

Member notice

19 FEBRUARY 2021

This notice provides you with important information about changes to Mercy Super's Socially Responsible investment option, an update to the details for our 1 March 2021 Annual Members' Meeting and information relating to nominations for an upcoming Member Director vacancy.

Changes to the Socially Responsible investment option

Mercy Super established the Socially Responsible investment option in December 2007. This option was designed to provide members access to a balanced portfolio of investments within a responsible framework considering the environmental, social and ethical factors of underlying assets. To support this framework, member balances were wholly allocated to the AMP Capital Ethical Leaders Balanced Fund.

In recent times, there has been negative press surrounding AMP Capital stemming from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry as well as inappropriate culture within their senior management team. This contributed to several large superannuation funds withdrawing their investment from the fund requiring AMP Capital to place certain restrictions on future redemptions.

Furthermore, key staff responsible for the socially responsible characteristics of the fund have resigned from AMP Capital. These matters all bring into question the ability of this fund to meet its stated objectives and desired investment settings.

Given this, the Trustee had concerns over the ability of the AMP Capital Ethical Leaders Balanced Fund to continue to deliver on its initial goals. There are also concerns over the potential liquidity of the fund in the short-term which could put at risk our members ability to withdraw their allocation within this investment.

The Trustee has therefore determined that it is in the members' best interests to redeem the AMP Capital Ethical Leaders Balanced Fund investment as soon as possible and investigate other investment opportunities for the Socially Responsible option. This action was initiated on 15 February 2021.

What will happen to existing balances invested in the Socially Responsible option?

As an interim measure, the assets within the Socially Responsible option have been invested in existing investments with the same strategic asset allocation as Mercy Super's MySuper Balanced option. This was chosen as it is an existing investment strategy that closely matches the risk and return objectives and strategic asset allocation of the Socially Responsible option. From 16 February 2021 all future cashflow to the Socially Responsible option (contributions, transfers and any payments) will also be directed to an asset allocation aligned to the MySuper Balanced option.

This is intended to only be a temporary arrangement until the Trustee can research and implement a suitable structure including appropriate investment managers for the long-term support of the Socially Responsible option. This could take several months.

I currently have some of my super in this option. What are my options?

You will continue to have the flexibility to choose from any of the other investment options within Mercy Super with no buy/sell or transaction costs if you decide to switch your investment out of the Socially Responsible option. You can do this through Member Online or using the *Changing your investment options* form (available at mercysuper.com.au/information-hub or by contacting us).

What next?

The Trustee is currently researching a range of alternative investment managers and structures to support the long-term goals of the Socially Responsible option. We'll let you know once this is in place and the details behind the restructured option.

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Trustee election 2021

We're calling for nominations for Member Director

Trustee elections let you have a say in who is on your Trustee Board.

Mercy Super is the super fund established and run for our exclusive membership community. Throughout our history we have always put our members first.

One of the ways the Fund reflects the needs of our members is by having three of the seven directors of the Board of the Fund's Trustee, Mercy Super Pty Ltd (ABN 98 056 047 324), nominated and elected by the members themselves. These are known as Member Directors.

The term of office for one of our current Member Directors expires on 30 June 2021. Because of this, we're calling for nominations from members to run for this vacant position.

Deadline: Nominations close 15 March



If you are interested in being a Member Director or nominating someone, we encourage you to read the information provided at mercysuper.com.au/trusteeelection2021. Nominations close at 5pm on Monday, 15 March 2021.

If you have further questions about the process for appointing Member Directors, please contact the Company Secretary, Brad Hutchinson on **07 3163 8624** or by email brad.hutchinson@mercysuper.com.au

You'll find more information on the expectations and responsibilities of a Member Director, the nomination process and a nomination form at mercysuper.com.au/trusteeelection2021.

The nomination process

! Before nominating a member, or being nominated yourself, you should read the information below on the nomination process, including who can be a Member Director. You should also read about what a Director does.

How it works

The first step in the election process is the call for nominations. If more than one candidate is nominated and approved by the Trustee, an election will be held. The newly elected Member Director will hold office for four years, commencing 1 July 2021.

The role of Member Director is a rewarding one. It offers the opportunity to enhance the financial wellbeing of your fellow members, however there are certain standards that need to be met to be eligible for these responsible positions.

You can be nominated as a Member Director if you:

- are a current member of Mercy Super
- are over 18 at the time of nomination
- don't currently work for Mercy Super (and haven't in the last six months)
- satisfy all requirements of the Trustee's Fit and Proper Policy and Procedures including not being disqualified from being a director and consent to relevant checks being conducted
- provide any other information or consents required which may include providing names of referees
- have approval to serve from your employer

Candidates must be nominated by a current Mercy Super member.

What does a Trustee Director do?

Being a Trustee Director of a superannuation fund is a responsible position. The principal responsibilities include:

- compliance with the terms of the Trust Deed and Rules
- ensuring members' rights are protected
- investment of the assets of Mercy Super
- ensuring that the Fund complies with legislative and regulatory requirements (including the Corporations Act 2001 which covers disclosure requirements and the Superannuation Industry (Supervision) Act 1993 which includes licensing and registration requirements for Trustees and superannuation schemes)

Trustee Directors can take advice and use the services of outside professionals, but the ultimate legal and decision-making responsibilities rest with them.

If elected you will be expected to engage in ongoing training to maintain and enhance your skills as well as attend meetings as required.

Trustee Directors are required to attend usually five Board meetings each year. Each meeting is typically held on a Monday and lasts around four hours (occasionally longer). The Board papers are typically in excess of 250 pages. They are generally issued a week prior to each meeting and need to be reviewed by the Trustee Directors prior to the meetings.

Trustee Directors may also be required to serve on one or more of the sub-committees of the Board. These also meet a similar number of times each year with meetings generally lasting up to four hours. Committee papers are also issued a week prior to these meetings.

In addition to time spent in meetings and preparation, each Trustee Director is required to complete at least 30 hours of relevant training each year.

If you have further questions about the process for appointing Member Directors, please contact the Company Secretary, Brad Hutchinson on **07 3163 8624** or by email brad.hutchinson@mercysuper.com.au

Join us at the Annual Members' Meeting – 1:00 pm on Monday 1 March 2021



All members are invited to join our Annual Members' Meeting which will be held at 1:00pm on Monday 1 March 2021. Directors from the Trustee Board and the Executive team, as well as the Fund's auditor and actuary will be on hand to provide an update on:

- How the Fund has performed over the last financial year
- Regulatory issues as they relate to your super
- What is planned for the current financial year

To ensure COVID-19 safe practices, the meeting will be held online (not in Mater's Des O'Callaghan Auditorium as previously advised). To register your attendance go to **mercysuper.com.au/annualmembersmeeting** or contact us.

We're here to help

If you have any questions about anything outlined in this Member Notice and the impact on your Mercy Super account, contact us on 1300 368 891.

Contact us

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MAIL	PO Box 8334, Woolloongabba QLD 4102
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Your investment options guide

The information in this document forms part of the Mercy Super Product Disclosure Statement

Issued 11 February 2021



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This *Your investment options guide* provides you with details about the investment options provided as part of Mercy Super's Super account. The information in this document forms part of the *Product Disclosure Statement for Super and Income accounts* (PDS) issued on 1 October 2020, and the PDS references information you'll find in this guide. Other important information is contained in the *Super account guide* and *Insurance in your super guide* which also form part of the PDS. You should consider all of the information contained in these documents before making a decision about investing in a Super account. The information in this guide is general information only and does not take into account your personal financial situation or needs. You should consider obtaining financial advice tailored to your own personal circumstances.

1: Your investment options

Mercy Super has a long and proud history of looking after the retirement savings of our members. We've been doing it since 1962 and it's a responsibility we take seriously.

We recognise that our members have different priorities and views about how they would like their super invested. That's why we offer a carefully selected diversified mix of assets suitable for most members with a range of different risk and return objectives:

Super accounts

Investment option	Asset type (based on Strategic Asset Allocation)	
MySuper Balanced*	70% GROWTH	30% DEFENSIVE
Growth	82.5% GROWTH	17.5% DEFENSIVE
Conservative	48% GROWTH	52% DEFENSIVE
Stable	28% GROWTH	72% DEFENSIVE
Socially Responsible	73% GROWTH	27% DEFENSIVE

For those that want more direct control over asset class selections, we also offer a range of asset class options for Super accounts:

Investment option	Asset type (based on Strategic Asset Allocation)
Australian Shares	100% GROWTH
International Shares	100% GROWTH
Cash	100% DEFENSIVE

**If you don't make a choice, your money will be invested in the MySuper Balanced option.*

Income accounts

Investment option	Asset type (based on Strategic Asset Allocation)	
Growth	82.5% GROWTH	17.5% DEFENSIVE
Balanced	66.5% GROWTH	33.5% DEFENSIVE
Conservative	48% GROWTH	52% DEFENSIVE
Stable	28% GROWTH	72% DEFENSIVE
Cash	100% DEFENSIVE	

Refer to pages 7 to 15 for more details on the investment options.

We classify growth exposure as the following portion of an option's asset allocation: 100% Australian and International Shares, 100% Alternative Growth, 50% Property, 50% Infrastructure and 50% Alternative Defensive. The remainder is classified as defensive exposure, including Australian and International Fixed Interest and Cash.

Making or changing your investment choice

You can choose to have your account invested in one or a combination of our investment options.

For Super accounts, you can choose where you'd like to invest your account balance and the future contributions you make to your account. To make your choice when you join the Fund, you'll need to complete the investment choice section of the *New member options* form.

For Income accounts, you can choose where you'd like to invest your account balance and the option/s that you'd like your income payments to be made from. To make your choice when you open your Income account, you'll need to complete the investment choice section of the *Income account application*.

You can change your investment option/s for either Super or Income accounts at any time through your Member Online account at mercysuper.com.au or by completing the *Changing your investment options* form that relates to your Super or Income account.

Investment changes will be effective from the date the change is processed by the Fund.

Please note that the Trustee reserves the right to process your request at a later time should this be necessary for reasons such as excessive market volatility.

Before you make a choice you should read the information in this document to help you understand the basics of investing and the potential risks.



TIP: Choosing the right investment strategy is a key part of building your retirement savings. We can help you choose an appropriate mix of investment options based on your personal circumstances and goals. Give us a call and we'll help you get the most out of your super.

2: How we invest your money

Our aim is to provide real and competitive returns over the long term, delivering on the objectives of our investment options. This starts with our investment philosophy which is the unique framework that guides our decisions.

We invest in a diversified portfolio of assets within pooled investment products managed by external professional investment managers. The performance and opportunities of each investment are closely monitored with changes made when appropriate to ensure our investment strategy remains on track.

Our investment philosophy

Our philosophy includes the following investment beliefs that help us deliver the intended outcomes for our members:

- We believe strong governance of the investment decision making process and structures leads to improved member outcomes.
- We recognise the need to take risk in a considered way to achieve our return objectives. Risk is only taken when we think we will be appropriately rewarded for it.
- We aim to invest responsibly by supporting positive environmental, social and governance initiatives where it is practical to do so.
- Strategic asset allocation drives most of the Fund's return and volatility over the long term. We believe in a dynamic approach in managing asset allocation to improve the probability of meeting our investment objectives.
- We believe real long-term returns, net of fees, are most important. We aim to deliver member outcomes and competitive returns versus peers.
- We believe diversification is a useful investment strategy. We aim to capture most of the upside in strong markets and minimise losses when markets are weak.
- We outsource our asset management to appropriately qualified investment managers. We employ active managers where we have a high level of conviction in their ability to add value.
- We use our size and long-term investment time horizon to our members' advantage when choosing investments.

Diversified, strategic asset allocation approach

To meet the objectives of our investment options, we invest using a diversified strategic allocation of assets on a risk and return basis. We adopt an active management approach to add value across the whole portfolio.

This lets us focus on big picture investment issues, how the whole investment portfolio fits together and using market weaknesses as a potential opportunity. Overall we aim to deliver consistent returns through asset and manager diversification, capturing upside in market cycles while protecting against significant losses in down markets.

Manager quality and combinations

We are a patient investor with a methodical approach to the research, selection and ongoing review of investment managers with the support of our investment consultant. It's an approach that is designed to be robust in a variety of market environments.

This ensures we are not influenced by the promise of short-term high returns by investment managers. Emotion is separated from investment decisions and our strategies are given adequate time to bear fruit.

We carefully handpick our investment managers for their individual quality, the role they play and how they work in combination with each other in our overall portfolio.

This thinking, design and implementation helps to diversify our portfolio for members, take risks only where we have a good chance of commensurate return and maintain a robust position in a variety of market environments. It also exposes our members' funds to investment opportunities usually not available to retail investors.

The ongoing monitoring and stress-testing of scenarios enables us to take timely action if any concerns are raised through this process.

Savings through expertise and scale

Finally, we work with our investment consultant and managers to save on fees. Fees are never the driver for decision-making but we operate a strong value focus with the investment managers we use.

3: Investment basics

For most people super will be the biggest investment they make in their lifetime. Choosing the investment options which best suit your needs and profile can make a huge difference to ensuring you live comfortably in your retirement.

The key to managing your super is to find the balance between security and performance that you feel comfortable with and then putting a plan into action to help you achieve your retirement goals. Following are some of the things you should consider when making your investment choices:

The mix of asset classes

Mercy Super invests your savings across five main types of asset classes:

- Shares – Australian and International
- Property
- Fixed Interest
- Cash/Enhanced Cash
- Alternative investments

Shares are referred to as a **growth asset**. The returns on growth assets are mainly from capital gains and income in the form of dividends. Growth assets generally offer the greatest potential for long-term growth, but the returns can fluctuate, with negative returns possible from time to time. Property is referred to as a combination of growth and defensive assets.

Fixed Interest and Cash/Enhanced Cash are referred to as **defensive assets**. The returns on defensive assets are mainly from interest. Defensive assets generally offer less potential for long-term growth (compared to growth assets), but the returns are generally more stable and less likely to fluctuate from one year to the next. Cash returns are nearly always positive, but negative returns are possible in the case of Fixed Interest.

Alternative investments

We also invest in a number of 'alternative' investments or asset classes that fall outside the traditional asset classes of Shares, Property, Fixed Interest and Cash. These include:

- Private Equity, which represents holdings in companies that are not publicly traded on a stock exchange,
- Infrastructure, which may include large developments such as airports, toll roads, power plants, etc,
- Floating Rate Debt Securities, such as Bonds which offer interest payments that reset periodically, and
- Opportunistic Growth, which represents investments that benefit from favourable circumstances in markets that are not expected to last for lengthy periods.

Each of the Fund's Pre-mixed investment options is made up of a mix of different asset classes. The relative mix of asset classes within an investment option determines the option's risk versus return profile.

Risk versus return

Like any investment, Super and Income accounts are not without risk. The most common types of risk are listed on page 6.

Generally, all investments have the potential to either increase or decrease in value or stay the same. An increase in value generates a positive return while a decrease in value generates a negative return. Generally, the greater an investment's potential return, the greater the risk associated with that investment.

Each of the four main asset classes – Shares, Property, Fixed Interest and Cash – as well the 'alternative' investment asset classes, have different levels of risk and potential for returns.

The relationship between risk and returns for the Fund's investment options is illustrated in the following graph. It shows the highest, lowest and average annual returns (net of fees and tax) for our options since their first full year of 30 June returns.

As you can see, the higher the potential return, the higher the potential risk.

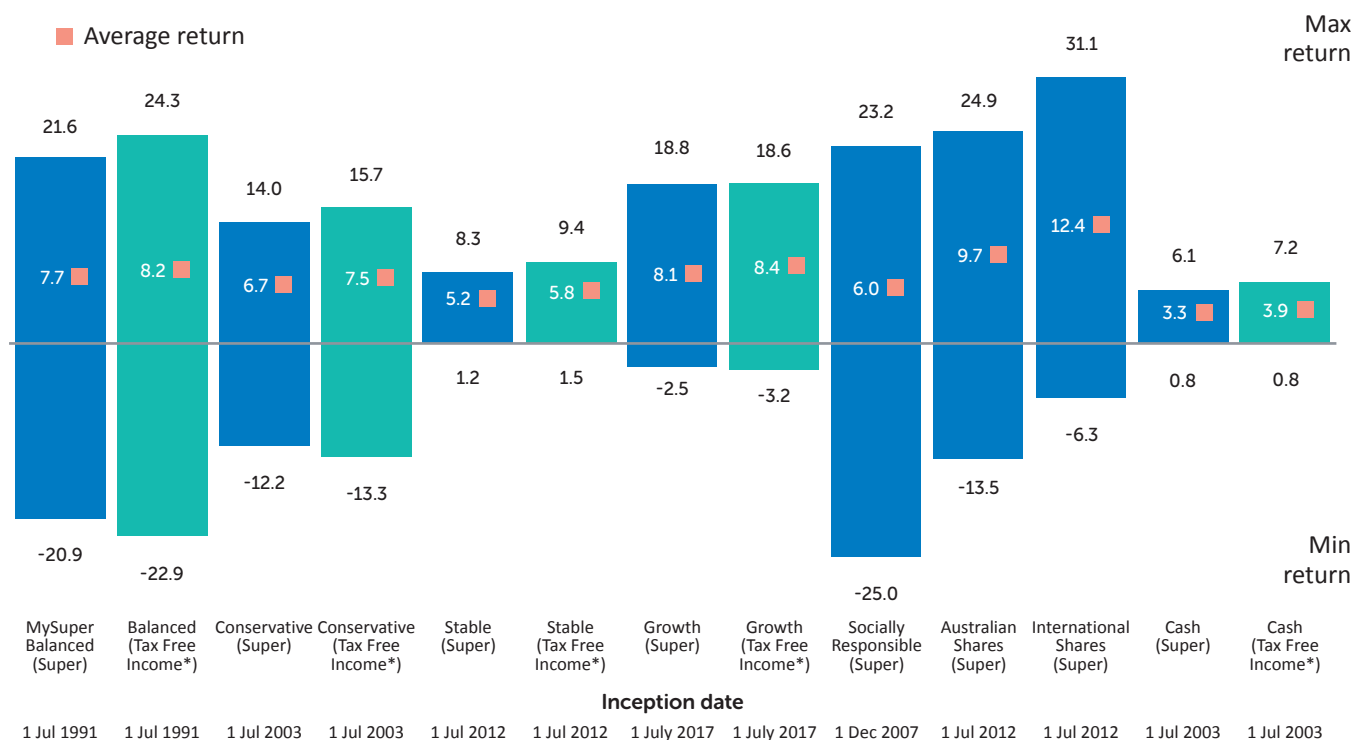


TIP: By spreading your investments across a range of asset classes, you can help reduce your reliance on the performance of a single asset class. This is referred to as diversifying your investments.

Diversification

Spreading assets over a large number of investments reduces the reliance on any one investment or smaller group of investments. Spreading investments is known as diversification.

Top, Bottom and Average annual returns to 30 June for Investment options since inception



* Tax Free Income returns relate to Post-Retirement Income accounts from 1 July 2017

With the exception of the Socially Responsible investment option, the Trustee spreads assets across different investment classes and across a number of investment managers. This reduces the reliance on a small number of asset classes and managers, and also reduces the potential volatility of overall returns.

The assets of the Socially Responsible option are held within the product of a single investment manager that invests within a narrower class of assets that are deemed socially responsible.

It is important to recognise that although the Trustee is seeking to minimise investment risk, this risk cannot be eliminated. Every investment carries some investment risk, and each investment option has the possibility of negative returns.

Investment timeframe

Your investment timeframe reflects how long you anticipate your super monies will be invested. For some members this may be a short period, for example, if you are planning to retire shortly and draw down some of your super monies. For others this may be a much longer period, for example, members who have just commenced their career may have a very long investment timeframe.

Your investment timeframe will be an important factor in your choice of investment option. Remember, even after retirement the average person can expect to live 20 years or more. The longer your investment timeframe, the more time you have to ride out the volatility of higher risk investments.

Importantly, your investment timeframe reflects the length of time you expect your funds to be invested until you need to draw them as cash. In Mercy Super, your funds may remain invested for many years before they are taken as cash or income.

Risk tolerance

Members will have a different tolerance to risk and the potential for low or negative returns. For example:

- Some may be happy to target high returns over the long term, by investing in growth assets and accepting the risk of receiving a negative return in some years;
- Some may take a more balanced approach, not seeking the higher possible returns and, at the same time, reducing the risk of a negative return; or
- Some may be more conservative, and be most concerned to avoid a loss in any year rather than seeking higher long term returns.

Importantly there is no 'right answer'. Ultimately, your investment decision will require you to make a judgement about which option will best help you achieve your financial goals. It is likely that, over time, your investment timeframe will change and/or your risk tolerance may also change. It is therefore worthwhile to review your investment choice from time to time and make changes if appropriate.



TIP: When making your investment choice you may wish to obtain financial advice from one of our on-site financial advisers. It's part of the personal service we provide. Contact us and we'll help you get the most out of your super.

4: Investment risks

All investments, including Super and Income accounts, involve a degree of investment risk.

There are a number of risks including:

Market risk

The value of your investments may rise or fall depending on returns in the relevant investment market.

Inflation risk

The risk that inflation may exceed the rate of return on investments, eroding the spending power of your investments.

Interest rate risk

The risk that changing interest rates can have on the value of different asset classes.

Liquidity risk

The risk that an investment may not be easily converted into cash and with little or no loss of capital and minimum delay. For example, there may not be enough buyers in the market for the particular investment or there may be disruptions in investment markets. Securities for small companies may from time to time become less liquid, particularly when investment markets are falling. There may also be restrictions on when an investment can be converted into cash because of the terms of the investment.

Currency risk

If an investment is held in international assets, a rise in the Australian dollar relative to other currencies may negatively impact investment values or returns.

Gearing and derivatives risk

Underlying funds may use derivatives and gearing (borrowing). The value of derivatives is linked to the value of the underlying assets and can be highly volatile.

Credit risk

The risk of loss arising from a borrower defaulting on debt and/or a decline in the perception of credit quality within the market. This has the potential to arise with various investments including derivatives, fixed interest and mortgage securities.

Counterparty risk

The risk that the issuer of an investment that the Fund holds, or the other party to a contract with the Trustee, may fail to meet its legal obligations. This risk can arise in relation to arrangements such as derivative contracts, brokerage agreements, as well as repurchase and foreign exchange contracts.

Assessing investment risks

To make it easier to compare the risks of each of the Fund's investment options, each option is assessed according to its 'Standard Risk Measure'. This measure is based on regulatory prescribed industry standards to enable you to compare the investment options within the Fund and with those in other funds by the expected number of negative annual returns over any 20 year period.

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

The Standard Risk Measure is not a complete assessment of all forms of investment risk. For instance, it does not detail what the size of a negative return could be or the potential for a positive return to be less than what a member requires to meet their objectives. It does not take into account the impact of administration fees and tax on the likelihood of a negative return.

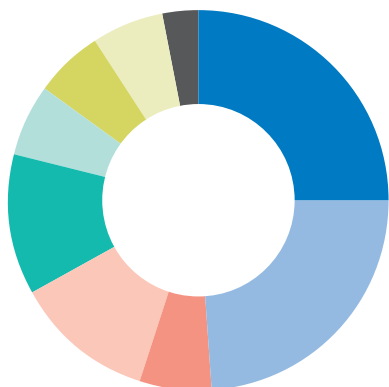
You should consider all the relevant features of an investment option to ensure you are comfortable with the risk and potential losses associated with your chosen options.

5: Your investment options

The following pages detail each of the Fund's investment options. The strategic asset allocations shown for each investment option indicate approximately how much of that option is invested in the various asset classes. While it is likely that these allocations may change over time, any changes are expected to be relatively minor and generally within the ranges indicated.

Pre-mixed options

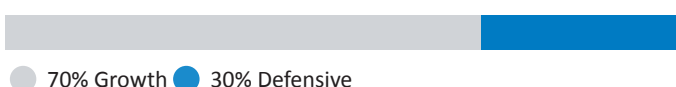
MySuper Balanced (Super account)



Strategic asset allocation	Asset Allocation	Investment Range
● Australian Equities	25.0%	16 – 36%
● International Equities	24.0%	13 – 33%
● Alternative Growth	6.0%	1 – 11%
● Property	12.0%	7 – 17%
● Infrastructure	12.0%	7 – 17%
● Australian Fixed Interest	6.0%	0 – 14%
● International Fixed Interest	6.0%	0 – 14%
● Alternative Defensive	6.0%	1 – 11%
● Cash/Enhanced Cash	3.0%	0 – 12%

Currency Exposure	17.5%	5 – 25%
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Growth/ Defensive assets



Suitable for

Members seeking returns above the rate of inflation over the long term and with an investment timeframe of at least 10 years.

Overview

Seeks to obtain high returns in the long term with a higher level of risk by investing in a diversified mix of asset classes with a bias towards growth assets.

Investment objectives

Achieve returns net of fees and tax at least equal to CPI + 3.5% over rolling 10 year periods.

Likelihood of a negative annual return

Less than four (3.99) in every 20 years.

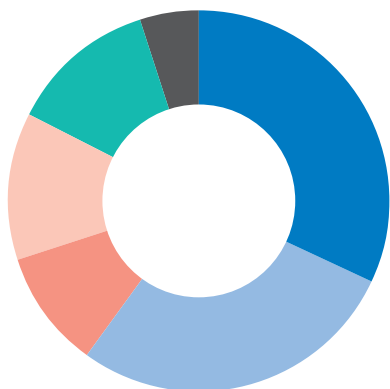
Standard Risk Measure

Medium to High



Pre-mixed options

Growth (Super and Income accounts)



Strategic asset allocation	Asset Allocation	Investment Range
● Australian Equities	32.0%	22 – 42%
● International Equities	28.0%	18 – 38%
● Alternative Growth	10.0%	5 – 15%
● Property	12.5%	7 – 18%
● Infrastructure	12.5%	7 – 18%
● Cash/Enhanced Cash	5.0%	0 – 13%

Currency Exposure	24%	14 – 34%
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Growth/Defensive assets



Suitable for

Members seeking returns above the rate of inflation over the long term and with an investment timeframe of at least 10 years.

Overview

Seeks to obtain high returns in the long term with a higher level of risk by investing in a diversified mix of growth asset classes.

Investment objectives

- **Super accounts and Pre-Retirement Income accounts:** Achieve returns net of fees and tax at least equal to CPI + 4.0% over rolling 10 year periods.
- **Post-Retirement Income accounts:** Achieve returns net of fees and tax at least equal to CPI + 4.5% over rolling 10 year periods.

Likelihood of a negative annual return

Less than six (4.34) in every 20 years.

Standard Risk Measure

High



Pre-mixed options

Balanced (Income accounts)



Strategic asset allocation	Asset Allocation	Investment Range
● Australian Equities	21.0%	11 – 31%
● International Equities	18.0%	8 – 28%
● Alternative Growth	11.0%	6 – 16%
● Property	12.0%	7 – 17%
● Infrastructure	12.0%	7 – 17%
● Australian Fixed Interest	6.0%	0 – 14%
● International Fixed Interest	6.0%	0 – 14%
● Alternative Defensive	9.0%	1 – 17%
● Cash/Enhanced Cash	5.0%	0 – 13%

Currency Exposure	17.5%	5 – 25%
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Growth/Defensive assets



Suitable for

Members seeking returns above the rate of inflation over the long term and with an investment timeframe of at least 10 years.

Overview

Seeks to obtain high returns in the long term with a higher level of risk by investing in a diversified mix of asset classes with a bias towards growth assets.

Investment objectives

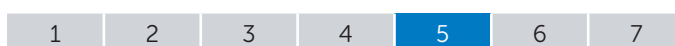
- **Pre-Retirement Income accounts:** Achieve returns net of fees and tax at least equal to CPI + 3.5% over rolling 10 year periods.
- **Post-Retirement Income accounts:** Achieve returns net of fees and tax at least equal to CPI + 4.0% over rolling 10 year periods.

Likelihood of a negative annual return

Less than four (3.46) in every 20 years.

Standard Risk Measure

Medium to High



Pre-mixed options

Conservative (Super and Income accounts)



Strategic asset allocation	Asset Allocation	Investment Range
● Australian Equities	12.5%	2 – 23%
● International Equities	11.5%	1 – 22%
● Alternative Growth	8.0%	3 – 13%
● Property	12.0%	7 – 17%
● Infrastructure	12.0%	7 – 17%
● Australian Fixed Interest	8.0%	0 – 16%
● International Fixed Interest	8.0%	0 – 16%
● Alternative Defensive	8.0%	0 – 16%
● Cash/Enhanced Cash	20.0%	12 – 28%

Currency Exposure	9.0%	0 – 19%
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Growth/Defensive assets



Suitable for

Members seeking returns above the rate of inflation over the medium term with less volatility than might be experienced by the Balanced and Growth options and who have an investment timeframe of at least five to seven years.

Overview

Seeks to obtain consistent returns in the long term while reducing the level of risk by investing in a diversified set of asset classes that are split between defensive and growth assets.

Investment objectives

- **Super accounts and Pre-Retirement Income accounts:** Achieve returns net of fees and tax at least equal to CPI + 2.0% over rolling five year periods.
- **Post-Retirement Income accounts:** Achieve returns net of fees and tax at least equal to CPI + 2.5% over rolling five year periods.

Likelihood of a negative annual return

Less than three (2.48) in every 20 years.

Standard Risk Measure

Medium



Pre-mixed options

Stable (Super and Income accounts)



Strategic asset allocation	Asset Allocation	Investment Range
● Australian Equities	8.5%	0 - 18%
● International Equities	7.5%	0 - 17%
● Property	8.0%	3 - 13%
● Infrastructure	8.0%	3 - 13%
● Australian Fixed Interest	12.0%	4 - 20%
● International Fixed Interest	12.0%	4 - 20%
● Alternative Defensive	8.0%	0 - 16%
● Cash/Enhanced Cash	36.0%	28 - 44%

Currency Exposure	4.0%	0 - 14%
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Growth/Defensive assets



Suitable for

Members seeking returns above the rate of inflation over the medium term who may be concerned about short-term volatility of returns and have an investment timeframe of at least one to three years.

Overview

Seeks to obtain consistent returns in the long term while reducing the level of risk by investing in a diversified set of asset classes that is weighted towards defensive assets.

Investment objectives

- **Super accounts and Pre-retirement Income accounts:** Achieve returns net of fees and tax at least equal to CPI + 1.0% over rolling five year periods.
- **Post-Retirement Income accounts:** Achieve returns net of fees and tax at least equal to CPI + 1.5% over rolling five year periods.

Likelihood of a negative annual return

Less than three (1.93) in every 20 years.

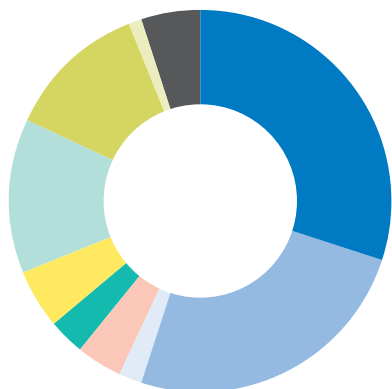
Standard Risk Measure

Low to Medium



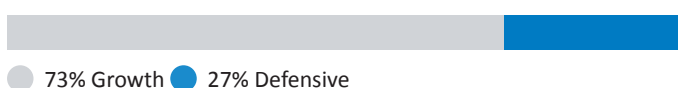
Pre-mixed options

Socially Responsible (Super accounts)



Strategic asset allocation	Asset Allocation	Investment Range
● Australian Equities	25%	15 – 40%
● International Equities	30%	15 – 40%
● Emerging Markets	3%	0 – 8%
● Global Listed Property	4%	0 – 10%
● Direct Property	5%	0 – 10%
● Infrastructure	4%	0 – 7%
● Alternative Assets Growth	2%	0 – 6%
● Australian Bonds	13%	0 – 20%
● International Bonds & Credit	12%	0 – 25%
● Cash	2%	0 – 20%
Currency Exposure	20%	10 – 30%

Growth/Defensive assets



Suitable for

Members seeking returns above the rate of inflation over the long term and with an investment timeframe of at least five to 10 years.

Overview

Seeks to provide moderate to high returns, while accepting medium levels of volatility over rolling five year periods. The option seeks to generate competitive returns within a sustained and responsible framework by considering the environmental, social and ethical considerations

Refer to page 16 for more information.

Investment objectives

Achieve returns net of fees and before tax which are above the return from the performance benchmark of the option's underlying funds and at least equal to CPI + 3.5% over rolling five year periods.

Note: This option is fully invested in the AMP Capital Ethical Leaders Balanced Fund.

Likelihood of a negative annual return

Less than five in every 20 years.

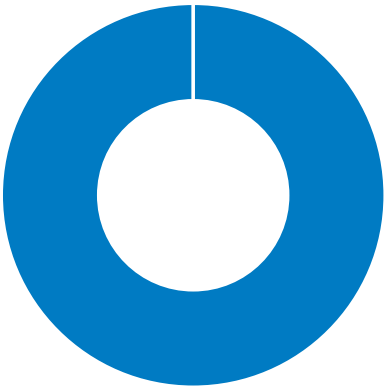
Standard Risk Measure

High



Asset class options

Australian Shares (Super accounts)

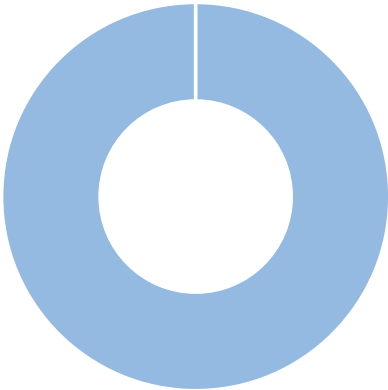


Strategic asset allocation	Asset Allocation	Investment Range
● Australian Shares	100%	90 – 100%
● Cash/Enhanced Cash	0%	0 – 10%

Growth/Defensive assets	<div><div></div><div></div></div> <div>● 100% Growth ● 0% Defensive</div>
Suitable for	Members with an investment timeframe of at least 10 years who want to invest in the Australian share market and are comfortable with a higher level of volatility.
Overview	Seeks to obtain long-term returns that are in excess of the balanced options with a commensurately higher level of risk. All assets within this option are invested in Australian shares.
Investment objectives	Achieve returns net of fees and tax at least equal to CPI + 5% over rolling 10 year periods.
Likelihood of a negative annual return	Less than seven (6.79) in every 20 years.
Standard Risk Measure	<div>Very High</div> <div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div><div>6</div><div>7</div></div>

Asset class options

International Shares (Super accounts)



Strategic asset allocation	Asset Allocation	Investment Range
● International Shares	100%	90 – 100%
● Cash/Enhanced Cash	0%	0 – 10%

Currency Exposure	25.0%	15 – 35%
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Growth/Defensive assets	<div><div></div> 100% Growth <div></div> 0% Defensive</div>
Suitable for	Members with an investment timeframe of at least 10 years who want to invest in the International share market and are comfortable with a higher level of volatility.
Overview	Seeks to obtain long-term returns that are in excess of the balanced options with a commensurately higher level of risk. All assets within this option are invested in international shares.
Investment objectives	Achieve returns net of fees and tax at least equal to CPI + 5% over rolling 10 year periods.
Likelihood of a negative annual return	Less than six (6.04) in every 20 years.
Standard Risk Measure	Very High <div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div><div>6</div><div>7</div></div>

Asset class options

Cash (Super and Income accounts)



Strategic asset allocation	Asset Allocation	Investment Range
● Cash	100%	100%

Growth/Defensive assets	<div><div></div></div> <div>● 0% Growth ● 100% Defensive</div>
Suitable for	Members seeking capital security and with an investment timeframe of less than three years.
Overview	Seeks to obtain long-term returns that are similar to those available from short-term cash investments with minimal risk of capital loss.
Investment objectives	<ul style="list-style-type: none">● Achieve returns net of fees and tax at least equal to the Bloomberg Ausbond Bank Bill Index over rolling three year periods.
Likelihood of a negative annual return	Negligible.
Standard Risk Measure	<div>Very Low<div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div><div>6</div><div>7</div></div></div>

6: Additional information

Investment returns

Unit prices for each investment option are calculated daily. These unit prices move up and down to reflect the underlying value of the investments of the option.

Members can determine the value of their account by multiplying the unit price of each investment option held by the number of units they hold in each option.

Unit prices are calculated daily subject to a delay of two business days to value underlying assets and calculate the applicable unit price. You can calculate the value of your account balance on any day by multiplying the number of units you hold in each investment option on the day by that day's unit price

Historical annual and monthly investment returns are available from mercysuper.com.au.

Labour standards, environmental, social and ethical considerations

Mercy Super believes that consideration of labour standards, environmental, social and ethical considerations in the investment decision making process is part of delivering sustainable long-term growth for our members.

We have developed a Responsible Investment Policy that sets a framework and set of responsible investment principles which, along with the ability to achieve the stated investment objectives, is followed when selecting, retaining or redeeming investments. For further information, you can view our Responsible Investment Policy at mercysuper.com.au

Socially Responsible investment option

The Fund also offers a Socially Responsible option, which is wholly invested in the AMP Capital Ethical Leaders Balanced Fund, that specifically takes into account labour factors, environmental impact, social impact, workplace and employment practices and positive contribution to society when selecting, retaining or redeeming investments. This is a product that uses a multi-manager approach to construct a balanced fund that is measured against a composite benchmark as set by AMP Capital.

Further information on this option including details on its approach to responsible investing can be found at mercysuper.com.au

Use of derivatives

To manage the Fund's currency exposure, the Trustee has appointed a specialist investment manager that uses derivatives for this purpose. Across other investments, the Trustee has not and does not intend to invest directly in derivatives. However, the Fund's investment managers have the discretion to invest in derivatives under their existing investment arrangements if they judge it is appropriate to do so.

Stress and scenario testing

The Trustee has implemented a comprehensive stress and scenario testing program that considers the effect of extreme market movements and member switching events on the liquidity characteristics of each investment option. This program also examines the potential impact of climate change on the Fund's investment options.

This activity is undertaken periodically in accordance with the Fund's Liquidity Management Policy and overall investment governance framework.

The results from the stress tests are assessed by the Fund in conjunction with the investment consultant with timely action taken by the Trustee to address any concerns raised.

Contact us

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The information in this document may change from time to time. Changes that are not materially adverse may be updated on Mercy Super's website mercysuper.com.au. A copy of any updated information can be obtained on request free of charge at any time by contacting the Fund on **1300 368 891** or **07 3163 8880**

