Mercer Growth		Mercer Global Listed Property	Mercer Enhanced Passive Conservative Growth	
Mercer Moderate Growth		Mercer Fixed Interest		
Mercer Conservative Growth		Mercer Cash		

* The default investment option.

^ We recommend you read the *Sustainable Investment Information* booklet before making an investment decision.

^^ On or around 24 May 2024, these investment options will become known as Mercer 'Sustainable' options rather than 'Sustainable Plus' options.

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 or defensive oriented, or a mix of both.

Select-your-own investment options

Mercer Sustainable Plus

The Sustainable Plus options use a Multi-Manager Investment Approach, with different investment managers selected to implement investment strategies in each asset class that support the options' objectives.

We recommend you read the *Sustainable Investment Information* booklet before making an investment decision.

On or around 24 May 2024, these investment options will become known as Mercer 'Sustainable' options rather than 'Sustainable Plus' options.

Mercer Sector

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

Mercer Passive and Enhanced Passive

These lower cost options aim to perform broadly in line with the markets in which they invest. The Enhanced Passive options may also have some exposure to active management.

Mercer Direct

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' section later in this Booklet for more information.

No guarantees

There are no guarantees that 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 balance and 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.au/performance.

Refer to the 'Understanding investment risks' section in this Booklet for more information.

How we invest your super

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.

Asset Class	Description
Australian Shares	Investments in Australian companies listed on the Australian Securities 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.
International Shares	<p>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).</p> <p>Investments in international shares may be in:</p> <ul style="list-style-type: none">• 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.
Global Shares	Investments in companies listed on securities exchanges both overseas and domestically. Investments in global shares will predominantly be in developed markets though may also include some exposure to shares listed in emerging market economies.
Real Assets	<p>Real assets include investments in property, infrastructure and natural resources such as timber. These assets may be Australian or international and listed or unlisted.</p> <p>Property investments include, but are not limited to, office buildings, shopping centres, and industrial estates.</p> <p>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.</p>
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 include private debt, 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 asset classes each investment option invests in) and their percentage of growth investments and defensive investments, see the 'Investment options in detail' section in this Booklet.
- Growth and Defensive investments, refer to the 'Glossary' in this Booklet.
- Our sustainable investment approach, refer to the *Sustainable Investment Information* booklet.

Investment philosophy and approach

Investment objectives and strategy

Each investment option has a specific investment objective and investment strategy that we believe is reasonably likely to enable the option to meet their objectives; however, there is no guarantee that a particular objective will be met over a particular time period.

The investment strategy includes the selection of a blend of investments that support the option's objectives. Changes may be made to the investment objective and strategy for each investment option in order to ensure that the objective continues to have a reasonable probability of being attained. The actual asset allocation may fall outside the stated ranges during certain times such as extreme market conditions, mergers and transitions.

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 implemented consultant. MIAL provides services to MSAL on the selection, appointment, removal, replacement and evaluation of investment managers under an implemented consulting arrangement.

Mercer's significant scale in researching investment managers globally provides us with access to some of the best ideas from more than 6,700 investment managers around the world. MIAL leverages a global research network to seek to establish a combination of specialist managers for each asset class, selecting managers for their strength in idea generation, portfolio construction, implementation and business management.

The Ready-made investment options and many of the Select-your-own investment options adopt an actively managed, multi-manager approach. This involves selecting combinations of asset classes and underlying investment managers to achieve exposure to a range of investment management styles.

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.

Enhanced passive investment options may utilise one or more investment managers depending on the level of active management utilised. The investment manager allocations will be configured to achieve lower cost access to the asset class in a manner consistent with investment objectives.

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

How the 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
- Funds or investment vehicles managed by MIAL, AAML and/or other Mercer related entities.

MIAL is the responsible entity of the Mercer Funds and appoints investment managers to manage the assets of the Mercer Funds, either directly or via external Collective Investment Vehicles (CIV).

AAML is the responsible entity of the Advance Funds and appoints investment managers to manage the assets of the Advance Funds, either directly or via external CIV.

The investments for the Mercer Super Trust are generally held by an external custodian or directly by MIAL, AAML or MSAL.

Units and unit pricing

Applicable for all investment options other than 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 costs (see 'Transaction costs' in the '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 and costs, insurance premiums, tax or expenses.

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 and costs, insurance premiums, tax and expenses is generally the price available at the time the relevant transaction is processed.

For the Ready-made and Select-your-own investment options, we use a single unit price for both the issue and redemption of units (i.e. the entry price equals the exit price).

Units are not transferable. You can see the number of units you hold in your investment options by using your personal login at mercersuper.com.au 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 on each Melbourne business day. Unit prices may rise or fall depending on fluctuations in the underlying value of investments in each investment option.

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.

You can find the unit price information at mercersuper.com.au/unit-prices.

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.au/pds

Sustainable investment approach

For all investment options except Mercer Direct.

The *Sustainable Investment Information* booklet contains information on our sustainable investment approach and how sustainability-related factors are incorporated into the investment decisions, including information on how exclusions are applied within the investment options, and additional criteria that apply to the Sustainable Plus investment options. You can get a copy of the *Sustainable Investment Information* booklet at mercersuper.com.au/pds.

On or around 24 May 2024, these investment options will become known as Mercer 'Sustainable' options rather than 'Sustainable Plus' options.

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

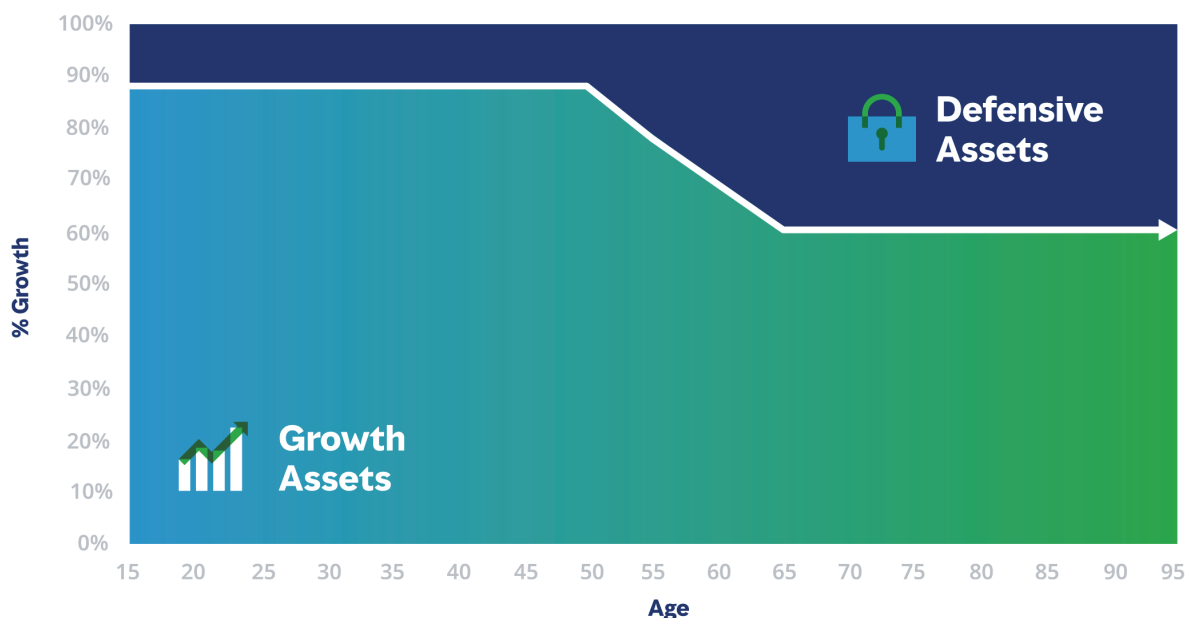
When you're younger Mercer SmartPath starts with a higher allocation of growth assets (approximately 90% growth and 10% defensive). As you get older, your exposure to growth assets will gradually reduce, where generally the investment returns are less volatile. This gradual adjustment continues until the allocation reaches approximately 60% growth and 40% defensive at ages 66-70. This gradual adjustment to the asset allocation is called the Glidepath, which is shown in the diagram below.

As an example, if you were born between 1 January 1964 and 31 December 1968, your investment strategy is made up of approximately 80% growth assets as at 1 January 2024 and will move along the Glidepath. By 1 January 2029, it is expected to be made up of approximately 70% growth assets, moving gradually to approximately 60% growth assets by 2035.

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.

The *Mercer Super Trust Annual Report* will include details of the actual asset allocation for each path at 30 June each year.

Indicative SmartPath Glidepath at 1 January 2024



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. Generally, assets with the highest long-term return also carry the highest level of 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.

Investment risk generally describes the risk of an investor getting back less money than they put in. Taxes, expenses and low or negative investment returns can also have an impact on investment risk in super.

You can help manage risk by choosing investment options that are diversified across different asset classes, regions and investment managers.

The types of investment risks that may affect investments in your Plan include the following:

Counterparty risk	The risk that a counterparty does not meet its contractual obligations. Counterparty risk may arise from structured finance arrangements, derivative contracts, securities lending activities, debt or loan instruments.
Credit risk	The risk that a debt issuer will default on payment of interest or principal.
Currency risk	The risk that overseas investments lose value as a result of currency movements.
Derivatives risk	The risk that derivatives exposure leads to losses relative to physically holding an underlying asset or group of assets. The use of derivatives may also give rise to other risks such as counterparty risk, liquidity risk and operational risk.
ESG risk	The risk of loss resulting from ESG factors and other related sustainable investment considerations. This includes the risk of loss that may result from climate-related factors or social factors, such as a public health crisis.
Exclusions risk	The risk of reduced returns or loss from applying exclusions on, for example, certain industries, sectors or countries. There may be differences in performance outcomes compared to a benchmark or comparable option where those exclusions are not applied.
Inflation risk	The risk that money may not maintain its purchasing power due to increases in the price of goods and services.
Interest rate risk	The risk of loss resulting from changes in interest rates and bond yields.
Liquidity risk	The risk that members may be unable to redeem their investment at their chosen time without adverse impact on the price. Under certain market conditions, some normally liquid assets may become illiquid, restricting an option's ability to make payments to members without a significant delay.
Market and economic risk	The risk of loss resulting from adverse changes in market prices, or changes in the economic environment, including economic growth, fiscal or monetary policy, or employment levels.
Operational and cyber security risk	The risk of fraud, business disruption, data loss or damage within Mercer or at an external service provider which may result in a disruption of services, including our ability to process application and redemption requests.
Political risk	The risk that political events can impact an investment. Instability affecting investment returns could stem from factors such as: a change in government, legislative bodies, other foreign policy makers; military activity or geopolitical conflict.
Taxation risk	The risk that taxation laws and their interpretation may change in the future, as well as any change in the eligibility of a fund to qualify as an Attribution Managed Investment Trust (AMIT) in a particular income year.

For additional risks that apply to the Mercer Direct investment option, refer to the 'Mercer Direct investment option' section later in this Booklet.

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 and 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 implemented consultants have considered 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, as applicable to each option or Plan:

- Investing across different asset classes to reduce market risk, inflation risk and liquidity risk.
- Investing across different countries to reduce political risk, inflation risk, interest rate risk, liquidity risk and currency risk.
- Investing in a number of individual assets within each asset class to reduce liquidity risk, interest rate risk and credit risk.
- Where appropriate, utilising currency Hedging to manage currency risk.
- For the Ready-made options, market risks are monitored and managed as part of our dynamic asset allocation process.
- Establishing parameters on the quality, exposure and collateralisation of counterparty exposures.
- Monitoring and managing operational and cyber security risks as part of our overall risk management program.
- Monitoring taxation developments as they arise to ensure that the options comply with their taxation requirements, including eligibility under the Attribution Managed Investment Trust (AMIT) regime.

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

Looking for financial advice?

Call 1800 702 993 to speak to a Mercer financial adviser or find out more at mercersuper.com.au/advice.

Use of derivatives

The trustee allows the use of derivatives to help manage risk or generate return (for example, to hedge all or part of a foreign 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 may be used to assist in the efficient management of the portfolio (e.g. to quickly and effectively adjust asset class exposures and for rebalancing purposes), to manage risk (e.g. for currency Hedging) or to improve returns (e.g. to achieve desired portfolio exposures). Losses from derivatives can occur (e.g. due to market movements).

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 options. The SRM is an industry guide and is not a complete assessment of all forms of investment risks. 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
- 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 the SRM are listed below.

Risk Band	Risk Label	Estimated number of negative annual returns over any 20 year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

Risk labels are indicative only. Risk labels should not be considered to be a guarantee, or a forecast of the number or frequency of negative annual returns that a fund may experience.

Investment options in detail

Ready-made investment options

Mercer SmartPath

	Born prior to 1954*		Born 1954 to 1958		Born 1959 to 1963	
Description	For members born on or before 31 December 1953. You may be retired or nearing retirement, so your money is invested in a mix of growth and defensive assets.		For members born between 1 January 1954 and 31 December 1958. You may be retired or nearing retirement, therefore we are continuing to gradually reduce your allocation to growth assets.		For members born between 1 January 1959 and 31 December 1963. You are starting to head towards retirement but still have time to see through the ups and downs of a growth-oriented investment approach, therefore we are continuing to gradually reduce your allocation to growth assets.	
Objectives	To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 2.25% per annum over rolling seven year periods.		To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 2.75% per annum over rolling seven year periods.		To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.25% per annum over rolling ten year periods.	
Standard Risk Measure: Risk Band and Label	5 - Medium to high		5 - Medium to high		5 - Medium to high	
Minimum Suggested Timeframe	Seven years		Seven years		Ten years	
Asset Allocation	Range %	Total %	Range %	Total %	Range %	Total %
Growth	40-80	60	45-85	60	55-95	69
Defensive	20-60	40	15-55	40	5-45	31
Asset Class	Range %	SAA %	Range %	SAA %	Range %	SAA %
Australian Shares	0-30	17	5-35	17	10-40	23
International Shares	5-35	21.5	10-40	21.5	15-45	27.5
Real Assets	0-40	19.5	0-40	19.5	0-40	19
Alternative Assets	0-10	2	0-10	2	0-10	1.5
Growth Fixed Interest	10-30	19	5-25	19	5-25	14.5
Defensive Fixed Interest & Cash	5-35	21	5-35	21	0-25	14.5

* The reference 'Born prior to 1954' includes 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.

Ready-made investment options

Mercer SmartPath

	Born 1964 to 1968		Born 1969 to 1973		Born after 1973*	
Description	For members born between 1 January 1964 and 31 December 1968. You are likely to have a number of years left to retirement and time to see through the ups and downs of a growth-oriented investment approach, however we are starting to gradually reduce 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 3.75% per annum over rolling ten year periods.		To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4.00% per annum over rolling ten year periods.		To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4.00% per annum over rolling ten year periods.	
Standard Risk Measure: Risk Band and Label	5 - Medium to high		6 - High		6 - High	
Minimum Suggested Timeframe	Ten years		Ten years		Ten years	
Asset Allocation	Range %	Total %	Range %	Total %	Range %	Total %
Growth	60-100	78	70-100	88	70-100	88
Defensive	0-40	22	0-30	12	0-30	12
Asset Class	Range %	SAA %	Range %	SAA %	Range %	SAA %
Australian Shares	15-45	28.5	20-50	35	20-50	35
International Shares	25-55	35	25-55	42	25-55	42
Real Assets	0-35	17	0-35	16	0-35	16
Alternative Assets	0-10	1.5	0-10	1	0-10	1
Growth Fixed Interest	0-20	9.5	0-15	5	0-15	5
Defensive Fixed Interest & Cash	0-20	8.5	0-15	1	0-15	1

* The reference 'Born after 1973' includes the following paths: Born 1974 to 1978, Born 1979 to 1983, Born 1984 to 1988, Born 1989 to 1993, Born 1994 to 1998, Born 1999 to 2003, Born 2004 to 2008, Born 2009 to 2013 and Born 2014 to 2018.

Mercer Ready-made investment options

	Mercer Diversified Shares		Mercer High Growth		Mercer Select Growth	
Description	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.		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 ten years.		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 seven years.	
Objectives	To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.5% per annum over rolling ten year periods.		To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.5% per annum over rolling ten year periods.		To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.25% per annum over rolling seven year periods.	
Standard Risk Measure: Risk Band and Label	6 - High		6 - High		5 - Medium to high	
Minimum Suggested Timeframe	Ten years		Ten years		Seven years	
Asset Allocation	Range %	Total %	Range %	Total %	Range %	Total %
Growth	80-100	100	65-100	86	55-95	75
Defensive	0-20	0	0-35	14	5-45	25
Asset Class	Range %	SAA %	Range %	SAA %	Range %	SAA %
Australian Shares	30-60	45	20-50	34	10-40	24.5
International Shares	40-70	55	25-55	41	15-45	27.5
Real Assets			0-35	16	0-40	21.5
Alternative Assets			0-10	1	0-15	6
Growth Fixed Interest			0-15	6	5-25	13
Defensive Fixed Interest & Cash	0-20	0	0-15	2	0-25	7.5

Mercer Ready-made investment options

	Mercer Growth		Mercer Moderate Growth		Mercer Conservative Growth	
Description	Invests across most asset classes but mainly 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 seven years.		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 to high level of risk over seven years.		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 five years.	
Objectives	To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3% per annum over rolling seven year periods.		To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 2.0% per annum over rolling seven year periods.		To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 1.0% per annum over rolling five year periods.	
Standard Risk Measure: Risk Band and Label	5 - Medium to high		5 - Medium to high		3 - Low to medium	
Minimum Suggested Timeframe	Seven years		Seven years		Five years	
Asset Allocation	Range %	Total %	Range %	Total %	Range %	Total %
Growth	55-95	75	40-80	57	20-60	38
Defensive	5-45	25	20-60	43	40-80	62
Asset Class	Range %	SAA %	Range %	SAA %	Range %	SAA %
Australian Shares	15-45	27.5	5-35	19.5	0-25	10
International Shares	20-50	32.5	10-40	23	0-25	12
Real Assets	0-40	17.5	0-35	14.5	0-35	16.5
Alternative Assets	0-10	1	0-10	1	0-10	1
Growth Fixed Interest	0-20	12	5-25	14.5	5-25	13.5
Defensive Fixed Interest & Cash	0-25	9.5	15-45	27.5	30-60	47

Select-your-own investment options

	Mercer Sustainable Plus High Growth [^] #			
	Current		Effective on or around 24 May 2024	
Description	Invests across most asset classes, but mainly in growth assets. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years. Within this option, a portion of some asset classes incorporate additional sustainability criteria. [^]		Invests across most asset classes, but mainly in growth assets. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years. Within this option, a portion of some asset classes incorporate additional sustainability criteria. [^]	
Objectives	To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.5% per annum over rolling ten year periods.		To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.5% per annum over rolling ten year periods.	
Standard Risk Measure: Risk Band and Label	6 - High		6 - High	
Minimum Suggested Timeframe	Ten years		Ten years	
Asset Allocation	Range %	Total %	Range %	Total %
Growth	65-100	87	65-100	86
Defensive	0-35	13	0-35	14
Asset Class	Range %	SAA %	Range %	SAA %
Australian Shares	20-50	34	0-5	0
International Shares/Global Shares*	25-55	40.5	55-85	70
Real Assets	0-35	13.5	0-35	15
Alternative Assets	0-15	4	0-20	7
Growth Fixed Interest	0-15	5	0-15	6
Defensive Fixed Interest & Cash	0-20	3	0-20	2

[^] We recommend you read the *Sustainable Investment Information* booklet before making an investment decision.

On or around 24 May 2024, these investment options will become known as Mercer 'Sustainable' options rather than 'Sustainable Plus' options.

* On or around 24 May 2024, the Asset Class 'International Shares' will change to 'Global Shares' for this investment option.

Select-your-own investment options

	Mercer Sustainable Plus Conservative Growth [^] #			
	Current		Effective on or around 24 May 2024	
Description	Invests across most asset classes, but mainly in defensive assets. It is designed for members who want exposure to mainly defensive assets and can tolerate a medium level of risk over five years. Within this option, a portion of some asset classes incorporate additional sustainability criteria. [^]		Invests across most asset classes, but mainly 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 five years. Within this option, a portion of some asset classes incorporate additional sustainability criteria. [^]	
Objectives	To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 1.0% per annum over rolling five year periods.		To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 1.0% per annum over rolling five year periods.	
Standard Risk Measure: Risk Band and Label	4 - Medium		3 - Low to Medium	
Minimum Suggested Timeframe	Five years		Five years	
Asset Allocation	Range %	Total %	Range %	Total %
Growth	20-60	38	20-60	38
Defensive	40-80	62	40-80	62
Asset Class	Range %	SAA %	Range %	SAA %
Australian Shares	0-25	10	0-5	0
International Shares/Global Shares*	0-25	12	0-40	22
Real Assets	0-40	17.5	0-40	18
Alternative Assets	0-15	3	0-20	3
Growth Fixed Interest	0-20	9.5	0-20	10
Defensive Fixed Interest & Cash	35-65	48	30-60	47

[^] We recommend you read the *Sustainable Investment Information* booklet before making an investment decision.

On or around 24 May 2024, these investment options will become known as Mercer 'Sustainable' options rather than 'Sustainable Plus' options.

* On or around 24 May 2024, the Asset Class 'International Shares' will change to 'Global Shares' for this investment option.

Select-your-own investment options

Mercer Sector options

	Mercer Australian Shares		Mercer International Shares		Mercer International Shares – Hedged	
Description	Invests mainly in Australian Shares, but from time to time may have a small 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.		Invests mainly in International Shares in developed markets 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.		Invests in International Shares mainly in developed markets but may also have some exposure in Emerging Markets. International currency exposure is generally hedged. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.	
Objectives	To exceed the benchmark, after investment fees, over the medium to long term.		To exceed the benchmark, after investment fees, over the medium to long term.		To exceed the benchmark, after investment fees, over the medium to long term.	
Standard Risk Measure: Risk Band and Label	6 - High		6 - High		6 - High	
Minimum Suggested Timeframe	Ten years		Ten years		Ten years	
Asset Allocation	Range %	Total %	Range %	Total %	Range %	Total %
Growth	90-100	100	90-100	100	90-100	100
Defensive	0-10	0	0-10	0	0-10	0
Asset Class	Range %	SAA %	Range %	SAA %	Range %	SAA %
Australian Shares	90-100	100				
International Shares			90-100	100	90-100	100
Cash	0-10	0	0-10	0	0-10	0

Select-your-own investment options

Mercer Sector options

	Mercer Property		Mercer Global Listed Property		Mercer Fixed Interest		Mercer Cash	
Description	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 high level of risk over ten years.		Invests mainly in Global Listed Property. It is designed for members who want significant exposure to growth assets and can tolerate very high risk over ten years.		Invests mainly in Fixed Interest. International currency exposure is generally hedged. It is designed for members who want exposure to mainly defensive assets and can tolerate a medium to high level of risk over three years.		Invests mainly in Cash. 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.	
Objectives	To exceed the benchmark, after investment fees, over the medium to long term.		To exceed the benchmark, before management costs, over the medium to long term.		To exceed the benchmark, after investment fees, over the medium term.		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.	
Standard Risk Measure: Risk Band and Label	6 - High		7 - Very high		5 - Medium to high		1 - Very low	
Minimum Suggested Timeframe	Ten years		Ten years		Three years		One year or less	
Asset Allocation	Range %	Total %	Range %	Total %	Range %	Total %	Range %	Total %
Growth	50-100	75	80-100	100	0-10	0	n/a	0
Defensive	0-50	25	0-20	0	90-100	100	n/a	100
Asset Class	Range %	SAA %	Range %	SAA %	Range %	SAA %	Range %	SAA %
Australian Shares			0-15	0				
International Shares			0-15	0				
Real Assets	90-100	100	80-100	100				
Alternative Assets			0-10	0				
Growth Fixed Interest			0-10	0	0-10	0		
Defensive Fixed Interest			0-15	0				
Defensive Fixed Interest & Cash					90-100	100		
Cash	0-10	0					n/a	100

Select-your-own investment options

Mercer Passive and Enhanced Passive options

	Mercer Passive Australian Shares		Mercer Passive International Shares		Mercer Passive Australian Listed Property	
Description	Invests mainly in Australian Shares, via 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.		Invests mainly in International Shares, via a passive investment approach. 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.		Invests mainly in Australian Listed Property, via 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.	
Objectives	To meet the benchmark return over the medium to long term.		To meet the benchmark return over the medium to long term.		To meet the benchmark return over the medium to long term.	
Standard Risk Measure: Risk Band and Label	6 - High		6 - High		7 - Very high	
Minimum Suggested Timeframe	Ten years		Ten years		Ten years	
Asset Allocation	Range %	Total %	Range %	Total %	Range %	Total %
Growth	90-100	100	90-100	100	90-100	100
Defensive	0-10	0	0-10	0	0-10	0
Asset Class	Range %	SAA %	Range %	SAA %	Range %	SAA %
Australian Shares	90-100	100				
International Shares			90-100	100		
Australian Listed Property					90-100	100
Cash	0-10	0	0-10	0	0-10	0

Select-your-own investment options

Mercer Passive and Enhanced Passive options

	Mercer Enhanced Passive Growth		Mercer Enhanced Passive Conservative Growth	
Description	Invests across most asset classes but mainly in growth assets. The option has a predominantly passive investment approach, with some active management. It is designed for members who want exposure to mainly growth assets and can tolerate a high level of risk over seven years.		Invests across most asset classes but mainly in defensive assets. The option has a predominantly passive investment approach, with some active management. It is designed for members who want exposure to mainly defensive assets and can tolerate a medium level of risk over five years.	
Objectives	To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 2% per annum over rolling seven year periods.		To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 0.5% per annum over rolling five year periods.	
Standard Risk Measure: Risk Band and Label	6 - High		4 - Medium	
Minimum Suggested Timeframe	Seven years		Five years	
Asset Allocation	Range %	Total %	Range %	Total %
Growth	55-95	75	15-55	35
Defensive	5-45	25	45-85	65
Asset Class	Range %	SAA %	Range %	SAA %
Australian Shares	15-45	30	0-30	14
International Shares	20-50	37	0-30	16
Real Assets	0-25	5	0-20	2
Alternative Assets	0-10	0	0-10	0
Growth Fixed Interest	0-15	6.5	0-15	6.5
Defensive Fixed Interest & Cash	5-35	21.5	45-75	61.5

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 ETFs listed on the Australian Securities 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 or you can request a copy from us.

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.

All investments acquired through Mercer Direct are held in the trustee's name, not in your name. Refer to the *Mercer Direct Member Guide* at mercersuper.com.au/pds for more information on other differences between investing through Mercer Direct and directly in your own name.

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. If your Mercer Direct account balance exceeds 80% of your total account balance in the Mercer Super Trust or you have more than 20% of your Mercer Super Trust account in a single share or ETF, you may be prevented from placing any future buy orders for any new shares or ETFs.

To invest in the Mercer Direct investment option, go online at mercersuper.com.au (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, costs 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 (i.e. for fees and costs details) and the *Mercer Direct Member Guide* available at mercersuper.com.au/pds

Mercer Direct - Risk 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.

We have listed some of the factors you should consider 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, may 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, you can reduce market risk, inflation risk, and liquidity risk.
- 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, consider how often you will 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?

Risk of online transacting

Please also note 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 website are unavailable.

We reserve the right to 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.

- 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.

[^] 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.

Mercer Direct investment option

Shares	ETFs	Term deposits
Description – Designed for members who want to invest a proportion of their super in specific shares listed on the S&P/ASX 300 Index and who can tolerate a very high level of risk over seven years or longer.	Description – 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.	Description – 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.
Objective To provide long-term capital growth with some income.	Objective To provide market-linked performance, before fees and charges, of a particular group of assets.	Objective To provide an income stream with a very low risk of capital loss.
Standard Risk Measure Very high	Standard Risk Measure High*	Standard Risk Measure Very low
Minimum Suggested Timeframe Seven years	Minimum Suggested Timeframe Seven years	Minimum Suggested Timeframe One year or less

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

Glossary

Active management

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 allocation of the investment option.

Asset Class

Type of asset that share common features, predominately its potential return and volatility. The main asset classes are Australian Shares, International Shares, Real Assets, Alternative Assets, Growth Fixed Interest, Defensive Fixed Interest and Cash.

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 is based on a selection of household goods and services.

Corporate bond

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, and include:

- Cash and Defensive fixed interest
- Growth fixed interest — 50% of any allocation is classified as a defensive investment
- Real assets — the following percentages of the allocations are classified as a defensive investment:
 - Direct (unlisted) property — 50%
 - Unlisted infrastructure — 50%
 - Natural resources — 50%
- Alternative assets, including:
 - Hedge funds and diversified growth funds — 50% of any allocation is classified as a defensive investment
 - Sustainable opportunities — 25% of any allocation is classified as a defensive investment.

Enhanced passive management

The selection of investment managers to invest assets using a predominantly passive approach, with some active management within certain asset classes or sectors. Enhanced passive investment options may utilise one or more investment managers depending on the level of active management utilised. The investment manager allocations will be configured to achieve lower cost access to the asset class in a manner consistent with investment objectives.

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. The Mercer Direct investment option gives you access to ETFs which are traded on a stock exchange.

Futures

Contracts for assets (especially commodities, bonds 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
- Listed Property
- Listed Infrastructure
- Real Assets - the following percentages of the allocation are classified as growth investment:
 - Direct (unlisted) property - 50%
 - Unlisted infrastructure - 50%
 - Natural Resources - 50%
- Growth fixed interest - 50% of any allocation to growth fixed interest is classified as a growth investment
- Alternative assets, including:
 - Private equity
 - Hedge funds and diversified growth funds - 50% of any allocation is classified as a growth investment
 - Sustainable opportunities - 75% of any allocation is classified as a growth investment.

Hedging

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

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 the Consumer Price Index (CPI).

The objectives of each 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

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.

Ranges

The range in which the strategic asset allocation can vary. Factors such as market movements or active management decision may cause the strategic asset allocation mix to vary but it will generally stay within the asset allocation ranges. The actual asset allocation may fall outside the stated ranges for an option during certain times such as extreme market conditions, mergers and transitions

Shares

A share is an investment that represents part ownership of a company.

Sovereign Bonds

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

Strategic Asset Allocation (SAA)

The strategic asset allocation is the longer term target allocation for the relevant asset classes in which an investment option invests. The strategic asset allocation is designed having regard to the type of option, investment objectives, risk profile and suggested time horizon.

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.