

MERCER SUPER TRUST

ANNUAL REPORT 2016

PART ONE

FOR MEMBERS OF THE CORPORATE
SUPERANNUATION DIVISION, PERSONAL
SUPERANNUATION DIVISION AND ALLOCATED
PENSION DIVISION OF THE MERCER SUPER TRUST
FOR THE YEAR ENDED 30 JUNE 2016

PREPARED DECEMBER 2016



MAKE TOMORROW, TODAY

 **MERCER**



ABOUT THE ANNUAL REPORT

Your Annual Report from the Mercer Super Trust consists of two parts:

Part one – This *Annual Report* to members contains a general update on how your super has performed and tells you about changes that have been made to the Mercer Super Trust during the year to 30 June 2016 and up to the date that this report was prepared. These changes may have had an impact on your super and may impact on your super in the future so it's important you carefully read the section entitled 'Changes to the Mercer Super Trust' to see how this applies to you.

Part two – Your *Supplementary Annual Report* contains an update on the information specific to your plan for the year to 30 June 2016.

Both parts of your *Annual Report* should be read in conjunction and kept together for future reference. A reference to this *Annual Report* means Part one and Part two collectively.

Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533 Australian Financial Services Licence #235906 is the trustee of the Mercer Super Trust ABN 19 905 422 981. MSAL is responsible for the contents of this *Annual Report* and is the issuer of this *Annual Report*. In this *Annual Report*, MSAL is called trustee, we or us.

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MESSAGE FROM OUR CHAIR

Welcome to your Mercer Super Trust *Annual Report* for the 2015-2016 financial year.

Our aim is to help you create a better life to live the retirement you desire. Superannuation is a long-term game and we are with you every step of the way, providing you with services, expertise and tools to manage your account online and over the phone.

If you have logged into your account recently at mercerfinancialservices.com you will have seen changes to your secure website. The new mobile-first site allows you to interact with your super anywhere, any time; and provides personalised facts, insights and suggested actions to help you prepare for retirement.

Meanwhile we've shaken up our behind-the-scenes processes to make it easier for you to manage your super account.

We've introduced paperless account consolidation and made updating beneficiaries quick and easy. And our new five-step 'Smart Start' program helps new members get their super under control right from the start; assisting them to consolidate accounts as well as choose insurance arrangements and investment options appropriate to their needs and life stage.

We also aim to help people in the communities in which we operate. We make a difference through our support and major sponsorship of events like Mercer Super Cycle, which raises funds to buy land and build family-style accommodation in Adelaide for country cancer patients. Mercer supports the Mother's Day Classic, a series of fun-runs and walks to raise funds for breast cancer research. In the past year our staff clocked nearly 4,000 volunteer hours supporting dozens of local charities do their essential work. Our staff helped Red Cross, Foodbank, Australia Cancer Council, The Smith Family and Meals on Wheels, which reflects the diversity and interests of our people.

You are our focus and that philosophy has earned Mercer a number of awards over the past year: FST Media Superannuation/Fund Management Provider of the Year; Selecting Super/Rainmaker Workplace Super Product of the Year – Premium; Mercer LifetimePlus recognised as the Best Innovative Retirement Product at Money Magazine's 2016 "Best of the Best" awards; and named in the BRW Top 50 Innovative companies list.

We aim to provide the best financial outcomes possible to help you create the future you envisage in retirement. As at 30 June 2016 the Mercer Super Trust manages \$19.8 billion of customers' retirement funds. This gives us scale to provide you with value for money while continuing to innovate and provide a range of financial services tools to help you to reach your retirement goals most effectively.

“Our superannuation customers consolidated nearly \$338 million in funds from other accounts and our membership reached 206,000 people.”

Investment markets were turbulent and superannuation returns for 2015-16 were the lowest for five years; nevertheless, it was the seventh year in a row of positive returns for most Mercer Super members, including those invested in Mercer's flagship options, Mercer Growth and Mercer SmartPath®.

Each Path in the Corporate Superannuation Division's (CSD) Mercer SmartPath investment option provided positive returns in the 2016 financial year. The Mercer Growth investment option in the CSD returned 2.1% for the year. It continues to outperform its peer group and was 0.2% ahead of the median of the SuperRatings Master Trust survey this year; over three years it was 0.5% ahead, and over five years, 0.6% ahead.

The CSD's Mercer SmartPath Path Born 1969-73 (the largest SmartPath group) returned 1.3% for the year. CSD's Mercer SmartPath customers born before 1954 received slightly higher returns of over 2% thanks to a more conservative investment strategy, designed to protect your super the closer you get to retirement age.

Please note:

- Returns shown allow for the deduction of tax and investment fees (but not administration or other fees)
- Past performance is no guarantee of future performance

® Mercer SmartPath is an Australian registered trademark of Mercer (Australia) Pty Ltd ABN 32 005 315 917.

It is also important to see returns this year in context; they coincide with the lowest wage inflation rates and CPI (Consumer Price Index) increases in the past five years. The investment community believes there is a strong possibility of single-digit returns for some time. Full information about returns for each of the investment options in the Corporate Superannuation, Personal Superannuation and Allocated Pension Divisions in Mercer Super Trust is on pages 16 to 22.

Because super is central to all retirement plans, public policy has many social consequences. This year the government has proposed or made changes to superannuation law that could affect how you live for the next 20, 30 or 40 years. Mercer is seen as expert in superannuation policy and we are actively engaged with industry and government.

We aim to make a difference in the moments that matter in your life and we look forward to continuing to help you make better decisions about your super today so you can live a better tomorrow.

And on a final note, I would like to extend our thanks to Eve Crestani, the former Chairman of Mercer Superannuation (Australia) Limited whose term ended on 31 December 2015. We are proud to recognise Eve's leadership over 12 years and the significant contribution she made to the Mercer Super Trust. We wish her all the very best for the future.

Warm regards



Jan Swinhoe

Chairman, Mercer Superannuation (Australia) Limited
Trustee of the Mercer Super Trust

INVESTMENT EDITORIAL

A look at the economy and markets in 2015-16 and what's in store for the year ahead.

ROLLERCOASTER YEAR

Super funds finished the financial year in positive territory, despite a rollercoaster ride for global share markets.

It was the seventh year in a row of positive returns for most superannuation customers, including those invested in Mercer's flagship options, Mercer Growth and Mercer SmartPath.

Corporate Superannuation Division's (CSD) Mercer Growth returned 2.1% for the year, despite a Brexit-driven negative return (-1.2%) for June.

CSD's Mercer Growth continues to outperform its peer group – the 'median' of the SuperRatings Master Trust survey – in the short and long-term. With a net return of 2.1% for the 2015/16 financial year, the option was 0.2% ahead of the median. Over three years, CSD's Mercer Growth returned 8.1% per annum (0.5% ahead of its peer group) and over five years, it returned 7.7% per annum (0.6% ahead).

CSD's Mercer SmartPath Path Born 1969-73 (the largest SmartPath cohort) received returns of 1.3% for the year.

CSD's Mercer SmartPath customers born before 1954 enjoyed slightly higher returns of more than 2% thanks to a more conservative investment strategy, designed to protect your super the closer you get to retirement age.

OUTLOOK

Your super return for the 2016 fiscal year is likely lower than you've seen in previous years. That's because your super is held in a wide range of investments such as shares, property, fixed income and cash. The returns of many of these assets were lower than in previous years, as moderate global and local economic growth, as well as already high valuations, underpinned more modest portfolio returns.

Seven years in a row of positive returns is an impressive feat, but negative returns are inevitable at some point, particularly in a world of fragile growth where risks are high and rising.

Our investment portfolio management team continues to monitor economic and market developments and adjust portfolio exposures to shares accordingly.

YEAR THAT WAS: 2015 – 2016

The financial year was bookended by 'exit' fears within the European Union (EU); opening with the threat of a 'Grexit' following the mid-2015 debt crisis in Greece and closing with 'Brexit' when the UK elected to leave the EU on 23 June 2016.

Both events contributed to market volatility and pushed most global share markets lower. In between, there were a few distinct periods of market volatility that sparked larger than normal losses.

Fears over an economic slowdown in China, coupled with the US Federal Reserve's (the Fed) plans to raise interest rates for first time in a decade, rattled investors in August and September 2015 and markets plunged.

A decline in energy and other commodity prices – iron ore dropped about 40% between September and December – plus growing doubts over forecast US earnings growth, spurred another selloff.

More positively, the decline in the value of the Australian dollar (AUD) provided a cushion against falling global share markets for local investors. Toward the end of 2015, tentative signs of improvement in sentiment helped to secure a solid December quarter.

Then came January and February and a near-perfect storm of renewed fears of a Chinese slowdown, disappointing US economic data, the introduction of negative interest rates in Japan and falling oil prices resulted in the worst start to a calendar year ever.

This, in turn made share markets highly volatile, making investors very nervous that the run of positive financial years may have come to an end.

The Fed moved to calm the market over prospective interest rate rises while Japanese, Chinese and European Central banks moved again to ease monetary conditions. In Australia, the Reserve Bank continues to leave the door open to further policy easing, noting the prospect of inflation remains low for a prolonged period of time.

This all helped ward off concerns of a global recession but markets remained dubious about the potential for strong economic growth. But a recovery did begin in March and market returns generally maintained a positive trajectory throughout April, May and June.

Market reactions immediately following the UK's Brexit vote on 23 June were immediate and significant; the UK market fell 7%, Europe dropped 8.6% and Japan was down 8.4%.

But by the end of June markets had started to settle and, in some cases, partly reverse the post-Brexit losses.

SHARE MARKET PERFORMANCE

The total return from Australian shares (including dividends) for Australian Investors was 0.9% for the full financial year. Global equities returned 0.4% in unhedged terms and -1.4% in hedged terms.

WHAT SHOULD INVESTORS DO?

With elevated global risks looming and no asset classes offering particularly compelling value, this is not a time to be taking risks with your super.

That said, it all depends on your individual goals, needs and expectations.

If you're unsure about whether you are in the right investment option, talk to your financial adviser or request a meeting with a Mercer financial adviser.

Please note:

- Returns shown allow for the deduction of tax and investment fees (but not administration or other fees)
- Past performance is no guarantee of future performance



2015-16 INVESTMENT PERFORMANCE AT A GLANCE

Most of our members invest their super in the following investment options in the Mercer Super Trust, in the Corporate Superannuation Division, Personal Superannuation Division and Allocated Pension Divisions. Detailed information about all of the Mercer Super Trust Investment Options starts on page 26. Returns over one year, five year and ten year timeframes for these investment options are listed below.

The inclusion of an investment option in the following tables does not constitute a recommendation.

CORPORATE SUPERANNUATION DIVISION RETURNS AS AT 30 JUNE 2016

Please go to page 17 for detailed information about all returns for the Mercer Super Trust Investment Options available to Corporate Superannuation Division members.

Investment Option	1 year return %	5 year return % per annum	10 year return % per annum	
Mercer SmartPath	Born prior to 1929	2.4	N/A	N/A
	Born 1929-1933	2.3	N/A	N/A
	Born 1934-1938	2.2	N/A	N/A
	Born 1939-1943	2.3	N/A	N/A
	Born 1944-1948	2.3	N/A	N/A
	Born 1949-1953	2.3	N/A	N/A
	Born 1954-1958	1.9	N/A	N/A
	Born 1959-1963	1.6	N/A	N/A
	Born 1964-1968	1.4	N/A	N/A
	Born 1969-1973	1.3	N/A	N/A
	Born 1974-1978	1.2	N/A	N/A
	Born 1979-1983	1.3	N/A	N/A
	Born 1984-1988	1.2	N/A	N/A
	Born 1989-1993	1.2	N/A	N/A
	Born 1994-1998	1.2	N/A	N/A
	Born 1999-2003	0.9	N/A	N/A
Mercer Diversified Shares	0.0	8.6	4.1	
Mercer High Growth	1.3	7.9	4.6	
Mercer Growth	2.1	7.7	4.7	
Mercer Cash	1.8	2.6	3.5	

N/A indicates that the investment option was not operating for the full period.

The investment returns shown in this *Annual Report* do not take into account the unique characteristics that apply to each member (such as timing of cashflows). As a result, the actual returns applying to a particular member may vary from the investment returns shown. Past performance should not be relied upon as an indicator of future performance.

The performance information contained in this report is up to date at the time of preparation. You can obtain updated performance information at mercercorporatesuper.com (sign in using your personal log-in) and going to the Investments section, or by calling the Helpline. We can send you a copy of updated information, free of charge, on request.

For information on how these returns are calculated please refer to 'How investment returns are calculated' in the 'Investment returns' section of this *Annual Report*.

Returns shown allow for the deduction of tax and investment fees (but not administration or other fees).

PERSONAL SUPERANNUATION DIVISION RETURNS AS AT 30 JUNE 2016

Please go to page 19 for detailed information about all returns for the Mercer Super Trust Investment Options available to Personal Superannuation Division members.

Investment Option	1 year return %	5 year return % per annum	10 year return % per annum
Mercer Diversified Shares	-0.6	8.3	4.1
Mercer High Growth	0.8	7.6	4.4
Mercer Growth	1.6	7.4	4.6
Mercer Conservative Growth	2.7	5.4	4.4
Mercer Cash	1.4	2.4	3.4

The investment returns shown in this *Annual Report* do not take into account the unique characteristics that apply to each member (such as timing of cashflows). As a result, the actual returns applying to a particular member may vary from the investment returns shown.

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For information on how these returns are calculated please refer to 'How investment returns are calculated' in the 'Investment returns' section of this *Annual Report*.

Returns shown allow for the deduction of tax and investment fees (but not administration or other fees).

ALLOCATED PENSION DIVISION RETURNS AS AT 30 JUNE 2016

Please go to page 21 for detailed information about all returns for the Mercer Super Trust Investment Options available to Allocated Pension Division members.

Investment Option	1 year return %	5 year return % per annum	10 year return % per annum
Mercer High Growth	2.1	9.2	5.1
Mercer Growth	2.6	8.9	5.4
Mercer Moderate Growth	3.6	7.7	5.4
Mercer Conservative Growth	3.8	6.4	5.2
Mercer Cash	1.9	2.9	4.0

The investment returns shown in this *Annual Report* do not take into account the unique characteristics that apply to each member (such as timing of cashflows). As a result, the actual returns applying to a particular member may vary from the investment returns shown.

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For information on how these returns are calculated please refer to 'How investment returns are calculated' in the 'Investment returns' section of this *Annual Report*.

Returns shown allow for the deduction of tax and investment fees (but not administration or other fees).

WHO MANAGES YOUR SUPER

The trustee of the Mercer Super Trust is Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533 Australian Financial Services Licence #235906, which operates the Mercer Super Trust in accordance with the governing documents and applicable law.

The trustee has not incurred any penalties under section 38A of SIS during the year ended 30 June 2016.

The trustee board is responsible for the overall management, performance and strategic direction of the Mercer Super Trust.

THE CURRENT DIRECTORS OF MSAL ARE AS FOLLOWS:

Non-executive directors



Jan Swinhoe, Chairman

Jan Swinhoe is a Non-Executive Director and Chairman of MSAL. She is also a member of the Board Risk Management Committee, the Remuneration and Nominations Committee and the Plan and Benefits Committee.

Jan is an Associate of the Actuaries Institute of Australia and holds a Bachelor of Science (Majoring in Mathematics), a Diploma in Applied Psychology and is a Graduate of The Institute of Company Directors. She has held senior executive roles in the financial services industry for over 30 years, before pursuing a portfolio career. Specifically, Jan's experience spanned corporate superannuation, investments, insurance, wealth management, and both private and institutional banking among a number of leading institutions.

Since commencing her non-executive career in 2011, Jan has become a director on the Boards of Suncorp Portfolio Services Limited, Fusion Retail Group, Australian Philanthropic Services, Athletics Australia and most recently, the IMB Bank (formerly the Illawarra Building Society). She is also a member of the Leadership and Career Development Committee at the Actuaries Institute.



Brian Benger

Brian Benger is a Non-Executive Director of MSAL and Chairman of the Service Provider Committee. He is also a Non-Executive Director of Mercer Investments (Australia) Limited and Non-Executive Director and Chairman of Mercer Financial Advice (Australia) Pty Ltd. Brian is a member of the Audit Committee and Chairman of the Remuneration and Nominations Committee.

Brian has over 20 years of board experience being a current director of GMHBA and GMHBA Land Co. as well as having been a former director of the Victoria Managed Insurance Authority, the former Managing Director of the Guild Group of Companies for 10 years, and a former director of nine major subsidiary companies of National Mutual, including National Mutual Trustees, National Mutual Financial Planning and National Mutual Superannuation, Chairman of The FABAL Group Pty Ltd for two and a half years and a member of the Future Fund Advisory Board of the Oaktree Foundation for two years.

Brian is Chairman of GMHBA's Investment Committee and a member of GMHBA's Strategy Committee.



Martin Stevenson

Martin Stevenson is a Non-Executive Director of MSAL, Chairman of the Plan and Benefits Committee, a member of the Service Provider Committee and Chairman of the Audit Committee. He is also a Non-Executive Director and Chairman of Mercer Investments (New Zealand) Limited.

Martin was a Partner at Mercer and worked at Mercer for over 40 years until his retirement in 2013. Prior to his retirement, he was also Mercer's Head of Post Retirement Products Consulting - Asia Pacific. Martin has consulted on all aspects of corporate and public sector superannuation in Australia.

Martin joined E.S. Knight & Co. in 1971 after four years with AMP, an Australian life insurance company. He was Managing Partner before Knight's merger with Mercer in 1985. Martin is a Fellow of the Institute of Actuaries of Australia. He is a past President of the Institute of Actuaries of Australia and is currently Chairman of the Institute's International Council Committee.

Non-executive directors (continued)



Sue O'Connor

Sue O'Connor is a Non-Executive Director of MSAL. Sue has particular expertise in the fields of digital, business transformation, strategy and risk.

Sue has been a Non-Executive Director/Chairman for over ten years. She is currently Chairman of Yarra Valley Water and Director of the Transport Accident Commission, State Trustees Victoria and was previously a Director and immediate Past Chairman of YMCA Victoria. Sue is a long-term facilitator in the AICD Company Director's Course (Strategy).

Sue brings to the Board over 25 years of senior leadership experience in complex, technology dependent businesses. This includes 13 years as a Group General Manager at Telstra Corporation where she led the establishment of a number of new businesses and the completion of major cross company transformation programs and as Managing Director of her own consulting firm providing advice on strategy, growth and digital transformation to ASX top 50 companies and major Government departments and GBEs.

Sue has completed a Bachelor of Applied Science (RMIT), Graduate Diploma of Business Management (Monash) and Harvard Business School Executive Management programs. She is a Fellow of the Australian Institute of Company Directors.

Executive director



Ben Walsh

Ben Walsh is an Executive Director of MSAL and a member of the Board Risk Management Committee. He is also a director on four other Mercer group company boards.

He is also the Managing Director & Market Leader for Mercer in the Pacific spanning the firm's five business segments of talent, health, retirement, financial services and investments. He is a member of the Pacific Leadership Team and the Europac Regional Leadership Team. With 20 years' service, Ben has worked for the Group in four countries across seven business line/functional areas.

Ben holds a Bachelor of Commerce with Honours (University of Melbourne) and a Master of Business Administration (Melbourne Business School). He is a fellow of the Australian and New Zealand Institute of Insurance and Finance.

INVESTMENT INFORMATION

A key investment objective of the Mercer Super Trust is to provide members with the benefits of diversification by enabling them to access different asset classes, investment managers and investment styles.

The trustee aims to meet this objective by providing members with a wide range of investment options, each with their own investment objective and strategy.

The sections below provide some more detail in respect of the Mercer investment options.

INVESTMENT PHILOSOPHY AND STRATEGY FOR THE INVESTMENT OPTIONS

Each investment option has a specific performance objective.

Our strategy generally is to select a long-term mix of investments to support the investment options' objectives. While we believe our investment options are reasonably likely to meet their objectives, there are no guarantees.

We may change the investment objective and strategy for each investment option to ensure that there is a reasonable probability we deliver on the objective. The actual asset allocation may fall outside the stated ranges for a short period of time during material transactions or due to factors including extreme market conditions or asset transitions.

We monitor the investment options' performances against objectives on a quarterly basis, and undertake an annual health check to assess whether we need to make any changes to investment objectives.

MANAGER RESEARCH AND SELECTION

The trustee has appointed Mercer Investments (Australia) Limited (MIAL) to advise on the selection, appointment, replacement and ongoing evaluation of investment managers.

MIAL's significant global scale for researching managers gives us access to some of the best ideas from more than 5,000 investment managers around the world.

MIAL leverages its global research network to establish optimal combinations of specialist managers for each asset class. MIAL's investment manager research focuses on each manager's strength in idea generation, portfolio construction, implementation and business management.

Mercer's investment options generally adopt a multi-manager approach. This approach involves selecting optimal combinations of investment managers to achieve exposure to a range of investment management styles. This is designed to maximise the potential of the options to produce consistent performance throughout market cycles. For passive or index options, a single manager may be used.

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

Information about investment managers is shown on page 63 and is also available at mercercfinancialservices.com. You can also call the Helpline for this information.

SUSTAINABLE INVESTMENT

For Ready-made investment options and Select-your-own investment options only.

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

We believe Environmental, Social and Governance (ESG) factors may have a material impact on long-term risk and return outcomes. We also believe that principles of active ownership and investment stewardship are valuable in the investment process. For this reason, we have incorporated ESG considerations, principles of active ownership and investment stewardship throughout our investment decision making and ownership practices. For more information refer to the trustee's *Mercer Funds Sustainable Investment Policy* and *Mercer Funds Corporate Governance Policy*, available from mercerfinancialservices.com or by calling the Helpline.

Principles of sustainable investment and good governance apply to all asset classes unless indicated.

The investment managers appointed to the investment options may consider the ESG factors (outlined in the Environmental, Social and Governance Considerations table on this page) when assessing investment risk and opportunities.

For Mercer Direct, Indexed and Non Mercer options

The trustee does not impose any specific ESG requirements on investment managers for these investment options.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONSIDERATIONS

Investment managers also consider many factors listed below when assessing investment opportunities.

Environmental

- energy efficiency
- pollution control
- resource scarcity
- renewable energy
- water management
- environmental policies
- environmental reporting

Social

- employee labour standards (including wages, working hours and diversity)
- occupational health and safety
- employee relations
- human rights
- labour practices (including child and forced labour)
- talent attraction and retention

Governance

- community engagement
- corporate citizenship
- anti-bribery and corruption
- remuneration
- board balance and diversity
- operational and risk management

SOCIALLY RESPONSIBLE INVESTING

Socially Responsible Investing (SRI) means taking into account ethical issues when making investment decisions. We consider these issues in addition to the ESG considerations outlined earlier for our socially responsible investment options.

You can choose from two SRI options:

- the Mercer Socially Responsible Shares investment option, and
- the Mercer Socially Responsible Growth investment option.

The investment managers for these options must take into account the SRI criteria set out below:

- the portfolio's total carbon intensity (given the risks with climate change), and
- Mercer's commitment to sustainable investing and active ownership through ESG integration, proxy voting and engagement in investment decision making processes.

The trustee does not take ethical issues into account for any other investment options when making investment decisions.

SECTOR EXCLUSIONS

Our SRI options will not invest in companies with material exposure to:

- tobacco production
- alcohol production
- gambling or gaming services, and
- armaments.

Material exposure is defined as 10% of revenue or greater in the last financial year.

ASSET CLASSES AND SRI

Australian and international shares are the only asset classes subject to the SRI exclusions in the two SRI options listed under 'Socially Responsible Investing'. However, we may extend SRI considerations to other asset classes for these options in the future.

The SRI options use a multi-manager investment approach, with potentially different investment managers selected to implement investment strategies in each asset class.

SRI RISK AND RETURN CONSIDERATIONS

Applying SRI principles can affect investment risk and return. These options may have less diversified investment opportunities and may forgo some potentially profitable investments on ethical grounds.

USE OF DERIVATIVES

Derivatives, such as futures or options, are investment products where 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.

The trustee does not undertake day-to-day management of derivative instruments.

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

Derivative risk is managed by limiting the use of derivatives in relevant Investment and or Transition Management Agreements with investment managers and by considering the risks and controls set out in the managers' Derivative Risk Statements.

THE DERIVATIVE CHARGE RATIO

The derivative charge ratio is the percentage of the total market value of the assets of the Mercer Super Trust (other than cash) that the trustee has charged as security for derivatives investments made by the trustee.

Based on information provided by the custodian and investment managers, the trustee is unaware of any period in the year when the derivative charge ratio exceeded 5.00%.

INVESTMENT RISK AND STANDARD RISK MEASURE

All investments, including super, carry some risk. We invest your super in your chosen investment options that have different levels of risk depending on the assets that make up each investment option.

Generally, investment risk is that an investor gets back less than they put in. Taxes, expenses and low or negative investment returns can also have an impact on investment risk.

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

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

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

The SRM consists of seven risk labels:

Risk label	Estimated number of negative annual returns over any 20 year period
Very high	6 or more
High	Between 4 and 6
Medium to high	Between 3 and 4
Medium	Between 2 and 3
Low to medium	Between 1 and 2
Low	Between 0.5 and 1
Very low	Less than 0.5

Risk labels are not a guarantee of the number or frequency of negative annual returns for an investment option.

For details of the SRM for each investment option, refer to the 'Your investment options in detail' section later in this *Annual Report*.

For more information on the risks associated with each investment option refer to the *Product Disclosure Statement (PDS)* and/or other member materials provided to you or call the Helpline.

INVESTMENT RETURNS

HOW INVESTMENT RETURNS ARE CALCULATED

Single year and compound returns are calculated assuming that \$1.00 is invested at the start of the relevant period and that no further amounts are invested over the period.

Division	Returns based on
Corporate Superannuation Division	Exit prices and allow for the deduction of tax and investment fees (but not administration fees or other fees)
Personal Superannuation Division	Exit prices and allow for the deduction of tax and investment fees (but not administration fees)
Allocated Pension Division	Exit prices and allow for the deduction of investment fees (but not administration fees)*

* For the Allocated Pension Division, the calculation of the returns for the Non Mercer Balanced – Value Style investment option also allows for the deduction of tax.

Compound returns are calculated as the average of annual returns.

HOW WE CALCULATE MERCER SUPER TRUST INVESTMENT EARNINGS

Super contributions and rollovers made to the Mercer Super Trust purchase units in each investment option. Unit prices are generally calculated daily (except weekends and Melbourne public holidays) and fluctuate according to the investment performance of the individual investment options.

The number of units that your investment can purchase depends on the unit price at the relevant time. For example, if you contributed \$1,000 and the unit price was \$1.00 at that time, then 1,000 units would be purchased.

Units are also redeemed when the fund needs to make super payouts or pay fees, taxes and other expenses.

If you have unitised benefits, the value of your payout at any time is the number of units you have, multiplied by their exit price at that time (less any exit fee payable). Your latest member statement shows you how many units you have, the exit price and their value.

If you are a Corporate Superannuation Division member who has defined benefits, your payout will be calculated according to a formula. Generally, the rate of earnings credited to your defined benefit accounts, other than any additional accounts you may have (where investment choice is available), is worked out after taking into account the plan's full investment earnings and after making allowance for expenses and tax on investment earnings. Your latest member statement shows the rate credited to your defined benefit accounts.

Please note that for some investment options, the prices at which units are bought can differ from the price at which they are redeemed.

ALLOCATION OF INVESTMENT EARNINGS

The net investment earnings of the Mercer Super Trust investment options are allocated to members through changes in the unit price of the investment options.

You should carefully consider the risks of each of the options before making any investment decisions. You should be aware that investment returns can be volatile and the value of your investments may increase or decrease. You should not rely on past performance as an indicator of the future performance of any of the investment options.

You can obtain up to date returns for your plan's investment options (excluding the Mercer Direct investment option) in the *Mercer Super Trust Monthly Report* at mercerfinancialservices.com

We strongly recommend that you speak to a licensed, or appropriately authorised, financial adviser before making any decision about your super.

Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533 Australian Financial Services Licence #235906 is the trustee of the Mercer Super Trust.

Mercer Outsourcing (Australia) Pty Ltd (MOAPL) ABN 83 068 908 912 Australian Financial Services Licence #411980, Mercer Investments (Australia) Limited (MIAL) ABN 66 008 612 397 Australian Financial Services Licence #244385, Mercer Financial Advice (Australia) Pty Ltd (MFAAPL) ABN 76 153 168 293 Australian Financial Services Licence #411766 and MSAL are wholly owned subsidiaries of Mercer (Australia) Pty Ltd (Mercer) ABN 32 005 315 917.

Neither MSAL, MOAPL, MIAL, MFAAPL, Mercer, your employer or any of the investment managers guarantees the investment performance, earnings or return of capital invested in any of the Mercer Super Trust investment options.

INVESTMENT PERFORMANCE

CORPORATE SUPERANNUATION DIVISION – INVESTMENT PERFORMANCE TO 30 JUNE 2016

Investment Option		1 year return %	5 year return % per annum	10 year return % per annum	
Ready-made	Mercer SmartPath	Born prior to 1929	2.4	N/A	N/A
		Born 1929-1933	2.3	N/A	N/A
		Born 1934-1938	2.2	N/A	N/A
		Born 1939-1943	2.3	N/A	N/A
		Born 1944-1948	2.3	N/A	N/A
		Born 1949-1953	2.3	N/A	N/A
		Born 1954-1958	1.9	N/A	N/A
		Born 1959-1963	1.6	N/A	N/A
		Born 1964-1968	1.4	N/A	N/A
		Born 1969-1973	1.3	N/A	N/A
		Born 1974-1978	1.2	N/A	N/A
		Born 1979-1983	1.3	N/A	N/A
		Born 1984-1988	1.2	N/A	N/A
		Born 1989-1993	1.2	N/A	N/A
		Born 1994-1998	1.2	N/A	N/A
		Born 1999-2003	0.9	N/A	N/A
		Mercer Diversified Shares	0.0	8.6	4.1
		Mercer High Growth	1.3	7.9	4.6
		Mercer Growth	2.1	7.7	4.7
	Mercer Moderate Growth	2.8	6.8	4.8	
	Mercer Conservative Growth	3.3	5.7	4.7	
	Mercer Cash	1.8	2.6	3.5	
Select-your-own	Mercer Plus	Mercer Select Growth	N/A	N/A	N/A
		Mercer Australian Shares Plus	1.5	6.9	5.3
		Mercer Overseas Shares Plus (unhedged)	0.0	11.6	2.1
		Mercer Income Plus	4.4	6.7	N/A
	Mercer Sector	Mercer Australian Shares	1.2	6.9	5.1
		Mercer Australian Core Shares	0.1	7.0	N/A
		Mercer Australian Growth Shares	2.4	8.0	N/A
		Mercer Australian Value Shares	-0.8	7.0	N/A
		Mercer Australian Small Companies	8.9	3.9	4.7
		Mercer Overseas Shares (unhedged)	0.5	11.7	2.3
		Mercer Hedged Overseas Shares	-1.3	8.6	3.0
		Mercer Overseas Small Companies	-2.4	13.3	5.3
		Mercer Global Low Volatility Shares	N/A	N/A	N/A
		Mercer Emerging Markets	-8.8	3.2	N/A
	Mercer Property	9.4	8.4	3.4	

CORPORATE SUPERANNUATION DIVISION – INVESTMENT PERFORMANCE TO 30 JUNE 2016 (CONTINUED)

	Investment Option	1 year return %	5 year return % per annum	10 year return % per annum	
Select-your-own	Mercer Sector	Mercer Australian Listed Property	20.9	14.6	N/A
		Mercer Overseas Listed Property	9.4	9.8	4.3
		Mercer Global Listed Infrastructure	N/A	N/A	N/A
		Mercer Fixed Interest	5.8	6.0	5.8
		Mercer Australian Sovereign Bonds	6.8	5.3	N/A
		Mercer Overseas Sovereign Bonds	8.8	6.8	N/A
		Mercer Term Deposit	1.9	N/A	N/A
		Mercer Diversified Alternatives	-3.5	2.6	2.0
	Mercer Socially Responsible	Mercer Socially Responsible Shares	-3.3	8.8	5.0
		Mercer Socially Responsible Growth	0.0	7.6	5.1
	Indexed	Indexed Diversified Shares	0.5	9.5	4.9
		Indexed Australian Shares	1.1	7.0	4.8
		Indexed Overseas Shares	0.8	12.9	3.7
		Enhanced Indexed Growth	3.1	9.3	5.7
		Enhanced Indexed Conservative Growth	4.2	6.8	5.3
	Non Mercer	Non Mercer Growth – Multi Manager Style	0.1	7.8	4.5
		Non Mercer Balanced – Multi Manager Style	0.5	7.3	4.4
		Non Mercer Balanced – Core Style	1.0	8.4	5.0
		Non Mercer Balanced – Value Style	0.3	8.5	5.5
		Non Mercer Conservative	2.8	6.2	4.8
Mercer Direct	Mercer Direct	N/A	N/A	N/A	

N/A indicates that the investment option was not operating for the full period.

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Returns shown allow for the deduction of tax and investment fees (but not administration or other fees).

PERSONAL SUPERANNUATION DIVISION - INVESTMENT PERFORMANCE TO 30 JUNE 2016

Investment Option		1 year return %	5 year return % per annum	10 year return % per annum	
Ready-made	Mercer Diversified Shares	-0.6	8.3	4.1	
	Mercer High Growth	0.8	7.6	4.4	
	Mercer Growth	1.6	7.4	4.6	
	Mercer Moderate Growth	2.4	6.5	4.6	
	Mercer Conservative Growth	2.7	5.4	4.4	
	Mercer Cash	1.4	2.4	3.4	
Select-your-own	Mercer Plus	Mercer Select Growth	N/A	N/A	N/A
		Mercer Australian Shares Plus	1.2	6.6	5.1
		Mercer Overseas Shares Plus (unhedged)	-0.6	11.2	1.4
		Mercer Income Plus	3.0	5.6	N/A
	Mercer Sector	Mercer Australian Shares	0.7	6.8	5.0
		Mercer Australian Core Shares	-0.4	6.9	N/A
		Mercer Australian Growth Shares	1.8	8.0	N/A
		Mercer Australian Value Shares	-1.3	6.8	N/A
		Mercer Australian Small Companies	8.2	3.7	4.7
		Mercer Overseas Shares (unhedged)	-0.1	11.7	2.4
		Mercer Hedged Overseas Shares	-1.6	8.3	2.0
		Mercer Overseas Small Companies	-3.2	13.2	5.6
		Mercer Global Low Volatility Shares	N/A	N/A	N/A
		Mercer Emerging Markets	-10.2	2.2	N/A
		Mercer Property	8.9	8.4	3.8
		Mercer Australian Listed Property	19.1	13.2	N/A
		Mercer Overseas Listed Property	9.2	10.1	4.6
		Mercer Global Listed Infrastructure	N/A	N/A	N/A
		Mercer Fixed Interest	5.3	5.6	5.7
		Mercer Australian Sovereign Bonds	5.3	4.3	N/A
		Mercer Overseas Sovereign Bonds	7.3	5.6	N/A
		Mercer Term Deposit	0.9	N/A	N/A
		Mercer Diversified Alternatives	-4.0	2.5	2.0
		Mercer Socially Responsible	Mercer Socially Responsible Shares	-3.3	8.9
	Mercer Socially Responsible Growth		-0.1	7.5	5.2

PERSONAL SUPERANNUATION DIVISION – INVESTMENT PERFORMANCE TO 30 JUNE 2016 (CONTINUED)

Investment Option		1 year return %	5 year return % per annum	10 year return % per annum	
Select-your-own	Indexed	Indexed Diversified Shares	0.3	9.0	4.5
		Indexed Australian Shares	0.7	6.7	4.6
		Indexed Overseas Shares	0.1	12.8	3.6
		Enhanced Indexed Growth	2.5	8.7	5.2
		Enhanced Indexed Conservative Growth	4.1	6.2	4.8
	Non Mercer	Non Mercer Growth – Multi Manager Style	0.0	7.6	4.3
		Non Mercer Balanced – Multi Manager Style	0.5	7.2	4.1
		Non Mercer Balanced – Core Style	0.8	8.2	4.7
		Non Mercer Balanced – Value Style	0.1	8.3	5.4
		Non Mercer Conservative	2.7	6.0	4.6

N/A indicates that the investment option was not operating for the full period.

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ALLOCATED PENSION DIVISION - INVESTMENT PERFORMANCE TO 30 JUNE 2016

		Investment Option	1 year return %	5 year return % per annum	10 year return % per annum
Ready-Made	Mercer SmartPath	Born prior to 1949	N/A	N/A	N/A
		Born 1949-1953	N/A	N/A	N/A
		Born 1954-1958	N/A	N/A	N/A
		Born 1959-1963	N/A	N/A	N/A
		Mercer Diversified Shares	0.7	10.4	4.9
		Mercer High Growth	2.1	9.2	5.1
		Mercer Growth	2.6	8.9	5.5
		Mercer Moderate Growth	3.6	7.7	5.4
		Mercer Conservative Growth	3.8	6.4	5.2
	Mercer Cash	1.9	2.9	4.0	
Select-your-own	Mercer Plus	Mercer Select Growth	N/A	N/A	N/A
		Mercer Overseas Shares Plus (unhedged)	-0.3	13.1	N/A
		Mercer Income Plus	3.7	6.4	N/A
	Mercer Sector	Mercer Australian Shares	2.7	9.3	5.9
		Mercer Australian Core Shares	0.0	8.3	N/A
		Mercer Australian Growth Shares	2.7	9.6	N/A
		Mercer Australian Value Shares	-0.9	8.4	N/A
		Mercer Australian Small Companies	9.8	4.7	N/A
		Mercer Overseas Shares (unhedged)	0.3	13.6	3.1
		Mercer Hedged Overseas Shares	-1.7	9.9	N/A
		Mercer Overseas Small Companies	-3.1	N/A	N/A
		Mercer Global Low Volatility Shares	N/A	N/A	N/A
		Mercer Emerging Markets	-10.3	2.4	N/A
		Mercer Property	10.4	9.7	N/A
		Mercer Australian Listed Property	21.2	15.7	N/A
		Mercer Overseas Listed Property	9.9	11.7	N/A
		Mercer Global Listed Infrastructure	N/A	N/A	N/A
		Mercer Fixed Interest	6.2	6.5	N/A
		Mercer Australian Sovereign Bonds	6.5	5.0	N/A
		Mercer Overseas Sovereign Bonds	8.9	6.8	N/A
	Mercer Term Deposit	2.1	N/A	N/A	
	Mercer Diversified Alternatives	-3.8	3.2	N/A	
	Mercer Socially Responsible	Mercer Socially Responsible Shares	-3.4	10.2	N/A
Mercer Socially Responsible Growth		0.9	8.8	N/A	

ALLOCATED PENSION DIVISION – INVESTMENT PERFORMANCE TO 30 JUNE 2016 (CONTINUED)

		Investment Option	1 year return %	5 year return % per annum	10 year return % per annum
Select-your-own	Indexed	Indexed Diversified Shares	0.9	10.9	N/A
		Indexed Australian Shares	1.6	8.1	N/A
		Indexed Overseas Shares	-0.1	14.5	N/A
		Enhanced Indexed Growth	3.5	9.8	N/A
		Enhanced Indexed Conservative Growth	5.0	7.2	N/A
	Non Mercer	Non Mercer Balanced – Value Style [#]	0.3	8.6	5.5
Mercer LifetimePlus	Mercer LifetimePlus	N/A	N/A	N/A	
Mercer Direct	Mercer Direct	N/A	N/A	N/A	

N/A indicates that the investment option was not operating for the full period.

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[#] Closed to future investments for members of the Allocated Pension Division.

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INDIRECT COST RATIO AND EXPENSE ALLOWANCE

Details of Indirect Cost Ratio (ICR) and expense allowance are set out in the *Product Disclosure Statement* and/or other member materials (as applicable) for your plan Corporate Superannuation Division, Personal Superannuation Division or the Allocated Pension Division.

INDIRECT COST RATIO

The ICR for the period of 1 July 2015 to 30 June 2016 is set out below.

Investment Option	Corporate Superannuation Division	Personal Superannuation Division	Allocated Pension Division		
	Indirect cost ratio* (% per annum)	Indirect cost ratio* (% per annum)	Indirect cost ratio* (% per annum)		
Mercer Ready-made	Mercer SmartPath	Born prior to 1929	0.12	N/A	N/A
		Born 1929-1933	0.12	N/A	N/A
		Born 1934-1938	0.13	N/A	N/A
		Born 1939-1943	0.13	N/A	N/A
		Born 1944-1948	0.15	N/A	N/A
		Born Prior to 1949	N/A	N/A	0.06
		Born 1949-1953	0.15	N/A	0.09
		Born 1954-1958	0.16	N/A	0.09
		Born 1959-1963	0.17	N/A	0.09
		Born 1964-1968	0.18	N/A	N/A
		Born 1969-1973	0.19	N/A	N/A
		Born 1974-1978	0.19	N/A	N/A
		Born 1979-1983	0.19	N/A	N/A
		Born 1984-1988	0.19	N/A	N/A
		Born 1989-1993	0.19	N/A	N/A
		Born 1994-1998	0.19	N/A	N/A
		Born 1999-2003	0.19	N/A	N/A
Mercer Diversified Shares	0.10	0.10	0.10		
Mercer High Growth	0.20	0.19	0.19		
Mercer Growth	0.19	0.18	0.17		
Mercer Moderate Growth	0.14	0.14	0.14		
Mercer Conservative Growth	0.14	0.14	0.13		
Mercer Cash	0.07	0.07	0.07		
Select-your-own	Mercer Shares Plus	0.10	0.09	0.08	
	Mercer High Growth Plus	0.13	0.12	0.12	
	Mercer Select Growth	0.30	0.31	0.30	
	Mercer Growth Plus	0.13	0.12	0.12	
	Mercer Australian Shares Plus	0.10	0.10	0.06	
	Mercer Overseas Shares Plus (unhedged)	0.10	0.10	0.10	
	Mercer Income Plus	0.37	0.37	0.37	
	Mercer Australian Shares	0.10	0.10	0.09	
	Mercer Australian Core Shares	0.08	0.08	0.08	

INDIRECT COST RATIO (CONTINUED)

Investment Option	Corporate Superannuation Division	Personal Superannuation Division	Allocated Pension Division	
	Indirect cost ratio* (% per annum)	Indirect cost ratio* (% per annum)	Indirect cost ratio* (% per annum)	
Select-your-own	Mercer Australian Growth Shares	0.06	0.06	0.06
	Mercer Australian Value Shares	0.09	0.09	0.09
	Mercer Australian Small Companies	0.64	0.34	0.35
	Mercer Overseas Shares (unhedged)	0.09	0.09	0.09
	Mercer Hedged Overseas Shares	0.10	0.10	0.10
	Mercer Overseas Core Shares	0.07	0.07	0.07
	Mercer Overseas Growth Shares	0.06	0.06	0.06
	Mercer Overseas Value Shares	0.06	0.07	0.06
	Mercer Overseas Small Companies	0.10	0.10	0.10
	Mercer Global Low Volatility Shares	0.08	0.08	0.06
	Mercer Emerging Markets	0.10	0.10	0.10
	Mercer Property	0.11	0.12	0.11
	Mercer Direct Property	0.09	0.09	0.09
	Mercer Australian Listed Property	0.08	0.08	0.08
	Mercer Overseas Listed Property	0.18	0.18	0.18
	Mercer Global Listed Infrastructure	0.11	0.11	0.06
	Mercer Fixed Interest	0.09	0.09	0.09
	Mercer Australian Sovereign Bonds	0.07	0.07	0.07
	Mercer Overseas Sovereign Bonds	0.08	0.08	0.08
	Mercer Term Deposit	0.08	0.08	0.08
	Mercer Diversified Alternatives	1.64	1.64	1.64
	Mercer Target 2015	0.07	0.07	0.07
	Mercer Target 2025	0.08	0.07	0.07
	Mercer Target 2035	0.08	0.07	0.06
	Mercer Target 2045	0.08	0.10	0.07
	Mercer Socially Responsible Shares	0.19	0.19	0.19
	Mercer Socially Responsible Growth	0.22	0.22	0.21
	Indexed Diversified Shares	0.07	0.07	0.07
	Indexed Australian Shares	0.07	0.07	0.07
	Indexed Overseas Shares	0.07	0.07	0.07
	Enhanced Indexed Growth	0.06	0.06	0.06
	Enhanced Indexed Conservative Growth	0.06	0.06	0.06
	Non Mercer Growth – Multi Manager Style	0.29	0.29	N/A

INDIRECT COST RATIO (CONTINUED)

Investment Option		Corporate Superannuation Division	Personal Superannuation Division	Allocated Pension Division
		Indirect cost ratio* (% per annum)	Indirect cost ratio* (% per annum)	Indirect cost ratio* (% per annum)
Select- your-own	Non Mercer Balanced – Multi Manager Style	0.29	0.29	N/A
	Non Mercer Balanced – Core Style	0.08	0.08	N/A
	Non Mercer Balanced – Value Style [#]	0.06	0.06	0.06
	Non Mercer Conservative	0.12	0.12	N/A
Other investment options	Mercer LifetimePlus	N/A	N/A	0.13
	Mercer Direct	0.06	N/A	0.06

Notes:

N/A means that the investment option is not available to members of this division and there is no indirect cost ratio.

* The indirect cost ratio consists of indirect costs (including but not limited to, performance fees and any expense allowance charged by external investment trusts or managers) incurred by the underlying investment vehicles of the Mercer Super Trust, and an Operational Risk Financial Requirement levy (ORFR levy).

[#] Closed to future investments for members of the Allocated Pension Division.

EXPENSE ALLOWANCE

For each of the investment options listed in the above table, the expense allowance charged for the period of 1 July 2015 to 30 June 2016 was 0.044%.

YOUR INVESTMENT OPTIONS IN DETAIL

READY-MADE INVESTMENT OPTIONS

MERCER SMARTPATH

Born Prior to 1929

Investment objectives

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 1.75% per annum over rolling three year periods.

Standard Risk Measure

Low to medium

Asset allocation at 30 June

Corporate Superannuation Division

Asset Class	2016	2015
Australian Shares	15%	13%
International Shares	15%	17%
Property & Infrastructure	5%	0%
Alternative Assets	3%	1%
Higher Yielding Fixed Interest	4%	8%
Defensive Fixed Interest & Cash	58%	61%

Born 1929 to 1933

Investment objectives

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 1.75% per annum over rolling three year periods.

Standard Risk Measure

Medium

Asset allocation at 30 June

Corporate Superannuation Division

Asset Class	2016	2015
Australian Shares	15%	14%
International Shares	15%	15%
Property & Infrastructure	6%	1%
Alternative Assets	3%	2%
Higher Yielding Fixed Interest	4%	8%
Defensive Fixed Interest & Cash	57%	58%

Born 1934 - 1938

Investment objectives

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 1.75% per annum over rolling three year periods.

Standard Risk Measure

Medium

Asset allocation at 30 June

Corporate Superannuation Division

Asset Class	2016	2015
Australian Shares	16%	13%
International Shares	17%	19%
Property & Infrastructure	7%	0%
Alternative Assets	3%	1%
Higher Yielding Fixed Interest	4%	8%
Defensive Fixed Interest & Cash	53%	59%

Born 1939 - 1943

Investment objectives

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 2.00% per annum over rolling four year periods.

Standard Risk Measure

Medium

Asset allocation at 30 June

Corporate Superannuation Division

Asset Class	2016	2015
Australian Shares	15%	14%
International Shares	17%	20%
Property & Infrastructure	6%	1%
Alternative Assets	4%	1%
Higher Yielding Fixed Interest	4%	8%
Defensive Fixed Interest & Cash	54%	56%

READY-MADE INVESTMENT OPTIONS

MERCER SMARTPATH

Born 1944 – 1948

Investment objectives

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 2.00% per annum over rolling four year periods.

Standard Risk Measure

Medium

Asset allocation at 30 June

Corporate Superannuation Division

Asset Class	2016	2015
Australian Shares	16%	14%
International Shares	16%	18%
Property & Infrastructure	7%	2%
Alternative Assets	4%	2%
Higher Yielding Fixed Interest	4%	9%
Defensive Fixed Interest & Cash	53%	55%

Born 1949 – 1953

Investment objectives

Corporate Superannuation Division

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 2.25% per annum over rolling four year periods.

Allocated Pension Division

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 2.75% per annum over rolling four year periods.

Standard Risk Measure

Medium

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015*
Australian Shares	17%	19%	21%	N/A
International Shares	20%	26%	17%	N/A
Property & Infrastructure	8%	3%	7%	N/A
Alternative Assets	4%	2%	3%	N/A
Higher Yielding Fixed Interest	4%	9%	4%	N/A
Defensive Fixed Interest & Cash	47%	41%	48%	N/A

* As at 30 June 2015, there were no funds in this option to report.

Born Prior to 1949**

Investment objectives

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 2.50% per annum over rolling four year periods.

Standard Risk Measure

Medium

Asset allocation at 30 June

Allocated Pension Division

Asset Class	2016	2015
Australian Shares	N/A	N/A
International Shares	N/A	N/A
Property & Infrastructure	N/A	N/A
Alternative Assets	N/A	N/A
Higher Yielding Fixed Interest	N/A	N/A
Defensive Fixed Interest & Cash	N/A	N/A

Option is only available to members in the Allocated Pension Division.

* As at 30 June 2016, there were no funds in this option to report.

READY-MADE INVESTMENT OPTIONS

MERCER SMARTPATH

Born 1954 -1958

Investment objectives

Corporate Superannuation Division

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 2.75% per annum over rolling five year periods.

Allocated Pension Division

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.25% per annum over rolling five year periods.

Standard Risk Measure

Medium to high

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015*
Australian Shares	21%	23%	26%	N/A
International Shares	26%	30%	22%	N/A
Property & Infrastructure	9%	6%	8%	N/A
Alternative Assets	4%	0%	3%	N/A
Higher Yielding Fixed Interest	4%	8%	4%	N/A
Defensive Fixed Interest & Cash	36%	33%	37%	N/A

* As at 30 June 2015, there were no funds in this option to report.

Born 1959 -1963

Investment objectives

Corporate Superannuation Division

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.25% per annum over rolling six year periods.

Allocated Pension Division

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.75% per annum over rolling six year periods.

Standard Risk Measure

Medium to high

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015*
Australian Shares	25%	26%	31%	N/A
International Shares	31%	35%	26%	N/A
Property & Infrastructure	10%	9%	9%	N/A
Alternative Assets	3%	0%	3%	N/A
Higher Yielding Fixed Interest	5%	8%	4%	N/A
Defensive Fixed Interest & Cash	26%	22%	27%	N/A

* As at 30 June 2015, there were no funds in this option to report.

READY-MADE INVESTMENT OPTIONS

MERCER SMARTPATH

Born 1964 – 1968

Investment objectives

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.75% per annum over rolling seven year periods.

Standard Risk Measure

Medium to high

Asset allocation at 30 June

Corporate Superannuation Division

Asset Class	2016	2015
Australian Shares	31%	33%
International Shares	36%	41%
Property & Infrastructure	10%	10%
Alternative Assets	3%	0%
Higher Yielding Fixed Interest	5%	6%
Defensive Fixed Interest & Cash	15%	10%

Born 1974 – 1978

Investment objectives

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4.00% per annum over rolling seven year periods.

Standard Risk Measure

Medium to high

Asset allocation at 30 June

Corporate Superannuation Division

Asset Class	2016	2015
Australian Shares	32%	34%
International Shares	38%	42%
Property & Infrastructure	10%	9%
Alternative Assets	4%	0%
Higher Yielding Fixed Interest	5%	5%
Defensive Fixed Interest & Cash	11%	10%

Born 1969 – 1973

Investment objectives

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4.00% per annum over rolling seven year periods.

Standard Risk Measure

Medium to high

Asset allocation at 30 June

Corporate Superannuation Division

Asset Class	2016	2015
Australian Shares	33%	34%
International Shares	38%	42%
Property & Infrastructure	10%	10%
Alternative Assets	3%	0%
Higher Yielding Fixed Interest	5%	6%
Defensive Fixed Interest & Cash	11%	8%

Born 1979 – 1983

Investment objectives

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4.00% per annum over rolling seven year periods.

Standard Risk Measure

Medium to high

Asset allocation at 30 June

Corporate Superannuation Division

Asset Class	2016	2015
Australian Shares	33%	33%
International Shares	37%	41%
Property & Infrastructure	10%	9%
Alternative Assets	3%	0%
Higher Yielding Fixed Interest	5%	5%
Defensive Fixed Interest & Cash	12%	12%

READY-MADE INVESTMENT OPTIONS

MERCER SMARTPATH

Born 1984 – 1988

Investment objectives

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4.00% per annum over rolling seven year periods.

Standard Risk Measure

Medium to high

Asset allocation at 30 June

Corporate Superannuation Division

Asset Class	2016	2015
Australian Shares	33%	34%
International Shares	38%	40%
Property & Infrastructure	10%	9%
Alternative Assets	3%	0%
Higher Yielding Fixed Interest	5%	5%
Defensive Fixed Interest & Cash	11%	12%

Born 1989 – 1993

Investment objectives

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4.00% per annum over rolling seven year periods.

Standard Risk Measure

Medium to high

Asset allocation at 30 June

Corporate Superannuation Division

Asset Class	2016	2015
Australian Shares	33%	34%
International Shares	38%	40%
Property & Infrastructure	10%	9%
Alternative Assets	3%	0%
Higher Yielding Fixed Interest	5%	5%
Defensive Fixed Interest & Cash	11%	12%

Born 1994 – 1998

Investment objectives

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4.00% per annum over rolling seven year periods.

Standard Risk Measure

Medium to high

Asset allocation at 30 June

Corporate Superannuation Division

Asset Class	2016	2015
Australian Shares	37%	34%
International Shares	35%	40%
Property & Infrastructure	10%	9%
Alternative Assets	3%	0%
Higher Yielding Fixed Interest	5%	5%
Defensive Fixed Interest & Cash	10%	12%

Born 1999 – 2003

Investment objectives

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4.00% per annum over rolling seven year periods.

Standard Risk Measure

Medium to high

Asset allocation at 30 June

Corporate Superannuation Division

Asset Class	2016	2015
Australian Shares	37%	34%
International Shares	35%	40%
Property & Infrastructure	10%	9%
Alternative Assets	3%	0%
Higher Yielding Fixed Interest	5%	5%
Defensive Fixed Interest & Cash	10%	12%

READY-MADE INVESTMENT OPTIONS

Mercer Diversified Shares

Investment objectives

Corporate Superannuation Division and Personal Superannuation Division

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.

Allocated Pension Division

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 5.00% per annum over rolling ten year periods.

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	44%	40%	43%	40%	57%	40%
International Shares	56%	59%	56%	59%	43%	59%
Property & Infrastructure	0%	0%	0%	0%	0%	0%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Defensive Fixed Interest & Cash	0%	1%	1%	1%	0%	1%

Mercer High Growth

Investment objectives

Corporate Superannuation Division and Personal Superannuation Division

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4.00% per annum over rolling seven year periods.

Allocated Pension Division

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4.50% per annum over rolling seven year periods.

Standard Risk Measure

Medium to high

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	32%	31%	32%	32%	38%	30%
International Shares	38%	38%	38%	39%	32%	38%
Property & Infrastructure	13%	12%	14%	12%	16%	12%
Alternative Assets	4%	2%	4%	2%	2%	2%
Higher Yielding Fixed Interest	4%	5%	4%	5%	4%	5%
Defensive Fixed Interest & Cash	9%	12%	9%	10%	9%	13%

READY-MADE INVESTMENT OPTIONS

Mercer Growth

Investment objectives

Corporate Superannuation Division and Personal Superannuation Division

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.50% per annum over rolling five year periods.

Allocated Pension Division

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4.00% per annum over rolling five year periods.

Standard Risk Measure

Medium to high

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	25%	22%	25%	24%	30%	24%
International Shares	32%	33%	31%	33%	25%	34%
Property & Infrastructure	11%	14%	12%	12%	11%	10%
Alternative Assets	4%	3%	4%	3%	4%	3%
Higher Yielding Fixed Interest	4%	4%	4%	4%	4%	4%
Defensive Fixed Interest & Cash	24%	24%	25%	24%	26%	25%

Mercer Moderate Growth

Investment objectives

Corporate Superannuation Division and Personal Superannuation Division

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 2.50% per annum over rolling four year periods.

Allocated Pension Division

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.00% per annum over rolling four year periods.

Standard Risk Measure

Medium

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	16%	16%	17%	16%	21%	16%
International Shares	22%	21%	22%	23%	17%	23%
Property & Infrastructure	11%	7%	10%	7%	10%	7%
Alternative Assets	4%	3%	4%	3%	4%	3%
Higher Yielding Fixed Interest	4%	4%	4%	4%	4%	3%
Defensive Fixed Interest & Cash	43%	49%	43%	47%	44%	48%

READY-MADE INVESTMENT OPTIONS

Mercer Conservative Growth

Investment objectives

Corporate Superannuation Division and Personal Superannuation Division

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 1.50% per annum over rolling three year periods.

Allocated Pension Division

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 1.75% per annum over rolling three year periods.

Standard Risk Measure

Low to medium

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	8%	8%	8%	9%	11%	8%
International Shares	14%	14%	14%	15%	11%	17%
Property & Infrastructure	8%	4%	8%	3%	8%	4%
Alternative Assets	3%	3%	3%	3%	3%	3%
Higher Yielding Fixed Interest	4%	3%	4%	4%	4%	3%
Defensive Fixed Interest & Cash	63%	68%	63%	66%	63%	65%

Mercer Cash

Investment objectives

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

Very low

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	0%	0%	0%	0%	0%	0%
International Shares	0%	0%	0%	0%	0%	0%
Property & Infrastructure	0%	0%	0%	0%	0%	0%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Cash	100%	100%	100%	100%	100%	100%

SELECT-YOUR-OWN INVESTMENT OPTIONS

MERCER PLUS

Mercer Select Growth

Investment objectives

Corporate Superannuation Division and Personal Superannuation Division

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.75% per annum over rolling six year periods.

Allocated Pension Division

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4.25% per annum over rolling six year periods.

Standard Risk Measure

Medium to high

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	23%	N/A	23%	N/A	30%	N/A
International Shares	27%	N/A	27%	N/A	20%	N/A
Property & Infrastructure	16%	N/A	16%	N/A	15%	N/A
Alternative Assets	5%	N/A	5%	N/A	5%	N/A
Higher Yielding Fixed Interest	5%	N/A	5%	N/A	4%	N/A
Cash	24%	N/A	24%	N/A	26%	N/A

N/A indicates that the investment option was not operating for the full period.

Mercer Australian Shares Plus*

Investment objectives

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	98%	99%	99%	99%	N/A	100%
International Shares	0%	0%	0%	0%	N/A	0%
Property & Infrastructure	0%	0%	0%	0%	N/A	0%
Alternative Assets	0%	0%	0%	0%	N/A	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	N/A	0%
Cash	2%	1%	1%	1%	N/A	0%

* Option is now closed to members in the Allocated Pension Division.

SELECT-YOUR-OWN INVESTMENT OPTIONS

MERCER PLUS

Mercer Overseas Shares Plus (Unhedged)

Investment objectives

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	0%	0%	0%	0%	0%	0%
Global Shares	99%	98%	99%	99%	99%	99%
Property & Infrastructure	0%	0%	0%	0%	0%	0%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Cash	1%	2%	1%	1%	1%	1%

Mercer Income Plus

Investment objectives

To achieve a total portfolio yield (after tax and investment fees) of 1.00% to 3.00% per annum above the RBA cash rate over five year rolling periods.

Standard Risk Measure

Low to medium

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	18%	9%	18%	9%	18%	9%
International Shares	0%	0%	0%	0%	0%	0%
Property & Infrastructure	14%	24%	14%	24%	14%	24%
Alternative Assets	0%	7%	0%	7%	0%	7%
Higher Yielding Fixed Interest	23%	31%	23%	31%	23%	31%
Defensive Fixed Interest & Cash	45%	29%	45%	29%	45%	29%

SELECT-YOUR-OWN INVESTMENT OPTIONS

MERCER SECTOR

Mercer Australian Shares

Investment objectives

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	100%	99%	99%	98%	100%	100%
International Shares	0%	0%	0%	0%	0%	0%
Property & Infrastructure	0%	0%	0%	0%	0%	0%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Cash	0%	1%	1%	2%	0%	0%

Mercer Australian Core Shares

Investment objectives

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	100%	99%	100%	98%	100%	98%
International Shares	0%	0%	0%	0%	0%	0%
Property & Infrastructure	0%	0%	0%	0%	0%	0%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Cash	0%	1%	0%	2%	0%	2%

SELECT-YOUR-OWN INVESTMENT OPTIONS

MERCER SECTOR

Mercer Australian Growth Shares

Investment objectives

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	98%	97%	99%	99%	100%	98%
International Shares	0%	0%	0%	0%	0%	0%
Property & Infrastructure	0%	0%	0%	0%	0%	0%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Cash	2%	3%	1%	1%	0%	2%

Mercer Australian Value Shares

Investment objectives

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	100%	99%	99%	98%	100%	98%
International Shares	0%	0%	0%	0%	0%	0%
Property & Infrastructure	0%	0%	0%	0%	0%	0%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Cash	0%	1%	1%	2%	0%	2%

SELECT-YOUR-OWN INVESTMENT OPTIONS

MERCER SECTOR

Mercer Australian Small Companies

Investment objectives

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	100%	96%	98%	95%	99%	96%
International Shares	0%	0%	0%	0%	0%	0%
Property & Infrastructure	0%	0%	0%	0%	0%	0%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Cash	0%	4%	2%	5%	1%	4%

Mercer Overseas Shares (Unhedged)

Investment objectives

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	0%	0%	0%	0%	0%	0%
Global Shares	99%	100%	99%	99%	100%	98%
Property & Infrastructure	0%	0%	0%	0%	0%	0%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Cash	1%	0%	1%	1%	0%	2%

SELECT-YOUR-OWN INVESTMENT OPTIONS

MERCER SECTOR

Mercer Hedged Overseas Shares

Investment objectives

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	0%	0%	0%	0%	0%	0%
Global Shares	100%	100%	99%	99%	100%	99%
Property & Infrastructure	0%	0%	0%	0%	0%	0%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Cash	0%	0%	1%	1%	0%	1%

Mercer Overseas Small Companies

Investment objectives

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	0%	0%	0%	0%	0%	0%
Global Small Companies	100%	100%	100%	97%	100%	99%
Property & Infrastructure	0%	0%	0%	0%	0%	0%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Cash	0%	0%	0%	3%	0%	1%

SELECT-YOUR-OWN INVESTMENT OPTIONS

MERCER SECTOR

Mercer Global Low Volatility Shares

Investment objectives

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	0%	N/A	0%	N/A	0%	N/A
Global Shares	100%	N/A	99%	N/A	100%	N/A
Property & Infrastructure	0%	N/A	0%	N/A	0%	N/A
Alternative Assets	0%	N/A	0%	N/A	0%	N/A
Higher Yielding Fixed Interest	0%	N/A	0%	N/A	0%	N/A
Cash	0%	N/A	1%	N/A	0%	N/A

N/A indicates that the investment option was not operating for the full period.

Mercer Emerging Markets

Investment objectives

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard Risk Measure

Very high

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	0%	0%	0%	0%	0%	0%
Emerging Market Shares	99%	100%	98%	99%	100%	99%
Property & Infrastructure	0%	0%	0%	0%	0%	0%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Cash	1%	0%	2%	1%	0%	1%

SELECT-YOUR-OWN INVESTMENT OPTIONS

MERCER SECTOR

Mercer Property

Investment objectives

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard Risk Measure

Medium to high

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	0%	0%	0%	0%	0%	0%
International Shares	0%	0%	0%	0%	0%	0%
Global Property	99%	100%	100%	99%	100%	99%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Cash	1%	0%	0%	1%	0%	1%

Mercer Australian Listed Property

Investment objectives

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard Risk Measure

Very high

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	0%	0%	0%	0%	0%	0%
International Shares	0%	0%	0%	0%	0%	0%
Australian Listed Property	97%	100%	99%	99%	100%	99%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Cash	3%	0%	1%	1%	0%	1%

SELECT-YOUR-OWN INVESTMENT OPTIONS

MERCER SECTOR

Mercer Overseas Listed Property

Investment objectives

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	0%	0%	0%	0%	0%	0%
International Shares	0%	0%	0%	0%	0%	0%
Global Listed Property	100%	100%	100%	99%	100%	99%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Cash	0%	0%	0%	1%	0%	1%

Mercer Global Listed Infrastructure

Investment objectives

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division	
	2016	2015	2016	2015
Australian Shares	0%	N/A	0%	N/A
International Shares	0%	N/A	0%	N/A
Global Listed Property	99%	N/A	100%	N/A
Alternative Assets	0%	N/A	0%	N/A
Higher Yielding Fixed Interest	0%	N/A	0%	N/A
Cash	1%	N/A	0%	N/A

N/A indicates that the investment option was not operating for the full period.

SELECT-YOUR-OWN INVESTMENT OPTIONS

MERCER SECTOR

Mercer Fixed Interest

Investment objectives

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard Risk Measure

Low

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	0%	0%	0%	0%	0%	0%
International Shares	0%	0%	0%	0%	0%	0%
Property & Infrastructure	0%	0%	0%	0%	0%	0%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	10%	0%	10%	0%	10%
Defensive Fixed Interest & Cash	100%	90%	100%	90%	100%	90%

Mercer Australian Sovereign Bonds

Investment objectives

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard Risk Measure

Medium

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	0%	0%	0%	0%	0%	0%
International Shares	0%	0%	0%	0%	0%	0%
Property & Infrastructure	0%	0%	0%	0%	0%	0%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Defensive Fixed Interest & Cash	100%	100%	100%	100%	100%	100%

SELECT-YOUR-OWN INVESTMENT OPTIONS

MERCER SECTOR

Mercer Overseas Sovereign Bonds

Investment objectives

To outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard Risk Measure

Medium

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	0%	0%	0%	0%	0%	0%
International Shares	0%	0%	0%	0%	0%	0%
Property & Infrastructure	0%	0%	0%	0%	0%	0%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Defensive Fixed Interest & Cash	100%	100%	100%	100%	100%	100%

Mercer Diversified Alternatives

Investment objectives

To achieve a return (after tax and investment fees) of at least 3.00% to 5.00% per annum above the return on bank bills as measured by the Bloomberg AusBond Bank Bill Index over rolling five year periods.

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	0%	0%	0%	0%	0%	0%
International Shares	0%	0%	0%	0%	0%	0%
Property & Infrastructure	0%	0%	0%	0%	0%	0%
Alternative Assets	99%	100%	99%	99%	100%	100%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Cash	1%	0%	1%	1%	0%	0%

SELECT-YOUR-OWN INVESTMENT OPTIONS

MERCER SECTOR

Mercer Term Deposit

Investment objectives

To maintain the invested capital and to achieve a return (before tax and investment fees) above that available on bank bills as measured by the Bloomberg AusBond Bank Bill Index on an annual basis.

Standard Risk Measure

Very low

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	0%	0%	0%	0%	0%	0%
International Shares	0%	0%	0%	0%	0%	0%
Property & Infrastructure	0%	0%	0%	0%	0%	0%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Cash	100%	100%	100%	100%	100%	100%



SELECT-YOUR-OWN INVESTMENT OPTIONS

MERCER SOCIALLY RESPONSIBLE

Mercer Socially Responsible Shares

Investment objectives

Corporate Superannuation Division and Personal Superannuation Division

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4.00% per annum over ten year rolling periods.

Allocated Pension Division

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 5.00% per annum over ten year rolling periods.

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	44%	44%	45%	44%	45%	44%
International Shares	55%	56%	55%	56%	55%	56%
Property & Infrastructure	0%	0%	0%	0%	0%	0%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Cash	1%	0%	0%	0%	0%	0%

Mercer Socially Responsible Growth

Investment objectives

Corporate Superannuation Division and Personal Superannuation Division

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.50% per annum over five year rolling periods.

Allocated Pension Division

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4.00% per annum over five year rolling periods.

Standard Risk Measure

Medium to high

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	25%	23%	25%	23%	31%	24%
International Shares	31%	33%	31%	32%	24%	33%
Property & Infrastructure	11%	13%	11%	13%	12%	13%
Alternative Assets	4%	6%	4%	6%	4%	6%
Higher Yielding Fixed Interest	4%	1%	4%	1%	4%	1%
Defensive Fixed Interest & Cash	25%	24%	25%	25%	25%	23%

SELECT-YOUR-OWN INVESTMENT OPTIONS INDEXED

Indexed Diversified Shares

Investment objectives

To match the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	49%	49%	50%	50%	50%	50%
International Shares	50%	50%	50%	50%	50%	50%
Property & Infrastructure	0%	0%	0%	0%	0%	0%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Defensive Fixed Interest & Cash	1%	1%	0%	0%	0%	0%

Indexed Australian Shares

Investment objectives

To match the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	99%	99%	99%	100%	100%	100%
International Shares	0%	0%	0%	0%	0%	0%
Property & Infrastructure	0%	0%	0%	0%	0%	0%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Defensive Fixed Interest & Cash	1%	1%	1%	0%	0%	0%

SELECT-YOUR-OWN INVESTMENT OPTIONS

INDEXED

Indexed Overseas Shares

Investment objectives

To match the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	0%	0%	0%	0%	0%	0%
Global Shares	99%	100%	100%	98%	100%	100%
Property & Infrastructure	0%	0%	0%	0%	0%	0%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Defensive Fixed Interest & Cash	1%	0%	0%	2%	0%	0%

Enhanced Indexed Growth

Investment objectives

Corporate Superannuation Division and Personal Superannuation Division

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.00% per annum over five year rolling periods.

Allocated Pension Division

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.50% per annum over five year rolling periods.

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	30%	31%	30%	31%	30%	31%
International Shares	34%	31%	34%	31%	34%	31%
Property & Infrastructure	6%	8%	6%	8%	6%	8%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Defensive Fixed Interest & Cash	30%	30%	30%	30%	30%	30%

SELECT-YOUR-OWN INVESTMENT OPTIONS

INDEXED

Enhanced Indexed Conservative Growth

Investment objectives

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 1.50% per annum over rolling three year periods.

Standard Risk Measure

Low to medium

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	12%	13%	12%	13%	12%	13%
International Shares	14%	13%	14%	13%	14%	13%
Property & Infrastructure	4%	4%	4%	4%	4%	4%
Alternative Assets	0%	0%	0%	0%	0%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Defensive Fixed Interest & Cash	70%	70%	70%	70%	70%	70%



SELECT-YOUR-OWN INVESTMENT OPTIONS NON MERCER

Non Mercer Growth – Multi-Manager Style

Investment objectives

To achieve a return in excess of CPI plus 3.50% per annum over rolling five year periods (after tax and investment fees).

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division	
	2016	2015	2016	2015
Australian Shares	33%	29%	33%	29%
International Shares	34%	34%	34%	34%
Property & Infrastructure	4%	6%	4%	6%
Alternative Assets	14%	7%	14%	7%
Higher Yielding Fixed Interest	0%	5%	0%	5%
Defensive Fixed Interest & Cash	15%	19%	15%	19%

Non Mercer Balanced – Multi-Manager Style

Investment objectives

To achieve a return in excess of CPI plus 3.00% per annum over rolling five year periods (after tax and investment fees).

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division	
	2016	2015	2016	2015
Australian Shares	28%	28%	28%	28%
International Shares	28%	27%	28%	27%
Property & Infrastructure	4%	5%	4%	5%
Alternative Assets	14%	7%	14%	7%
Higher Yielding Fixed Interest	0%	7%	0%	7%
Defensive Fixed Interest & Cash	26%	26%	26%	26%

SELECT-YOUR-OWN INVESTMENT OPTIONS

NON MERCER

Non Mercer Balanced – Core Style

Investment objectives

To achieve a return in excess of the median Balanced superannuation fund return in the Super Ratings survey over rolling three year periods (after tax and investment fees).

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division	
	2016	2015	2016	2015
Australian Shares	29%	33%	29%	33%
International Shares	29%	31%	29%	31%
Property & Infrastructure	16%	13%	16%	13%
Alternative Assets	2%	0%	2%	0%
Higher Yielding Fixed Interest	0%	0%	0%	0%
Defensive Fixed Interest & Cash	24%	23%	24%	23%

Non Mercer Balanced – Value Style*

Investment objectives

To provide a superior return relative to the median Balanced superannuation fund return in the Super Ratings survey over rolling three year periods (after tax and investment fees).

Standard Risk Measure

High

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division		Allocated Pension Division	
	2016	2015	2016	2015	2016	2015
Australian Shares	32%	33%	32%	33%	32%	33%
International Shares	22%	22%	22%	22%	22%	22%
Property & Infrastructure	4%	6%	4%	6%	4%	6%
Alternative Assets	5%	4%	5%	4%	5%	4%
Higher Yielding Fixed Interest	0%	0%	0%	0%	0%	0%
Defensive Fixed Interest & Cash	37%	35%	37%	35%	37%	35%

* Closed to future investments for members in the Allocated Pension Division.

SELECT-YOUR-OWN INVESTMENT OPTIONS

NON MERCER

Non Mercer Conservative

Investment objectives

To provide a superior return relative to the median Capital Stable superannuation fund return in the Super Ratings survey over rolling three year periods (after tax and investment fees).

Standard Risk Measure

Low to medium

Asset allocation at 30 June

Asset Class	Corporate Superannuation Division		Personal Superannuation Division	
	2016	2015	2016	2015
Australian Shares	10%	12%	10%	12%
International Shares	13%	13%	13%	13%
Property & Infrastructure	11%	11%	11%	11%
Alternative Assets	1%	2%	1%	2%
Higher Yielding Fixed Interest	0%	0%	0%	0%
Defensive Fixed Interest & Cash	65%	62%	65%	62%

Mercer LifetimePlus[#]

Investment objectives

To achieve a return (net of investment fees) of at least 0.60% per annum over the Bloomberg AusBond Bank Bill Index over rolling periods of one year or greater.

To provide a living bonus payment to investors through the unique longevity pooling structure and based on the investor's age, gender, amount invested, period of investment and surviving partner election.

To provide a capital repayment of some of the investment to investors aged 75 and over who have been invested for at least 15 years.

Standard Risk Measure

Very low

Asset allocation at 30 June

Asset Class	Allocated Pension Division	
	2016	2015*
Australian Shares	0%	N/A
International Shares	0%	N/A
Property & Infrastructure	0%	N/A
Alternative Assets	0%	N/A
Higher Yielding Fixed Interest	0%	N/A
Defensive Fixed Interest & Cash	100%	N/A

* As at 30 June 2015, there were no funds in this option to report.

This investment option is available in the Allocated Pension Division only.

Mercer Direct⁺

Investing in the Mercer Direct investment option is different from the other investment options available through your plan (in the Corporate Superannuation Division) or the Allocated Pension Division in the Mercer Super Trust. Because you choose your own investments, 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.

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. You can refer to the Morningstar Investment Profiles available on the Mercer Direct section of the secure website[^] and the Product Disclosure Statements for Exchange Traded Funds (ETFs), which are available on the ETF provider's website, as well as any other sources.

The information provided in the Morningstar Investment Profiles is 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.

Investment objectives

Shares

To provide long-term capital growth with some income.

ETFs

To provide market performance, before fees and charges, of a particular group of assets.

Term Deposits

To provide an income stream with a very low risk of capital loss.

Standard Risk Measure

Shares	ETFs	Term Deposits
Very High	High**	Very low

** The levels of risk for ETFs will vary depending on the ETF chosen but, because ETFs are listed, risk can be categorised as High or High to Medium. For more information, refer to the Investment Profile for any ETF you are considering, on the Mercer Direct section of the secure member website[^], or read the Product Disclosure Statement (PDS) on the ETF provider's website.

Expected frequency of negative returns: Expected frequency will depend on the profile of the individual ETF and the underlying investment mix. ETFs are traded on the Australian Stock Exchange, so the expected frequency can be similar to shares, however diversification within the ETF can reduce volatility. For more information, refer to the PDS on the ETF provider's website.

⁺ This investment option is available in the Corporate Superannuation Division and the Allocated Pension Division only.

[^] 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.

For more information about the Mercer Direct investment option, please refer to the PDS for your plan or the Allocated Pension Division or the *Mercer Direct Member Guide*. You can download the *Mercer Direct Member Guide* at mercervfinancialservices.com (sign in using your personal log-in) or call the Helpline.

CHANGES TO THE MERCER SUPER TRUST

The following section includes details about the changes that were made to the Mercer Super Trust since 1 July 2015.

CHANGES THAT AFFECT ALL DIVISIONS

New investment options

The following three investment options were introduced on 1 October 2015 and have been created to help strengthen the range of existing investment options available to you. If you have limited or no investment choice in your plan, then these investment options may not apply to you.

- Mercer Global Listed Infrastructure
- Mercer Global Low Volatility Shares
- Mercer Select Growth

Renaming of investment options

From 1 October 2015, the following options have been renamed.

Mercer Shares	Mercer Diversified Shares
Indexed Shares	Indexed Diversified Shares
Mercer Australian Fixed Interest	Mercer Australian Sovereign Bonds
Mercer Overseas Fixed Interest	Mercer Overseas Sovereign Bonds
Indexed Growth	Enhanced Indexed Growth*
Indexed Conservative Growth	Enhanced Indexed Conservative Growth*

* Please note these options predominately take an indexed investment approach (i.e. aim to perform in line with the overall market), but from 1 October 2015, they may have some exposure to active management.

CLOSURE OF INVESTMENT OPTIONS

The following investment options have closed. New investors were not able to invest in these investment options from 1 September 2015.

- Mercer Shares Plus
- Mercer High Growth Plus
- Mercer Growth Plus
- Mercer Direct Property

- Mercer Overseas Core Shares
- Mercer Overseas Growth Shares
- Mercer Overseas Value Shares
- Target 2015
- Target 2025
- Target 2035
- Target 2045

Strategic asset allocation changes

To reflect more uniform reporting standards across the industry since the introduction of MySuper, the growth/defensive/enhanced asset classification method changed on 1 October 2015 to a simpler two-part growth/defensive classification.

By adopting this style of reporting, which is more uniform across the industry, it will allow you to more easily compare different investment options across funds.

In addition, from 1 October 2015 some investment options had changes to some or all of their:

- Objectives
- Standard risk measures
- Minimum suggested timeframe
- Asset allocations including asset classes.

Change of Eligible Rollover Fund (ERF)

From 1 October 2015, the ERF for the Mercer Super Trust changed from the AMP Eligible Rollover Fund to the SuperTrace Eligible Rollover Fund. The trustee for the new ERF is Colonial Mutual Superannuation Pty Ltd (CMS) ABN 56 006 831 983 Australian Financial Services License #235025. SuperTrace is administered by The Colonial Mutual Life Society Limited, ABN 12 004 021 809 Australian Financial Services License #235035 (CMLA).

For more information on the ERF, please refer to page 67 of this *Annual Report*.

Indexation of standard fees from 1 January 2017

The trustee is entitled to increase all dollar based fees from 1 January 2017 in line with increases in Average Weekly Ordinary Times Earnings for the year to the previous May.

The updated fees that may apply to you are listed below.

You should refer to your current *Product Disclosure Statement* and/or other member materials for your plan for all the fees that apply to your super. These documents are available at mercerfinancialservices.com (sign in using your personal log-in) or by calling the Helpline.

Fee	Prior to 1 January 2017	From 1 January 2017
Dollar Based Administration Fee* (per month)	\$6.79	\$6.94
Exit Fee (per payment)#	\$130.63	\$133.40
Family Law Fee	\$481.00	\$492.00
Portfolio Administration Fee (for Mercer Direct Investments)^	\$200.00	\$200.00

* For Corporate Superannuation Division members only, different fees may apply in respect of your plan, in which case they will be set out in your *Supplementary Annual Report* (if applicable).

For Corporate Superannuation Division members only, we deduct this fee from each super payout (including any partial payout) at the time we make the super payout (before we apply tax). This applies whether this payment is made in cash, rolled over or transferred including amounts paid to:

- another super fund, or the Australian Tax Office (ATO) (including payments to meet any tax payable), or
- your spouse pursuant to a contribution split.

You do not pay an exit fee on super payouts you withdraw from your plan that remain in the Mercer Super Trust.

^ This fee does not apply to the Personal Superannuation Division.

Changes to the Operational Risk Financial Requirement Levy

The trustee is required under law to meet an Operational Risk Financial Requirement (ORFR). The Government introduced this requirement, so that super funds have adequate resources to compensate members if any operational incident adversely affects their benefits. Super funds needed to set aside money to meet the ORFR by 30 June 2016. For the Mercer Super Trust the ORFR is currently 0.25% of Mercer Super Trust assets.

The trustee met some of the cost of establishing the ORFR through capital and the balance through a member levy of 0.058% of account balances (which was implemented from 1 January 2014). The amount deducted was credited to the Operational Risk Reserve (ORR) held within the Mercer Super Trust and is included in the Indirect Cost Ratio (please refer to your *Product Disclosure Statement* for details) for each investment option.

We are pleased to advise that the Mercer Super Trust reached its ORFR target level during June 2016, and as a result the ORFR levy ceased from 1 July 2016. While it may be necessary to introduce an ORFR levy again at some time in the future, in order to top up the ORFR should it fall below the target level the ORFR levy remains at zero for the time being.

Amendment to the governing rules

The governing rules of the Mercer Super Trust were amended to provide for the creation of a new division known as the Mercer Retail Division.

ADDITIONAL CHANGES AFFECTING THE ALLOCATED PENSION DIVISION

The following section details the changes that were made to the Mercer Super Trust since 1 July 2015 that only affect the Allocated Pension Division.

NEW INVESTMENT OPTION

Mercer SmartPath

From 4 May 2016, the Mercer SmartPath investment option became available to members in the Allocated Pension Division.

Mercer SmartPath is designed for members seeking a sustainable income through retirement. Your investment in Mercer SmartPath is actively managed to help ensure your asset mix is in line with your life stage.

For further information on Mercer SmartPath, refer to the current *Product Disclosure Statement* for the Allocated Pension Division available at mercercfinancialservices.com (sign-in using your personal log-in) or by calling the Helpline.

Closure of an investment option

The Mercer Australian Share Plus option is now closed for the Allocated Pension Division and new investors were not able to invest in the option from 1 September 2015.

LEGISLATIVE CHANGES

Set out below is a summary of the key changes in super since the last *Annual Report*.

IMPORTANT: At the time of preparing this *Annual Report*, the proposed superannuation changes in the May 2016 Budget (and subsequently modified) have not been legislated. Please refer to the Mercer website or contact the Helpline for an outline and the current status of these proposals.

RECENT AND UPCOMING CHANGES UNDER CURRENT LEGISLATION

Concessional contributions limit for 2016-17

The concessional (before tax) contribution limit for 2016-17 is \$35,000 for those aged 50 or over at 30 June 2017. Concessional contributions include employer and salary sacrifice contributions. The cap for those aged under 50 is \$30,000. These are the same levels as the previous year.

IMPORTANT: The May 2016 Budget outlines changes that, if implemented as proposed, would reduce the concessional contribution limit for all ages for 2017-18 and later years.

Non-concessional contributions limit for 2016-17

The non-concessional (post tax) contribution limit for 2016-17 is \$180,000 (the same as for 2015-16). However, a member under age 65 on 1 July 2016 can (unless they have already done so in the prior two years) generally bring forward two years of non-concessional contributions and make non-concessional contributions of up to \$540,000 (the same as for 2015-16) in 2016-17. This 'bring-forward' provision will be triggered if eligible members make non-concessional contributions of more than \$180,000 in 2016-17 and excess non-concessional contributions will only arise if eligible members' total non-concessional contributions for 2016-17 and the next two years exceed \$540,000.

IMPORTANT: The Government has announced changes that, if implemented as proposed, would affect the non-concessional contributions limit for 2017-18 and later years, including any unused amounts remaining where a bring-forward has been initiated in 2015-16 or 2016-17.

Lost super accounts

The account balance threshold for lost super to be transferred to the ATO will increase from \$4,000 to \$6,000 from 31 December 2016. These accounts will attract an interest rate equal to increases in the Consumer Price Index (CPI) after being transferred to the ATO.

FINANCIAL SUMMARY FOR THE MERCER SUPER TRUST

This is abridged financial information for the Mercer Super Trust for the year ended 30 June 2016. You can request a copy of the full audited accounts and auditor's report for the Mercer Super Trust by contacting the Helpline.

STATEMENT OF NET ASSETS AS AT 30 JUNE 2016

Investments	2016 %	2016 (\$'000)	2015 (\$'000)
AP # 1 Trust	2.09	396,302	233,051
Mercer DG (ex P) Trust	8.07	1,531,583	1,719,743
Mercer DS Trust	1.78	338,530	256,214
Mercer Passive Australian Shares Fund	0.99	187,810	117,227
Mercer OSS Trust	1.65	312,483	434,734
Mercer SROSS Trust	0.17	31,993	36,603
MIFs Alternative Assets #1 Trust	0.01	2,708	3,179
MIFs Australian Shares Plus Trust	5.44	1,033,009	1,011,281
Mercer Passive Emerging Markets Shares Fund	0.37	70,225	103,102
Mercer Tailored #1 Trust	1.09	206,952	218,123
Mercer Passive Global Listed Property Fund	0.57	108,456	101,855
TAL #2 Trust	0.69	131,552	159,573
MIFs Overseas Shares Trust	1.37	259,747	445,005
Mercer Passive International Shares Fund	2.67	505,791	720,929
Mercer Passive Hedged International Shares Fund	0.63	119,841	261,939
OSSH #1 Trust	1.82	345,168	539,012
Mercer Passive Global Listed Infrastructure Fund	0.55	103,448	92,864
Mercer Australian Inflation Linked Bond Fund	2.00	379,517	367,407
Mercer Australian Sovereign Bond Fund	3.04	576,053	507,945
Mercer Income Plus Fund	0.18	34,625	37,680
Mercer Australian Listed Property Fund	0.52	97,942	43,027
Mercer Socially Responsible Australian Shares Fund	0.14	25,985	27,677
Mercer Cash Fund	8.53	1,618,124	1,490,489
Mercer Australian Small Companies Fund	1.68	318,767	264,438
Mercer Emerging Markets Debt Fund	0.01	1,309	102,443
Mercer Global Low Volatility Shares Fund	0.00	-	11,678
Mercer Global Sovereign Bond Fund	0.95	180,068	240,640
Mercer Global Credit Fund	1.54	292,775	418,712
Mercer Super Investment Trust	2.18	413,169	404,883
Mercer Diversified Alternatives Fund – MSAS Class	0.91	173,123	237,058
Mercer Emerging Markets Shares Fund	1.47	278,620	270,954
Mercer Global Listed Property Fund	0.17	32,614	31,197
Mercer Australian Shares Fund for Tax Exempt Investors	0.72	136,748	132,220
Mercer Global Listed Infrastructure Fund	0.00	372	-
Mercer SmartPath Fund 1944 to 1948	0.29	55,244	56,880
Mercer SmartPath Fund 1949 to 1953	1.07	202,790	225,206
Mercer SmartPath Fund 1954 to 1958	2.90	550,260	547,249
Mercer SmartPath Fund 1959 to 1963	4.95	939,908	851,311

STATEMENT OF NET ASSETS AS AT 30 JUNE 2016 (CONTINUED)

Investments	2016 %	2016 (\$'000)	2015 (\$'000)
Mercer SmartPath Fund 1964 to 1968	5.01	950,989	816,075
Mercer SmartPath Fund 1969 to 1973	5.05	957,646	798,957
Mercer SmartPath Fund 1974 to 1978	4.22	800,318	672,919
Mercer SmartPath Fund 1979 to 1983	3.07	581,737	469,425
Mercer SmartPath Fund 1984 to 1988	1.75	331,796	257,296
Mercer SmartPath Fund 1989 to 1993	0.60	113,424	75,728
Mercer Global Absolute Return Fund	1.58	300,348	369,676
Mercer Global Enhanced low Volatility Shares Fund	2.15	408,344	217,880
Mercer Global High Yield Bond Fund	0.45	86,132	58,791
Mercer Global Opportunistic Credit Fund	0.65	123,238	143,665
Mercer Private Investment Partners III (Offshore) LP	0.03	6,446	3,889
Mercer Conservative Growth Overlay Fund	0.07	13,992	12,283
Mercer Moderate Growth Overlay Fund	0.10	18,049	16,272
Mercer Growth Overlay Fund	0.41	78,051	91,377
Mercer High Growth Overlay Fund	0.10	19,244	19,218
Mercer Hedged International Shares Fund	0.10	19,235	19,011
Mercer Global Private Debt Fund	0.52	98,305	61,528
Mercer Diversified Growth Fund	0.89	168,470	-
Mercer Risk Management Overlay Fund	1.69	321,388	-
Mercer Lifetime Plus	0.00	174	-
AMP Capital Diversified Property Fund	0.33	61,686	101,027
AMP Life Balanced Growth Fund	0.07	13,220	13,634
AMP Life Investment Linked Conservative Fund	0.03	5,439	6,009
JANA Aggressive	0.00	163	112,523
JANA Australia and International Shares	0.00	13	8,502
JANA Australian Shares	0.97	184,559	13,512
JANA Assertive	0.00	163	129,192
JANA Cautious	0.00	36	37,491
JANA Conservative	0.00	17	28,459
JANA Cash Trust	0.00	459	62,693
JANA International Shares	0.83	157,712	4,106
JANA Moderate	0.00	292	257,920
JANA Unlisted Property	0.24	45,279	-
JANA Listed Property	0.03	5,930	-
JANA Select Opportunities	0.15	29,363	-
JANA Low Correlation Strategy	0.04	6,962	-
JANA Infrastructure Class	0.02	4,243	-
JANA All Maturity Divers Debt	0.18	34,006	-

STATEMENT OF NET ASSETS AS AT 30 JUNE 2016 (CONTINUED)

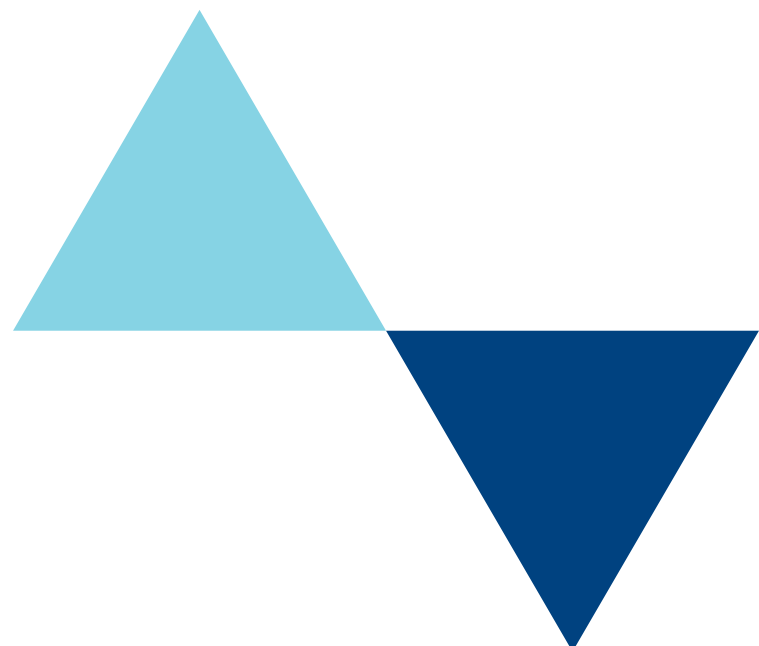
Investments	2016 %	2016 (\$'000)	2015 (\$'000)
JANA Short Maturity Divers Debt	0.17	31,406	-
JANA Cash	0.54	102,608	-
Lend Lease Core Plus Fund	0.00	555	10,550
Lend Lease Australian Prime Property Fund - Commercial	0.01	1,785	1,683
Maple Brown Abbott - PST	0.50	94,515	111,953
Goodman Australia Industrial Partnership	0.31	58,414	50,243
MLC Growth Fund	0.06	10,606	11,718
MLC Balanced Fund	0.02	2,937	4,204
Vanguard Conservative	0.00	-	49,788
Vanguard Growth	0.00	-	172,423
Henderson Cash Enhanced Fund	0.08	15,915	19,502
JANA Cash Trust - Pension	0.12	21,838	20,214
BlackRock Australian Shares Fund	0.33	61,772	60,084
BT Australian Shares Portfolio	0.48	91,856	91,518
PIMCO Australia Bond Fund	0.32	61,271	59,210
UBS Australian Shares Fund	0.47	89,225	92,373
State Street Hedged Overseas Shares Fund	0.45	84,921	81,598
AMP Listed Property Fund	0.17	33,136	32,096
PIMCO Global Bond Fund	0.50	95,721	95,705
State Street Unhedged Overseas Shares Fund	0.42	80,469	84,540
UCABF IFM AU Infrastructure	0.04	8,332	-
UCABF Unlisted Accounts	0.22	41,112	-
UCABF ARDEA ILB	0.19	36,795	-
Direct Investments	0.06	10,816	3,979
Successor Fund Transfer Investments*	-	-	205,209
TOTAL INVESTMENTS	100.00%	18,976,484	18,861,176

Other Assets	2016 (\$'000)	2015 (\$'000)
Cash and cash equivalents	271,918	282,161
Interest receivable	153	206
Investment Income receivable	684,948	719,785
Deferred tax asset	53,671	8,736
Derivative assets	515	746
Unsettled trades receivable	36,826	177,407
Sundry debtors	6,895	5,415
TOTAL OTHER ASSETS	1,054,926	1,194,456
TOTAL ASSETS	20,031,410	20,055,632

STATEMENT OF NET ASSETS AS AT 30 JUNE 2016 (CONTINUED)

Less Liabilities	2016 (\$'000)	2015 (\$'000)
Other payables	19,469	22,793
Successor Fund Transfer Liability	-	207,246
Current tax liabilities	168,408	167,368
Deferred tax liabilities	23	31
Unsettled trades payable	18,111	3,945
TOTAL LIABILITIES	206,011	401,383
NET ASSETS AVAILABLE TO PAY BENEFITS	19,825,399	19,654,249

* These assets are held on behalf of Benefund Limited in relation to a Successor Fund Transfer with an effective date, 1 July 2016.



STATEMENT OF CHANGES IN NET ASSETS (YEAR ENDED 30 JUNE 2016)

Revenue	2016 (\$'000)	2015 (\$'000)
Distributions and dividends	945,748	1,098,303
Interest	2,428	3,075
Movement in the net market value of assets	(532,629)	706,681
Investment management fee rebates	1,610	1,605
Direct Investment expenses	(356)	(409)
INVESTMENT REVENUE	416,801	1,809,255
Employer contributions	1,206,150	1,259,325
Member contributions	78,397	86,915
Transfers from other funds – taxable	2,734	2,289
Transfers from other funds – non taxable	883,680	729,558
NET CONTRIBUTIONS REVENUE	2,170,961	2,078,087
Fee discount to employer plans	56,216	55,687
Group life proceeds	61,174	54,565
Sundry revenue	791	9
NET OTHER REVENUE	118,181	110,261
TOTAL REVENUE	2,705,943	3,997,603

Expenses	2016 (\$'000)	2015 (\$'000)
Lump sum benefits	2,081,126	2,279,951
Allocated pensions	91,596	58,412
Group life insurance premiums	76,712	71,954
Asset management, administration fees and allowance for trustee expenses	160,814	175,909
Other expenses	1,442	1,071
Superannuation contribution surcharge	24	35
TOTAL EXPENSES	2,411,714	2,587,332
NET ASSETS AVAILABLE TO PAY BENEFITS AT THE BEGINNING OF THE YEAR	19,654,249	18,518,594
Net change for the year before income tax	294,229	1,410,271
Income tax expense	123,079	274,616
Net change for the year after income tax	171,150	1,135,655
NET ASSETS AVAILABLE TO PAY BENEFITS AT THE END OF THE YEAR	19,825,399	19,654,249

INVESTMENT MANAGERS

MERCER INVESTMENT MANAGERS AS AT 30 JUNE 2016

The majority of the assets of the Mercer Super Trust are invested in funds managed by MIAL, which in turn have investments with underlying investment managers. The underlying investment managers as at 30 June 2016 are listed below.

Fund type	Manager
Australian Shares	Acadian Asset Management (Australia) Limited (Socially Responsible options only) Ausbil Dexia Limited Avoca Investment Management Pty Ltd Blackrock Investment Management (Aust) Limited (Equitisation only) BT Funds Management No.2 Limited (Socially Responsible options only) FIL Limited Goldman Sachs Asset Management Australia Pty Ltd Greencape Capital Pty Limited IFM Investors Pty Ltd JCP Investment Partners Ltd (including for Australian Shares for tax Exempt Investors) Macquarie Investment Management Limited (Australian Shares for Tax Exempt Investors only) Nikko AM Limited Perpetual Investment Management Limited (Socially Responsible options only) Perennial Value Management Limited Plato Investment Management Limited (including for Australian Shares for Tax Exempt Investors) State Street Global Advisors, Australia, Limited Vinva Investment Management Limited WaveStone Capital Pty Limited
Overseas Shares	Acadian Asset Management Alliance Bernstein Investment Management Australia Limited Allianz Global Investors Europe GmbH AMP Capital Investors Limited (Socially Responsible options only) AQR Emerging Small Cap Equity Fund L.P. Arrowstreet Capital Ausbil Dexia Limited (currency hedging for Socially Responsible options only) Baillie Gifford & Co. BlackRock Investment Management (Aust) Ltd BNP Paribas Investment Partners Fidelity Australia Hexavest Inc. Investec Asset Management Luxembourg S.A. LSV Asset Management Macquarie Investment Management Limited National Australia Bank Limited (currency hedging only) Schroder Investment Management Australia Limited State Street Global Advisors, Australia, Limited
Property	AMP Capital Investors Limited Brookfield Investment Management, Inc. CenterSquare Investment Management, Inc. Charter Hall Funds Management Ltd Charter Hall Wholesale Management Limited Goodman Funds Management Aust Ltd Investa Property Group Lend Lease Real Estate Investments Limited Macquarie Investment Management Limited National Australia Bank Limited (currency hedging only) Principal Global Investors (Australia) Limited

MERCER INVESTMENT MANAGERS AS AT 30 JUNE 2016 (CONTINUED)

Fund type	Manager
Infrastructure	Colonial First State Investments Limited Industry Funds Management Pty Ltd KKR Global Infrastructure Investors II L.P. Macquarie Asia Infrastructure Fund L.P. Macquarie Investment Management Limited National Australia Bank Limited (currency hedging only) RARE Infrastructure Limited
Australian Fixed Interest	Ardea Investment Management Pty Limited BT Investment Management (Institutional) Limited Challenger Management Services Limited Macquarie Investment Management Limited QIC Limited
Overseas Fixed Interest	Audax Credit BDC Inc. AXA Investment Managers Asia (Singapore) Ltd Challenger Managed Investments Limited Colchester Global Investors (Singapore) Pte. Ltd Colonial First State Investments Limited H2O Asset Management LLP ICG Senior Debt Partners Insight Investment Management (Global) Limited Kapstream Capital Pty Limited Mercer Global Investments Management Limited Metrics Credit Partners Pty Ltd Pioneer Investment Management Limited Wellington International Management Company Pte Limited Westbourne Credit Management Limited (formerly in Infrastructure)
Cash	Blackrock Investment Management (Australia) Limited Challenger Managed Investment Limited
Alternative Assets	Aviva Investors Pacific Pty Ltd Babson Capital Australia Pty Limited Invesco Australia Ltd Mercer Global Investments Management Limited Mercer Private Investment Partners III (Offshore),LP
Natural Resources	Global Commodities Limited H3 Global Advisors Pty Limited Newforests Asset Management Pty Ltd
Non Mercer investment options	MLC Limited (Multi Manager Style options) AMP Capital Investors Limited (Core Style and Conservative options) Maple-Brown Abbott Limited (Value Style option)

CHANGES TO INVESTMENT MANAGERS

The following underlying managers were appointed in the 2015/16 financial year.

Fund type	Manager
Australian Shares	Acadian Asset Management (Australia) Limited (Socially Responsible options only)
Overseas Shares	Alliance Bernstein Investment Management Australia Limited BNP Paribas Investment Partners LSV Asset Management
Alternatives	Aviva Investors Pacific Pty Ltd Invesco Australia Ltd
Overseas Fixed Interest	Colchester Global Investors (Singapore) Pte. Ltd Metrics Credit Partners Pty Ltd Pioneer Investment Management Limited

The following underlying managers were terminated in the 2015/16 financial year.

Fund type	Manager
Australian Shares	Legg Mason Asset Management Australia Limited Perennial Investment Partners Limited (Socially Responsible options only)
Overseas Shares	Global Thematic Partners, LLC
Infrastructure	Lazard Asset Management Pacific Co (Income Plus options only)
Overseas Fixed Interest	Alliance Bernstein Investment Management Australia Limited Loomis, Sayles & Company LP (Income Plus options only)
Indexed investment options	Vanguard Investments Australia Ltd (Indexed Growth and Indexed Conservative Growth)

LARGEST SHARE HOLDINGS

The tables below show the top ten Australian and overseas shares held in aggregate by the Mercer Super Trust as at 30 June 2016 within the Australian shares and Overseas shares asset classes across the Mercer investment options. For example, Commonwealth Bank of Australia represents 8.4% of the total Australian shares component of all Mercer investment options.

Top 10 Australian share holdings

Company	Holding %
Commonwealth Bank of Australia	8.4
Westpac Banking Corporation	7.6
Telstra Corporation Ltd	5.1
National Australia Bank	5.0
ANZ Banking Group	4.6
BHP Billiton	3.5
CSL Limited	3.2
Wesfarmers Limited	2.6
Macquarie Group Ltd	2.2
Transurban Group	1.9

Top 10 Overseas share holdings

Company	Holding %
Facebook Inc.	1.1
Apple Inc.	1.1
Microsoft Corp	1.0
Amazon	1.0
Pfizer Inc.	0.9
Nestle SA	0.9
Philip Morris International Inc.	0.9
Cisco Systems	0.9
Johnson & Johnson	0.9
PepsiCo Inc.	0.8

The trustee invests the Mercer Super Trust's assets as follows:

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

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

All of the external investments for the Mercer Super Trust including the underlying investments of the MMFs and MIFs are held by an independent custodian.

OTHER INFORMATION ABOUT YOUR SUPER

ELIGIBLE ROLLOVER FUND

An Eligible Rollover Fund (ERF) is a super fund that looks after small and lost or unclaimed super benefits transferred to it by other superannuation funds.

The Mercer Super Trust uses the SuperTrace Eligible Rollover Fund (SuperTrace ERF).

SuperTrace Eligible Rollover Fund
ABN 73 703 878 235

Locked Bag 5429
Parramatta NSW 2124

Telephone: 1300 788 750
Fax: 1300 700 353

Web: www.supertrace.com.au

Email: SuperTrace.Member@cba.com.au

The trustee of SuperTrace is Colonial Mutual Superannuation Pty Ltd (CMS) ABN 56 006 831 983 Australian Financial Services Licence #235025. SuperTrace is administered by The Colonial Mutual Life Assurance Society Limited ABN 12 004 021 809 Australian Financial Services Licence #235035 (CMLA).

Set out below is a summary of some of the more significant features of SuperTrace ERF (current as at the date of this report):

- All assets of SuperTrace ERF are invested in the Investment Policy issued to CMS by CMLA. The Policy is currently invested solely in the Capital Stable Fund in the CMLA's No. 2L Statutory Fund. The Capital Stable Fund and the CMLA No. 2L Statutory Fund invest in assets that can fluctuate in value. There is no investment choice available to members;
- The investment objective of the Capital Stable Fund is to provide a reasonably high level of security and consistent returns;
- The investment strategy for the assets in the Capital Stable Fund is to invest in a broad range of assets with a majority in defensive assets;
- Investment returns are credited to members' accounts as an annual crediting rate effective 30 June. The crediting rate reflects the performance of the underlying assets held by

SuperTrace and are net of asset charge and tax on investment earnings. The crediting rate is not guaranteed and the rate applied can be negative;

- An ongoing fee is deducted from the earnings of SuperTrace ERF prior to the crediting rate being declared. For the current fee that applies please refer to the SuperTrace Product Disclosure Statement;
- SuperTrace ERF is unable to accept contributions from members or their employers; however rollovers from other superannuation funds are permitted; and
- SuperTrace ERF does not provide insurance cover.

For more information, contact SuperTrace ERF Customer Service Representative on 1300 788 750 between 8.30am and 6pm AEST Monday to Friday or go to www.supertrace.com.au for their latest Product Disclosure Statement.

Your super may be transferred to the SuperTrace ERF if the following conditions arise.

For Corporate Superannuation Division members if:

- you leave your employer or you choose another fund for your Superannuation Guarantee contributions (Exercise Choice), and
- your account balance is less than \$500.00, and
- you don't inform the trustee how and where you want your super paid within 30 days of leaving your employer or Exercising Choice.

For Personal Superannuation Division members or members of the Individual Section of the Mercer SmartSuper Plan:

- your account balance falls below \$500.00, and
- you have been asked to tell the trustee how and where you want your super paid, and
- you don't inform the trustee within 30 days.

For Allocated Pension Division members:

- your account balance falls below \$2,400
- you have been asked to tell the trustee how and where you want your super paid, and
- you don't inform the trustee within 30 days.

Your payout may also be transferred to the SuperTrace ERF if:

- you're under age 65, and
- you haven't told us how and where you'd like your super paid, and
- we have written to you twice and both times the mail has been returned unclaimed.

If your super is paid to the SuperTrace ERF, then you will no longer be a member of the Mercer Super Trust and any insurance cover you had in the Mercer Super Trust will cease.

LEAVING YOUR EMPLOYER PLAN IN THE CORPORATE SUPERANNUATION DIVISION OTHER THAN FOR MEMBERS IN THE EMPLOYER SECTION OF THE MERCER SMARTSUPER PLAN

SUPER WORTH AT LEAST \$500

Unless you have provided us with completed payment instructions, we will generally transfer your super to the Individual Section of the Mercer SmartSuper Plan (Individual Section) if:

- you leave your plan (in the Corporate Superannuation Division) due to leaving your Employer, or Exercising Choice, and
- your super is worth at least \$500.00 (on the date we process your benefit).

On transfer to the Individual Section, you will have accumulation style super. The investment options available in the Individual Section and how your super is invested may differ from the arrangements you had in your employer plan immediately prior to your transfer. You will be able to change your investment options within the Individual Section at any time.

The dollar amount of your Death and Total and Permanent Disablement (TPD) cover will generally continue under the Individual Section subject to certain eligibility criteria. Any Total but Temporary Disablement (TTD) cover or Salary Continuance Insurance (SCI) cover you had in your employer plan in the Corporate Superannuation Division will cease and not be transferred to the Individual Section.

Insurance premiums and other fees will continue to be charged to your super account. Contact the Helpline, if you want to opt-out of this insurance cover after your transfer to the Individual Section. There may be different premiums, fees and charges in the Individual Section compared to your employer plan.

We'll provide you with a copy of the *Product Disclosure Statement* (PDS) for the Individual Section when we transfer your super. This PDS provides full details of the features and benefits of the Individual Section, including the investment and insurance arrangements and the premiums, fees and charges that will apply.

SUPER WORTH LESS THAN \$500

If you leave your employer or Exercise Choice and your super is worth less than \$500.00, you will not be transferred to the Individual Section. See the 'Eligible Rollover Fund' section of this *Annual Report* for information about what happens to your super in these circumstances.

ALL MEMBERS

Please note that some employer plans may have an alternate arrangement for members who leave their employer or Exercise Choice. If this applies, you will be advised of these alternative arrangements after your employer has advised the trustee that you have left employment or Exercised Choice.

Or you can find out more information in the PDS you received when joining your employer's plan, other member materials provided to you or you can call the Helpline.

LEAVING THE EMPLOYER SECTION OF THE MERCER SMARTSUPER PLAN

SUPER WORTH AT LEAST \$500

In most cases, we will generally transfer your super to the Individual Section of the Mercer SmartSuper Plan (Individual Section) if you leave the Employer Section of the Mercer SmartSuper Plan (in the Corporate Superannuation Division) due to:

- leaving your Employer, or Exercising Choice, and
- your super is worth at least \$500.00 (on the date we process your benefit).

At the time we transfer your super to the Individual Section, your super will remain invested in the same investment options in which your super was invested prior to being transferred to the Individual Section. You will be able to change your investment options within the Individual Section at any time.

Your Death and TPD cover will generally continue in the Individual Section on the same insured benefit basis, subject to certain eligibility criteria. If salary is used in the calculation of your cover, it will remain fixed at the date of your transfer to the Individual Section. Any TTD or SCI cover you had in the Employer Section of the Mercer SmartSuper Plan will cease and will not be transferred to the Individual Section.

Insurance premiums and other fees will continue to be charged to your super account. Contact the Helpline if you want to opt-out of this insurance cover after your transfer to the Individual Section. There may be different premiums, fees and charges in the Individual Section compared to those while you were a member of the Employer Section of the Mercer SmartSuper Plan.

SUPER WORTH LESS THAN \$500

If you leave your employer or Exercise Choice and your super is worth less than \$500.00, you will not be transferred to the Individual Section. See the 'Eligible Rollover Fund' section of this *Annual Report* for information about what happens to your super in these circumstances.

ALL MEMBERS

For more information on what happens if you leave your Employer or Exercise Choice, refer to your PDS you received on joining the Employer Section of the Mercer SmartSuper Plan other member materials provided to you or you can call the Helpline. The PDS and other member materials give you full details of the features and benefits of the Individual Section, including the investment and insurance arrangements and the premiums, fees and charges that will apply.

KEEP YOUR NOMINATION OF BENEFICIARIES UP-TO-DATE

CORPORATE SUPERANNUATION DIVISION AND PERSONAL SUPERANNUATION DIVISION

You may have the option of nominating one or more beneficiaries to receive your super payout if you die while you are a member of the Mercer Super Trust. There are generally two options:

- **binding death benefit nomination** – the trustee is required to distribute your super payout in accordance with your wishes in the event of your death as long as your nomination remains valid. Any binding nomination you make must be renewed every three years, or if your family circumstances change, otherwise it may become invalid, or
- **preferred death benefit nomination** – you can nominate who you would like to receive your super in the event of your death. These nominations are only an indication of your preference and are not binding. The trustee will make the decision about who will receive your super after taking into account your nomination and other information.

Any valid binding death benefit nomination will override any preferred death benefit nomination or any nomination you make in your Will.

It's important to record who you would like to receive your super payout. You should make sure you let us know your nominated beneficiaries and review your nomination regularly. You can nominate a beneficiary or make changes to an existing nomination by completing a beneficiary nomination form, available at mercerfinancialservices.com (sign in using your personal log-in) or by calling the Helpline.

For more information on beneficiary nominations please refer to the 'Who'll get your super if you die?' section on the beneficiary nomination forms, available at mercerfinancialservices.com or by calling the Helpline.

FOR THE ALLOCATED PENSION DIVISION ONLY

You can nominate one or more beneficiaries to receive your super payout if you die while you're a member of the Mercer Super Trust as a **binding death benefit nomination**. The trustee is required to distribute your super payout in accordance with your wishes in the event of your death as long as your nomination remains valid. Any binding nomination must be renewed every three years or if your family circumstances change. Otherwise it may become invalid.

You can also make a **reversionary beneficiary nomination**. This nomination is irrevocable and you can only nominate your dependant(s). You can nominate reversionary beneficiaries when your pension is established. You can nominate reversionary beneficiaries on your Application Form to join the Allocated Pension Division of the Mercer Super Trust.

If you die while you are a member of Allocated Pension Division, the trustee will either:

- continue to pay your pension (or a lump sum if the law does not permit payment of a pension) to the person you nominated in a reversionary beneficiary nomination, or
- pay either a pension or lump sum to the persons you nominated in a binding death benefit nomination that is valid and in effect at the time of your death.

If a reversionary beneficiary nomination or binding death benefit nomination has not been made, or is invalid (and no default nominations apply) or is no longer in effect at the time of your death, the trustee will decide the beneficiary of your pension. The trustee will pay your pension to your spouse, if they survive you (or will pay a lump sum to your legal personal representative if you don't have a spouse at the time of your death).

It's important to record who you would like to receive your super payout. You should make sure you let us know your nominated beneficiaries and review your nomination regularly. You can nominate a beneficiary or make changes to an existing nomination by completing a beneficiary nomination form, available at mercerfinancialservices.com or by calling the Helpline.

For more information on beneficiary nominations, please refer to the 'Who'll get your super if you die?' section on the beneficiary nomination forms, available at mercerfinancialservices.com or by calling the Helpline.

UNCLAIMED MONEY

Your payout will be considered as unclaimed money and sent to the Australian Tax Office (ATO) if you are over age 65, we have received no contributions or rollovers for more than two years and we have been unable to contact you for a period of five years.

We may also be required to transfer your account to the ATO if;

- no contributions or rollovers have been received for more than 12 months, and
- we have not been able to contact you and your payout is less than \$4000*, or
- we do not have enough information to properly identify you.

*This amount will increase to \$6,000 from 31 December 2016.

You can approach the ATO to claim any such money directly.

There are also other circumstances under which we may be required by law to transfer your payout to the ATO. Refer to the ATO website at www.ato.gov.au for more information.

SUPERANNUATION SURCHARGE TAX

Although this surcharge has been abolished, Mercer Super Trust may still receive surcharge assessment notices from the ATO relating to a period where a surcharge applied. If we receive a notice in relation to a member's account, the amount assessed will be deducted from the member's account and paid to the ATO.

If we receive a surcharge assessment for a member that has left the Mercer Super Trust it will generally be forwarded to the fund to which the benefit was paid or to the individual if the benefit was paid directly to them.

RESERVES FOR THE MERCER SUPER TRUST

The trustee has created a reserve which is held as an Operational Risk Reserve (ORR) in the Mercer Super Trust. The ORR is funded through the Operational Risk Financial Requirement levy which forms part of an Indirect Cost Ratio charged to members of the Mercer Super Trust (refer to page 23 for further details).

The ORR can be used to provide funding towards the cost of compensating members for any operational incident which adversely affects their benefits. The ORR is complemented by a capital holding held by the trustee outside of the Mercer Super Trust.

The ORR in the Mercer Super Trust over the last four years was:

At 30 June

2016	2015	2014	2013
\$29,612,000	\$16,623,000	\$5,261,000	Nil

The ORR is invested in Mercer Growth as at 30 June 2016.

In addition, for the Corporate Superannuation Division only, the Mercer Super Trust had a reserve amount of \$1,131,196 as at 30 June 2016. This reserve amount only applies in respect of some employer plans in the Corporate Superannuation Division. If this applies in respect of your plan, details of the reserve will be set out in your *Supplementary Annual Report* (if applicable).

PAYING YOUR SUPER IF YOU LEAVE AUSTRALIA

You may be eligible to access your super and have it paid directly to you after you have left Australia, as long as:

- you entered Australia on a temporary visa (other than a visa subclasses 405 (Investor Retirement) and 410 (Retirement), and
- you have left or will be leaving Australia, and
- your temporary visa has or will soon expire or has or will be cancelled, and
- you are not an Australian or New Zealand citizen or an Australian permanent resident.

Call the Helpline for more information on:

- how to make an application to the trustee for the release of your super for this reason and
- what will happen to your super if you make such an application.

Note that if at least 6 months has passed since the expiry or cancellation of your temporary visa and you have left Australia and have not claimed your super from your plan, the trustee may be required to transfer your super to the Australian Taxation Office (ATO).

If this happens, you will need to contact the ATO to claim your super, which will be paid subject to the deduction of tax. The ATO will provide the trustee with details of the members whose super must be transferred in these circumstances.

Note that the tax rates on super payouts to a temporary resident who has left Australia are higher than those which apply to permanent residents or Australian or New Zealand citizens.

The transfer to the ATO can be required even if you are still employed by your Australian employer. If your benefit is transferred to the ATO in these circumstances and you need help to prove to the ATO that you are entitled to that benefit, please contact the Helpline.

In most cases, the trustee is required to provide a member with an exit statement when their benefit has been paid out of the fund. However, the Australian Securities and Investments Commission has provided trustees with relief from this requirement where benefits are paid to the ATO in these circumstances. This relief has been granted because most temporary residents do not advise the trustee of their overseas address details. The trustee intends to rely on this relief. This means that the trustee is not obliged to notify or give an exit statement to a non-resident where a benefit has been transferred to the ATO in these circumstances.

SERVICE PROVIDERS TO THE TRUSTEE

The trustee appoints a number of service providers to assist it in running the Mercer Super Trust. The main service providers to the trustee are the administrator, the primary fund manager, the custodian and where applicable, the insurer. Details of the administrator, the primary fund manager, the custodian and the insurer are set out below.

Administrator

The trustee has appointed Mercer Outsourcing (Australia) Pty Ltd (ABN 83 068 908 912) to be the administrator to the Mercer Super Trust.

Implemented Consultant

The trustee has appointed Mercer investments (Australia) Limited (ABN 66 008 612 397) to advise on the selection, appointment, replacement and ongoing evaluation of investment managers through an implemented consulting arrangement.

Custodian

The trustee has appointed The Northern Trust Company ABN 62 126 279 918 to act as the main custodian of the Mercer Super Trust.

The Northern Trust Company has succeeded National Australia Bank Limited ABN 12 004 004 937 as custodian.

Insurer

For plans in the Corporate Superannuation Division that are insured through the trustee's umbrella insurance policy and for the Personal Superannuation Division, the trustee has appointed The National Mutual Life Association of Australasia Limited ABN 72 004 020 437 (which is part of the AMP Group) to provide insurance.

For plans in the Corporate Superannuation Division that are not insured under the trustee's umbrella insurance policy, details of the insurer (if any) for your plan will be set out in the *Product Disclosure Statement* or other member materials (as applicable) for your plan.

INDEMNITY INSURANCE

MSAL has professional indemnity insurance to protect against any honest mistakes that may occur in running the Mercer Super Trust.

SPECIAL TAX TREATMENT

Super is one of the most effective ways to save, because it's generally taxed at a lower rate than many other forms of investment. To get this tax advantage, the Mercer Super Trust must operate according to a strict set of laws. The trustee is unaware of any event occurring during the year that would affect the Mercer Super Trust's special tax treatment.

ENQUIRIES AND COMPLAINTS

The trustee of the Mercer Super Trust has a process in place for dealing with member enquiries and complaints. To make an enquiry or complaint you can:

- call the Helpline

or

- write to the Mercer Super Trust's Enquiries and Complaints Officer, Mercer Super Trust
GPO Box 4303
Melbourne VIC 3001

The trustee tries to deal with all matters in a timely manner and generally replies to enquiries within 28 days. Responses to some complaints, however, may take longer although the trustee aims to respond within no more than 90 days.

If you have a complaint and you're not satisfied with the response, you can generally request a formal reconsideration by the trustee. The trustee always seeks to resolve complaints to the satisfaction of all concerned and in the best interests of all members of the Mercer Super Trust. However, if you have made a complaint and are not satisfied with the outcome or at least 90 days has passed, you may take your complaint to the Superannuation Complaints Tribunal.

The Tribunal is an external dispute resolution system for most complaints by members of super funds. You

must lodge any complaints with the Tribunal within certain time limits. For more information about requirements and time limits, you can contact the Tribunal as follows:

Mail Locked Bag 3060
Melbourne VIC 3001
Phone 1300 884 114
Fax (03) 8635 5588
Email info@sct.gov.au
Website www.sct.gov.au

If the Tribunal decides to proceed with handling your complaint, it will try and help you and the trustee reach a mutual agreement through conciliation. If conciliation is unsuccessful, the complaint will be referred to the Tribunal panel for a determination.

STAYING IN TOUCH

As a member of the Mercer Super Trust, you'll:

- have access to this *Annual Report* to bring you up to date on investment performance and what's been happening to your Division in the Mercer Super Trust;
- be sent an annual member statement showing changes to your super account;
- have access to member communications and investment updates to keep you informed;
- be sent notification of all material changes or the occurrence of significant events;
- have the opportunity to learn about investment through wealth education seminars;
- have access to a wealth of information and interactive planning tools on the Mercer Super Trust website at mercerfinancialservices.com;
- have access to knowledgeable consultants through the Helpline; as well as access to qualified Mercer financial advisers, on a limited basis.

FURTHER INFORMATION AVAILABLE ON REQUEST

When you joined the Mercer Super Trust you would have received a range of material containing information about your Division or your plan (Corporate Superannuation Division only).

You will receive communication and a member statement with important personal information about your super. Other documents available for viewing on request are:

- governing documents
- investment policy and derivative risk statement
- latest audited accounts, auditor's report and actuary's report
- enquiries and complaints procedures, and
- the privacy policy.

If you would like to see a copy of any of these documents please call the Helpline.

PRIVACY

For information on privacy and the handling of your personal information please refer to the *Mercer Australia Privacy Policy* available at mercerfinancialservices.com

TRUSTEE PROCEDURES FOR HANDLING POTENTIAL UNIT PRICING AND OTHER ERRORS

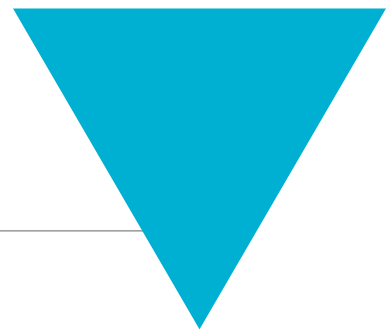
The trustee has developed comprehensive policies, procedures and controls to minimise the occurrence and effect of unit pricing and other errors.

If a potential error is identified that could affect members, the trustee will:

- seek to limit the impact of the error;
- assess the impact and extent of the error, including the number of members affected, which members have been disadvantaged and which have gained and by how much;
- consider whether it is appropriate to compensate the members or recover overpayments;
- determine a strategy to communicate with affected members about the error and its resolution; and
- consider whether any changes or process improvements should be made to prevent reoccurrence.

Compensation issues will arise where an error adversely impacts members. The amount and method of compensation will be determined by the trustee with regard to many factors including legislative and regulatory requirements.

To the extent possible and practical, compensation will aim to return the member to the financial position they would have been in if the error had not occurred.



CONTACT US

HOW TO CONTACT US

TRUSTEE

Mercer Superannuation (Australia) Limited
ABN 79 004 717 533
GPO Box 4303
Melbourne VIC 3001

Tel: **1800 682 525**

If calling from outside Australia
61 3 8687 1823

HELPLINE

Corporate Superannuation Division

Call the Helpline on **1800 682 525**
from 8am to 7pm AEST Monday to Friday.

If calling from outside Australia
61 3 8687 1823

Personal Superannuation Division

Call the Helpline on **1800 810 558**
from 8am to 7pm AEST Monday to Friday.

If calling from outside Australia
61 3 8687 1822

Allocated Pension Division

Call the Helpline on **1800 671 369**
from 8am to 7pm AEST Monday to Friday.

If calling from outside Australia
61 3 8687 1823

WEBSITE

mercerfinancialservices.com

When you join the plan, we will send you your personal log-in. You will then be able to access information about your super in the Mercer Super Trust and other relevant information including Annual Reports and member newsletters.

Generally mercerfinancialservices.com is available 24 hours per day, seven days per week. Please note, however, that the website may not be available when we need to carry out scheduled updates or maintenance.

Call the Helpline if you need more information about accessing the website.

POSTAL ADDRESS

Mercer Super Trust
GPO Box 4303
Melbourne VIC 3001

HELP IN MAKING DECISIONS

You should get advice from a licensed, or appropriately authorised, financial adviser.

There are helpful tools and further information at mercerfinancialservices.com including:

- up to date information on investment options
- information from our wealth education experts, and
- financial planning tools.

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 mercerfinancialservices.com (sign in using your personal log-in) or call the Helpline.

IMPORTANT INFORMATION AND DISCLAIMER

Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533, Australian Financial Services Licence #235906 is the trustee of the Mercer Super Trust ABN 19 905 422 981, the issuer of this *Annual Report*.

The information contained in this report is given in good faith and has been derived from sources believed to be reliable and accurate. No warranty as to the accuracy or completeness of this information is given and no responsibility is accepted by Mercer Super Trust or its employees for any loss or damage arising from reliance on the information provided.

The information in this *Annual Report* includes some general product advice that does not take into account your financial situation, objectives or needs.

Before making any decisions about your super, you should consider your own objectives, financial needs and you should read and consider the *Product Disclosure Statement (PDS)* and/or other member material specific to your plan or division.

We recommend you seek professional advice from a licenced, or appropriately authorised, financial adviser.

Visit mercercfinancialservices.com to obtain a copy of the relevant *PDS* and/or other member materials specific to your plan or contact the Helpline.

MSAL reserves the right to correct any errors or omissions. If there is any discrepancy between this *Annual Report* and Relevant Documents the terms of the Relevant Documents will prevail.

Prepared December 2016

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