Mercer

Mercer SmartRetirement Income

Investments booklet

1 January 2026

The information in this document forms part of the Product Disclosure Statement for Mercer SmartRetirement Income in the Mercer Super Trust dated 1 January 2026.

Contents

About this booklet

This *Investments* booklet (Booklet) provides important information about the investment options in Mercer SmartRetirement Income (MSRI) in the Mercer Super Trust and forms part of the MSRI 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 or pension. 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. Please contact our Helpline.

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 consider obtaining 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, excluding the JANA Ready-made investment options. For the JANA Ready-made investment options, the trustee has appointed JANA Investment Advisers Pty Ltd (JANA) ABN 97 006 717 568 AFSL #230693, as an implemented consultant to provide the same services. MIAL is also the responsible entity of a number of underlying investment funds (the Mercer Funds). The Mercer Super Trust invests in the Mercer Funds.

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

MSAL and MIAL 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, or 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 MSRI or an investment in it.

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

Updated information

The information in this Booklet, the PDS and the other information booklets that are part of the PDS is 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.

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 member of MSRI, you can select up to ten investment options from our investment menu for your pension balance.

The investment menu has two sets of options:

- **Taxed options,** which are for Transition to Retirement (TTR) allocated pension (refer to the 'Glossary' in this Booklet for more information). Investment earnings on these options are taxed at a rate of 15%.
- **Tax-free options,** which are for allocated pensions, (refer to the 'Glossary' in this Booklet for more information). Investment earnings on these options are tax-free.

The investment option(s) you choose on your *Application Form to join Mercer SmartRetirement Income* will apply to your existing account balance.

If you elect to use our Smart Bundle strategy to set up your pension features, your account balance will be invested in the Mercer SmartPath® investment option.

Default investment option

If you do not make an investment selection on your application (or if your selection is invalid), we will automatically invest your pension account balance as follows:

- If you join MSRI and are not transferring super from an existing accumulation super account in the Mercer Super Trust, the default investment option is Mercer SmartPath for allocated pension or Taxed Mercer SmartPath if you have a TTR allocated pension.
- If you are transferring from an existing super account in the Mercer Super Trust, then your default investment option(s) is as follows:
  - the same investment option(s) that you were invested in for your accumulation super account, or
  - if the same investment option(s) is not available, then the investment option(s) that we have assessed as most closely corresponding to the option(s) that you were invested in for your accumulation super account (see the table on the following page), or
  - if all or part of your super was not unitised in your previous super account, then that part of your super will be invested in the Mercer Cash investment option.

Transferring from Mercer Direct

If you are transferring from an existing accumulation super account in the Mercer Super Trust and you have an amount invested in the Mercer Direct investment option, then you cannot directly transfer that investment to MSRI. You will need to sell or redeem any amount invested in Mercer Direct before the transfer can occur. Following the transfer and once you have received your new login details as a member of MSRI, you can then make a new investment in the Mercer Direct investment option through MSRI.

For more details about our investment options, refer to the 'Investment menu' and 'Investment options in detail' sections in this Booklet.

Default investment option mapping if you do not make an investment selection

If you are transferring super from an existing accumulation super account in the Mercer Super Trust and do not make an investment selection (or your selection is invalid), the following table shows the super investment options that do not have a direct MSRI equivalent and how your account balance will therefore be invested in other investment option(s) within MSRI.

If the investment option for your existing accumulation super account is:	Your account balance will be invested in the following investment option(s) in MSRI:	
	Taxed investment options (for TTR allocated pensions)	**Tax-free investment options** (for allocated pensions)
Mercer SmartPath – Born after 1968[1]	Taxed Mercer High Growth	Mercer High Growth
Mercer Growth	Taxed Mercer Select Growth	Mercer Growth
Mercer Enhanced Passive Conservative Growth	45% Taxed Mercer Enhanced Passive Growth 55% Taxed Mercer Cash	Mercer Enhanced Passive Conservative Growth
Nine Super	Taxed Mercer Select Growth	Mercer Select Growth
JANA Aggressive	Taxed Mercer High Growth	Mercer High Growth
JANA Assertive	Taxed Mercer High Growth	Mercer High Growth
JANA Moderate	Taxed Mercer Select Growth	Mercer Select Growth
JANA Cautious	Taxed Mercer Moderate Growth	Mercer Moderate Growth
JANA Conservative	Taxed Mercer Conservative Growth	Mercer Conservative Growth
JANA Cash	Taxed Mercer Cash	Mercer Cash
JANA Australian Shares	Taxed Mercer Australian Shares	Mercer Australian Shares
JANA International Shares	100% Taxed Mercer International Shares	60% Mercer International Shares 40% Mercer International Shares – Hedged
JANA Australian & International Shares	50% Taxed Mercer Australian Shares 50% Taxed Mercer International Shares	50% Mercer Australian Shares 50% Mercer International Shares
Ford Select	Taxed Mercer Select Growth	Mercer Select Growth
Lutheran Balanced Growth	Taxed Mercer Select Growth	Mercer Select Growth
Macquarie Balanced Growth	Taxed Mercer Moderate Growth	Mercer Moderate Growth
Macquarie Wholesale Australian Equities	Taxed Mercer Australian Shares	Mercer Australian Shares
Macquarie Australian Small Companies	Taxed Mercer Australian Shares	Mercer Australian Shares
Macquarie Property Securities	Taxed Mercer Property	Mercer Passive Australian Listed Property
Macquarie Core Plus Australian Fixed Interest	Taxed Mercer Fixed Interest	Mercer Fixed Interest
Mercer Heritage Australian Shares	Taxed Mercer Australian Shares	Mercer Australian Shares

[1] The reference to 'Born after 1968' includes the following Mercer SmartPath paths: Born 1969 to 1973, 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.

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. In certain circumstances, the trustee has the right to override any member's investment choices as required by law.

	Taxed investment options (for TTR allocated pensions)	**Tax-free investment options** (for allocated pensions)
Ready-made options		
These options provide access to a combination of asset classes to target a stated investment objective.	Taxed Mercer SmartPath	Mercer SmartPath
	Taxed Mercer High Growth	Mercer High Growth
	Taxed Mercer Select Growth	Mercer Select Growth
	(A taxed equivalent of this option is not available)	Mercer Growth
	Taxed Mercer Moderate Growth	Mercer Moderate Growth
	Taxed Mercer Conservative Growth	Mercer Conservative Growth
Select-your-own options		
Mercer Sustainable options Within these options, some asset classes incorporate additional sustainability criteria.[2]	Taxed Mercer Sustainable High Growth	Mercer Sustainable High Growth
	Taxed Mercer Sustainable Conservative Growth	Mercer Sustainable Conservative Growth
Mercer Sector options These options offer exposure to mainly one major asset class.	Taxed Mercer Australian Shares	Mercer Australian Shares
	Taxed Mercer International Shares	Mercer International Shares
	Taxed Mercer International Shares — Hedged	Mercer International Shares — Hedged
	Taxed Mercer Property	Mercer Property
	Taxed Mercer Global Listed Property	Mercer Global Listed Property
	Taxed Mercer Fixed Interest	Mercer Fixed Interest
	Taxed Mercer Cash	Mercer Cash
Mercer Passive and Mercer Enhanced Passive options These options aim to perform broadly in line with their benchmark, some may have exposure to active management.	Taxed Mercer Passive Australian Shares	Mercer Passive Australian Shares
	Taxed Mercer Passive International Shares	Mercer Passive International Shares
	Taxed Mercer Passive Australian Listed Property	Mercer Passive Australian Listed Property
	(A taxed equivalent of this option is not available)	Mercer Enhanced Passive High Growth
	Taxed Mercer Enhanced Passive Growth	Mercer Enhanced Passive Growth
	(A taxed equivalent of this option is not available)	Mercer Enhanced Passive Moderate Growth
	(A taxed equivalent of this option is not available)	Mercer Enhanced Passive Conservative Growth
Mercer Direct		
This option provides access to a range of shares, Exchange Traded Funds (ETFs) and term deposits.	N/A	Mercer Direct

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

Ready-made investment options

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

MIAL as implemented consultant 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

The Sustainable 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.

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 Mercer 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 investment option

The Mercer Direct investment option allows you, if eligible, 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.

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.

If you hold a TTR allocated pension, your account balance must be invested in one or more of our taxed investment options.

Different rules apply to investing in the Mercer Direct investment option. For allocated pension members only, refer to the 'Mercer Direct investment option' later in this Booklet.

It is important to review your investment selection regularly to ensure it remains appropriate for you.

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.

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.

For the Mercer Direct investment option

The Mercer Direct investment option can only be selected after you become a member of MSRI of the Mercer Super Trust and once you have the minimum amount in your account (see 'Mercer Direct investment option' section later in this Booklet for more details on the minimum amount and other limits). You can then choose to invest part of your account balance in the Mercer Direct investment option online only (using your personal login details).

If you make an investment in the Mercer Direct investment option, you must reconfirm (or change if applicable) your pension payment investment selection. This will be done as part of the online process for making an investment in Mercer Direct.

For details of the terms and conditions that apply to the Mercer Direct investment option, read the *Mercer Direct Member Guide* at mercersuper.com.au/pds.

Transition to retirement allocated pensions

Investment earnings on TTR allocated pensions are subject to tax at 15%. Once your account is converted to retirement phase allocated pension rules, investment earnings on your account balance become tax-free. To facilitate this change, we will switch your account balance into the equivalent tax-free investment option(s). Refer to 'Changes to a TTR allocated pension when you retire or at age 65' in the 'Our pension options' section of this PDS for more information.

No guarantees

There are no guarantees that investment returns will be positive or that you will be able to maintain the value of original capital. Your pension 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 pension balance and benefit. Tax, fees and charges will also reduce your benefit.

You can obtain up to date information on returns for MSRI'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 pension

Your pension 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	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.
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	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 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, refer to 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. A strategic allocation to particular asset classes (SAA) is determined for each option and SAA ranges are set for exposure to each asset class. The actual asset allocation may fall outside the stated ranges during certain times such as extreme market conditions, mergers and transitions.

The construction of equivalent taxed and tax-free investment options in MSRI is generally identical (although there may be some minor variances in asset allocation). Where there is a difference in the stated investment objective, this takes into account the different tax treatment between the taxed and tax-free investment options.

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 6,900 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 investment 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.

In certain circumstances, MIAL as implemented consultant, 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 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).

The investments for the Mercer Super Trust 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 costs (see 'Transaction costs' in the 'Additional explanation of fees and costs' section of the PDS for more details).

When there is a rollover to open your account, 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 or tax.

The entry price for 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. For some members, this may mean that you are not invested for around three business days while we process your application, and unit prices may rise or fall during this period. The exit price used for pension payments, commutations, fees, 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

Applicable for allocated pension members 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

Applicable for all investment options other than the Mercer Direct investment option.

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 investment options. You can get a copy of the *Sustainable Investment Information* booklet at mercersuper.com.au/pds.

About the Mercer SmartPath® investment option

The following applies to both the Mercer SmartPath® and Taxed Mercer SmartPath® investment options.

The Mercer SmartPath® investment option takes a whole of life approach to investing your pension. 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 pension 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 pension account balance will also be switched to the correct path at that time.

How Mercer SmartPath changes over time

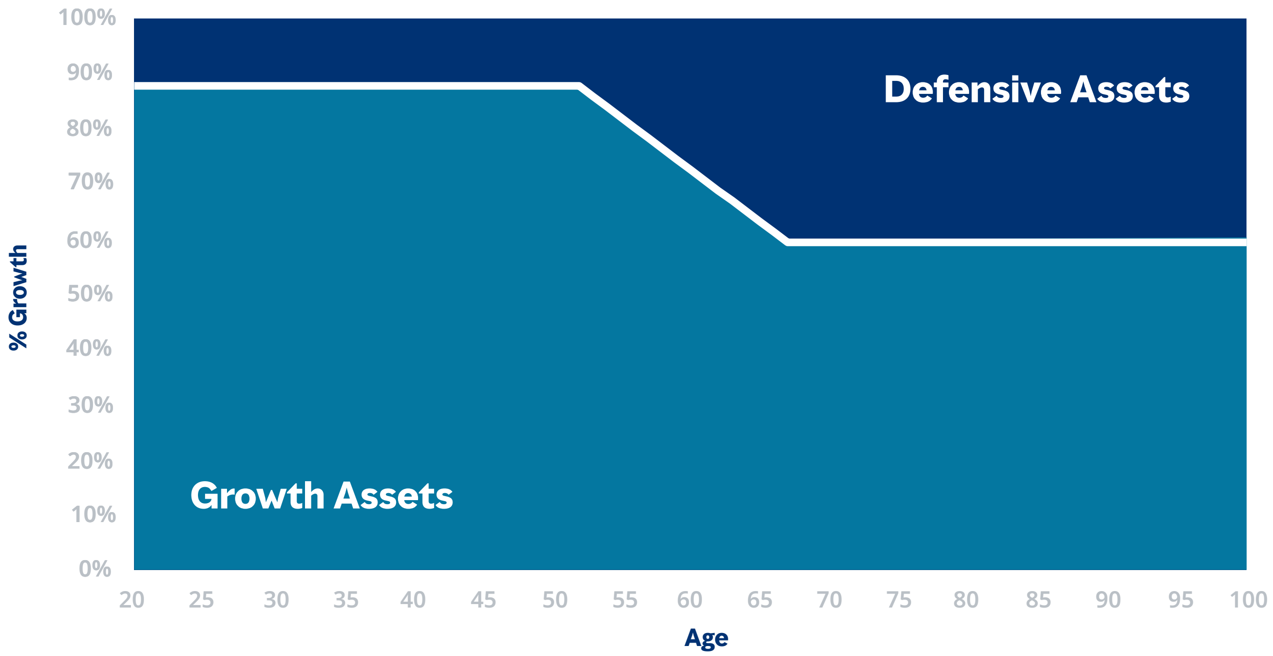
When you're younger, Mercer SmartPath starts with a higher allocation of growth assets (approximately 88% growth and 12% defensive). As you get older, your exposure to growth assets will gradually reduce, where generally the investment returns are less volatile. This gradual adjustment continues until the allocation reaches approximately 60% growth and 40% defensive at ages 65–70. 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 1959 and 31 December 1963, your investment strategy is made up of approximately 67% growth assets as at 1 January 2025 and will move along the Glidepath. By 1 January 2029, it is expected to be made up of approximately 60% growth assets.

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 (Fund Information Statement)* will include details of the actual asset allocation for each path at 30 June each year.

Indicative SmartPath® Glidepath



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 MSRI 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 ESG factors impacting investment returns. This includes, for example, climate or nature related environmental factors, or social factors such as labour standards or modern slavery.
Exclusions risk	The risk of exclusions (in certain industries, sectors or countries) impacting investment returns. This includes differences in performance outcomes compared to a benchmark or comparable fund 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.
Investment manager risk	The risk of investment manager performance impacting investment returns. Reasons for this could include market conditions and investment decisions resulting in underperformance of a particular investment manager or non-compliance with agreed investment guidelines.
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 changes in the economic environment impacting investment returns. This includes changes in economic growth, inflation levels and fiscal or monetary policy.
Operational and cybersecurity 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 of political events impacting investment returns. This includes military activity or geopolitical conflict, and changes to government, public policy, legislative bodies, and other foreign policy makers.
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 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 MSRI. The Ready-made investment options 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:

- 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, monitoring and managing market risks as part of our dynamic asset allocation process.
- Establishing parameters on the quality, exposure and collateralisation of counterparty exposures.
- Managing and monitoring Environmental, Social and Governance (ESG) risks consistent with our ESG considerations approach, which is summarised in the Sustainable Investment Information booklet.
- 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.

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®							
Investment option	**Mercer SmartPath: Born prior to 1954[3]**		**Mercer SmartPath / Born 1954 to 1958**		**Mercer SmartPath / Taxed Mercer SmartPath: Born 1959 to 1963**		**Mercer SmartPath / Taxed Mercer SmartPath: Born 1964 to 1968**	
	These paths are not available as taxed options for TTR allocated pensions.		***This path is not available as a taxed option for TTR allocated pensions.***					
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.		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.	
Objectives	To achieve a return (after applicable tax and investment fees) over rolling seven-year periods of at least: • Taxed option: n/a • Tax-free option: CPI + 2.75% p.a.		To achieve a return (after applicable tax and investment fees) over rolling seven-year periods of at least: • Taxed option: n/a • Tax-free option: CPI + 3.25% p.a.		To achieve a return (after applicable tax and investment fees) over rolling ten-year periods of at least: • Taxed option: CPI + 3.25% p.a. • Tax-free option: CPI + 3.75% p.a.		To achieve a return (after applicable tax and investment fees) over rolling ten-year periods of at least: • Taxed option: CPI + 3.75% • Tax-free option: CPI + 4.25% p.a.	
Standard risk measure	5 – Medium to high		5 – Medium to high		5 – Medium to high		5 – Medium to high	
Minimum suggested timeframe	Seven years		Seven years		Ten years		Ten years	
Asset allocation	**Range %**	**Target %**	**Range %**	**Target %**	**Range %**	**Target %**	**Range %**	**Target %**
Growth assets	40–80	60	45–85	60	45–85	67	55–95	76
Defensive assets	20–60	40	15–55	40	15–55	33	5–45	24
Asset class	**Range %**	**SAA %**	**Range %**	**SAA %**	**Range %**	**SAA %**	**Range %**	**SAA %**
Australian Shares	0–30	17	5–35	17	5–35	22	15–45	27.5
International Shares	5–35	20.5	10–40	20.5	10–40	24.5	15–45	30
Real Assets	0–40	19.5	0–40	19.5	0–40	19	0–40	17.5
Alternative Assets	0–10	3	0–10	3	0–10	3.5	0–15	5
Growth Fixed Interest	10–30	19	5–25	19	5–25	15.5	0–20	10.5
Defensive Fixed Interest & Cash	5–35	21	5–35	21	0–30	15.5	0–25	9.5

[3] 'Born prior to 1954' includes the following paths: Born prior to 1949 and Born 1949 to 1953.

	Ready-made investment options			
Investment option	**Mercer High Growth / Taxed Mercer High Growth**		**Mercer Select Growth / Taxed Mercer Select Growth**	
Description	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 applicable tax and investment fees) over rolling ten-year periods of at least: • Taxed option: CPI + 3.5% p.a. • Tax-free option: CPI + 4.0% p.a.		To achieve a return (after applicable tax and investment fees) over rolling seven-year periods of at least: • Taxed option: CPI + 3.25% p.a. • Tax-free option: CPI + 3.75% p.a.	
Standard risk measure	6 – High		5 – Medium to high	
Minimum suggested timeframe	Ten years		Seven years	
Asset allocation	**Range %**	**Target %**	**Range %**	**Target %**
Growth assets	65–100	86	55–95	75
Defensive assets	0–35	14	5–45	25
Asset class	**Range %**	**SAA %**	**Range %**	**SAA %**
Australian Shares	20–50	34	10–40	24.5
International Shares	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	0–15	2	0–25	7.5

	Ready-made investment options					
Investment option	**Mercer Growth**		**Mercer Moderate Growth / Taxed Mercer Moderate Growth**		**Mercer Conservative Growth / Taxed Mercer Conservative Growth**	
	This option is not available as a taxed option for TTR allocated pensions.					
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 applicable tax and investment fees) over rolling seven-year periods of at least: • Taxed option: n/a • Tax-free option: CPI + 3.5% p.a.		To achieve a return (after applicable tax and investment fees) over rolling seven-year periods of at least: • Taxed option: CPI + 2.0% p.a. • Tax-free option: CPI + 2.5% p.a.		To achieve a return (after applicable tax and investment fees) over rolling five-year periods of at least: • Taxed option: CPI + 1.0% p.a. • Tax-free option: CPI + 1.25% p.a.	
Standard risk measure	5 – Medium to high		5 – Medium to high		3 – Low to medium	
Minimum suggested timeframe	Seven years		Seven years		Five years	
Asset allocation	**Range %**	**Target %**	**Range %**	**Target %**	**Range %**	**Target %**
Growth assets	55–95	75	40–80	57	20–60	38
Defensive assets	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[4]			
Investment option	**Mercer Sustainable High Growth[4] / Taxed Mercer Sustainable High Growth[4]**		**Mercer Sustainable Conservative Growth[4] / Taxed Mercer Sustainable Conservative Growth[4]**	
Description	Invests across most asset classes, but mainly in growth assets. It is designed for members who want more 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.[4]		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.[4]	
Objectives	To achieve a return (after applicable tax and investment fees) over rolling ten-year periods of at least: • Taxed option: CPI + 3.5% p.a. • Tax-free option: CPI + 4.0% p.a.		To achieve a return (after applicable tax and investment fees) over rolling five-year periods of at least: • Taxed option: CPI + 1.0% p.a. • Tax-free option: CPI + 1.5% p.a.	
Standard risk measure	6 – High		3 – Low to medium	
Minimum suggested timeframe	Ten years		Five years	
Asset allocation	**Range %**	**Target %**	**Range %**	**Target %**
Growth assets	65–100	86	20–60	38
Defensive assets	0–35	14	40–80	62
Asset class	**Range %**	**SAA %**	**Range %**	**SAA %**
Australian Shares	0–5	0	0–5	0
Global Shares	55–85	71.5	0–40	24.5
Real Assets	0–35	15	0–40	18
Alternative Assets	0–20	7	0–20	3
Growth Fixed Interest	0–15	3	0–20	5
Defensive Fixed Interest & Cash	0–20	3.5	30–62.5	49.5

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

	Select-your-own investment options					
	Mercer Sector					
Investment option	**Mercer Australian Shares / Taxed Mercer Australian Shares**		**Mercer International Shares / Taxed Mercer International Shares**		**Mercer International Shares — Hedged / Taxed 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	6 – High		6 – High		6 – High	
Minimum suggested timeframe	Ten years		Ten years		Ten years	
					Tax-free option	
Asset allocation	**Range %**	**Target %**	**Range %**	**Target %**	**Range %**	**Target %**
Growth assets	90–100	100	90–100	100	90–100	100
Defensive assets	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
					Taxed option	
Asset allocation					**Range %**	**Target %**
Growth assets					80–100	100
Defensive assets					0–20	0
Asset class					**Range %**	**SAA %**
International Shares					85–100	100
Cash					0–10	0

	Select-your-own investment options			
	Mercer Sector			
Investment option	**Mercer Property / Taxed Mercer Property**		**Mercer Global Listed Property / Taxed Mercer Global Listed Property**	
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.	
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.	
Standard risk measure	6 – High		7 – Very high	
Minimum suggested timeframe	Ten years		Ten years	
			Tax-free option	
Asset allocation	**Range %**	**Target %**	**Range %**	**Target %**
Growth assets	50–100	75	80–100	100
Defensive assets	0–50	25	0–20	0
Asset class	**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			0–15	0
Defensive Fixed Interest & Cash			0–15	0
Cash	0–10	0		
			Taxed option	
Asset allocation			**Range %**	**Target %**
Growth assets			80–100	100
Defensive assets			0–20	0
Asset class			**Range %**	**SAA %**
Australian Shares			0–15	0
International Shares			0–15	0
Real Assets			80–100	100
Alternative Assets			0–10	0
Growth Fixed Interest			0–10	0
Defensive Fixed Interest & Cash			0–15	0

	Select-your-own investment options			
	Mercer Sector			
Investment option	**Mercer Fixed Interest / Taxed Mercer Fixed Interest**		**Mercer Cash / Taxed Mercer Cash**	
Description	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 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 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	4 – Medium		1 – Very low	
Minimum suggested timeframe	Three years		One year or less	
Asset allocation	**Range %**	**Target %**	**Range %**	**Target %**
Growth assets	0–10	0	n/a	0
Defensive assets	90–100	100	n/a	100
Asset class	**Range %**	**SAA %**	**Range %**	**SAA %**
Growth Fixed Interest	0–10	0		
Defensive Fixed Interest & Cash	90–100	100		
Cash			n/a	100

	Select-your-own investment options					
	Mercer Passive and Mercer Enhanced Passive					
Investment option	**Mercer Passive Australian Shares / Taxed Mercer Passive Australian Shares**		**Mercer Passive International Shares / Taxed Mercer Passive International Shares**		**Mercer Passive Australian Listed Property / Taxed 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	6 – High		6 – High		7 – Very high	
Minimum suggested timeframe	Ten years		Ten years		Ten years	
	Tax-free option		**Tax-free option**		**Tax-free option**	
Asset allocation	**Range %**	**Target %**	**Range %**	**Target %**	**Range %**	**Target %**
Growth assets	90–100	100	90–100	100	90–100	100
Defensive assets	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
	Taxed option		**Taxed option**		**Taxed option**	
Asset allocation	**Range %**	**Target %**	**Range %**	**Target %**	**Range %**	**Target %**
Growth assets	80–100	100	80–100	100	80–100	100
Defensive assets	0–20	0	0–20	0	0–20	0
Asset class	**Range %**	**SAA %**	**Range %**	**SAA %**	**Range %**	**SAA %**
Australian Shares	85–100	100				
International Shares			85–100	100		
Australian Listed Property					80–100	100
Cash	0-10	0	0-10	0	0-10	0

	Select-your-own investment options							
	Mercer Passive and Mercer Enhanced Passive							
Investment option	**Mercer Enhanced Passive High Growth**		**Mercer Enhanced Passive Growth**		**Mercer Enhanced Passive Moderate Growth**		**Mercer Enhanced Passive Conservative Growth**	
	This option is not available as a taxed option for TTR allocated pensions.				***This option is not available as a taxed option for TTR allocated pensions.***		***This option is not available as a taxed option for TTR allocated pensions.***	
Description	Invests across most asset classes but mainly growth assets. This 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 ten years.		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 with a slightly higher exposure to growth assets than defensive assets. This option has a predominantly passive investment approach, with some active management. 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 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 applicable tax and investment fees) over rolling ten-year periods of at least: • Taxed option: n/a • Tax-free option: CPI + 3.0% p.a.		To achieve a return (after applicable tax and investment fees) over rolling seven-year periods of at least: • Taxed option: CPI + 2.0% p.a. • Tax-free option: CPI + 2.5% p.a.		To achieve a return (after applicable tax and investment fees) over rolling seven-year periods of at least: • Taxed option: n/a • Tax-free option: CPI + 1.5% p.a.		To achieve a return (after applicable tax and investment fees) over rolling five-year periods of at least: • Taxed option: n/a • Tax-free option: CPI + 0.5% p.a.	
Standard risk measure	6 – High		6 – High		5 – Medium to high		4 – Medium	
Minimum suggested timeframe	Ten years		Seven years		Seven years		Five years	
Asset allocation	**Range %**	**Target %**	**Range %**	**Target %**	**Range %**	**Target %**	**Range %**	**Target %**
Growth assets	70-100	88	50-90	70	30-70	50	10-50	30
Defensive assets	0-30	12	10-50	30	30-70	50	50-90	70
Asset class	**Range %**	**SAA %**	**Range %**	**SAA %**	**Range %**	**SAA %**	**Range %**	**SAA %**
Australian Shares	30-60	45.25	15-45	31	5-35	21	0-30	13
International Shares	20-50	36.5	15-45	32	10-40	22.5	0-25	10
Real Assets	0-25	6.25	0-25	5	0-25	4.5	0-25	5
Alternative Assets	0-10	0	0-10	0	0-10	0	0-10	0
Growth Fixed Interest	0-10	0	0-15	4	0-15	4	0-15	4
Defensive Fixed Interest & Cash	0-25	12	15-45	28	35-65	48	55-85	68

Mercer Direct investment option

Available for allocated pension members only. 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 pension 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[5] 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. See 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 pension account balance of $20,000. You can invest a maximum of 80% of your pension account balance in the Mercer Direct investment option.

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, read the PDS (for fee 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 MSRI 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. 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.

[5] 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.

- 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 website5 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:

- The risk 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, available on the Mercer Direct section of the secure member website.
- The risk 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.

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.

Shares	ETFs	Term deposits
Description Designed for members who want to invest a proportion of their pension 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 pension 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 pension 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 7 – Very high	**Standard risk measure** 6 – High[6]	**Standard risk measure** 1 – Very low
Minimum suggested timeframe Seven years	**Minimum suggested timeframe** Seven years	**Minimum suggested timeframe** One year or less

If you are still working, your Employer may require you to disclose investments you have as part of your employment. Please consider your obligations when investing in the Mercer Direct investment option.

[6] 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.

ESG factors

Any qualitative or quantitative information pertaining to environmental, social, or governance topics.

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 a 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.

Tax-free investment options

These investment options apply to allocated pensions, as well as TTR allocated pensions that have converted to retirement phase allocated pension rules. Investment earnings on these investment options are tax-free.

A TTR allocated pension converts to retirement phase allocated pension rules automatically at age 65, or prior to age 65 if you let us know and we are satisfied that you have met one of the following conditions of release:

- Leaving an employer at or after age 60
- Permanently retiring
- Meeting the criteria for permanent incapacity (as defined by super laws)
- Meeting the criteria for a terminal medical condition (as defined by super laws).

Refer to 'Changes to a TTR allocated pension when you retire or at age 65' in the 'Our pension options' section of the PDS for more information.

Taxed investment options

These investment options apply only to TTR allocated pensions. Investment earnings on these investment options are taxed at 15%. Refer to the 'Our pension options' section of the PDS for more information.

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.

How to contact us

Phone

Call the Helpline on **1800 671 369** or if calling from outside Australia on **+61 3 8306 0906** 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 (Mercer SmartRetirement Income) and your account 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.

If you have any questions contact us at:
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Helpline **1800 671 369**

Or visit **mercersuper.com.au**

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