MERCER MULTI-MANAGER FUNDS

ADDITIONAL INFORMATION BOOKLET

1 JULY 2019

STAYING UP TO DATE

Some of the information contained in this Additional Information Booklet ('Booklet') may change from time to time. Where the updated information is not materially adverse information, investors can obtain a copy at any time by visiting **mercer.com.au/mmf** or calling 1300 728 928.

We can also send you a copy of the updated information on request free of charge.

Direct investors will be advised of material changes and significant events as required by law. See *Material changes or significant events* on page 22 of this Booklet.

Indirect investors should refer to the disclosure document for their Service for information about staying up to date.

THE RESPONSIBLE ENTITY'S CONTACT DETAILS

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Telephone: 1300 728 928
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Issued by Mercer Investments (Australia) Limited (MIAL) ABN 66 008 612 397, Australian Financial Services Licence #244385 as the Responsible Entity of the Mercer Multi-Manager Funds: GPO Box 9946, Melbourne, VIC 3001. Tel 03 9623 5555.
MIAL is a wholly owned subsidiary of Mercer (Australia) Pty Ltd ABN 32 005 315 917.

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YOUR PRIVACY

We collect, disclose, use and hold certain personal information about direct investors*. We understand that by holding this information we have obligations to investors as to the manner in which we deal with that information. We comply with the Australian Privacy Principles as described in the Privacy Act 1988 (Cth as amended). Mercer (Australia) Pty Ltd has a Privacy Policy that describes in more detail the manner in which we will deal with investors' personal information. Our Privacy Policy is available to view at mercer.com.au or you can request a copy by calling 1300 728 928. See *Privacy information for direct investors* on page 22 of this Booklet for more information.

We will not receive or hold any personal information about indirect investors* who are investing through a Service*.

* See the *Glossary* on page 29 for definitions.

ABOUT THIS ADDITIONAL INFORMATION BOOKLET

The information in this Additional Information Booklet ('Booklet') forms part of the following Product Disclosure Statements ('PDSs').

	PDS DATE
SINGLE SECTOR	
SHARES	
Mercer Australian Shares Fund	4 January 2019
Mercer Australian Shares Plus Fund	4 January 2019
Mercer Passive Australian Shares Fund	4 January 2019
Mercer Socially Responsible Australian Shares Fund	4 January 2019
Mercer Australian Small Companies Fund	4 January 2019
Mercer Australian Shares Fund for Tax Exempt Investors	4 January 2019
Mercer International Shares Fund	4 January 2019
Mercer Passive International Shares Fund	4 January 2019
Mercer Hedged International Shares Fund	4 January 2019
Mercer Passive Hedged International Shares Fund	4 January 2019
Mercer Socially Responsible Global Shares Fund – Unhedged Units	15 June 2018
Mercer Socially Responsible Global Shares Fund – Hedged Units	15 June 2018
Mercer Global Small Companies Shares Fund	4 January 2019
Mercer Emerging Markets Shares Fund	4 January 2019
Mercer Passive Emerging Markets Shares Fund	4 January 2019
REAL ASSETS	
Mercer Passive Australian Listed Property Fund	4 January 2019
Mercer Global Listed Property Fund	4 January 2019
Mercer Passive Global Listed Property Fund	4 January 2019
Mercer Global Listed Infrastructure Fund	4 January 2019
Mercer Passive Global Listed Infrastructure Fund	4 January 2019
FIXED INTEREST AND CASH	
Mercer Australian Sovereign Bond Fund – Class 1	1 July 2019
Mercer Global Sovereign Bond Fund	1 July 2017
Mercer Australian Inflation Plus Fund	10 May 2019
Mercer Global Credit Fund	4 January 2019
Mercer Emerging Markets Debt Fund	4 January 2019
Mercer Cash Fund – Cash Units	1 July 2017
Mercer Cash Fund – Term Deposit Units	1 July 2017
DIVERSIFIED	
Mercer Diversified Shares Fund	4 January 2019
Mercer High Growth Fund	4 January 2019
Mercer Growth Fund – Active Units	1 July 2019
Mercer Growth Fund – Enhanced Passive Units	1 July 2019
Mercer Moderate Growth Fund – Active Units	1 July 2019
Mercer Moderate Growth Fund – Enhanced Passive Units	1 July 2019
Mercer Conservative Growth Fund – Active Units	1 July 2019
Mercer Conservative Growth Fund – Enhanced Passive Units	1 July 2019
Mercer Income Plus Fund	12 March 2019

About this Booklet

This Booklet provides an outline of the main features and benefits of the Mercer Multi-Manager Funds. It should be read carefully before you make an investment decision and must be read along with the Product Disclosure Statement for the relevant Mercer Multi-Manager Fund. In this Booklet:

- 'You' refers to any investor, whether direct or indirect.
- 'Fund' refers to a registered managed investment scheme and Classes within that scheme.
- 'PDS' means the Product Disclosure Statement applicable to the relevant Fund or the relevant class of units in the Fund (the Class).

For an explanation of the other terms used in this Booklet refer to the *Glossary* on page 29.

The Booklet is designed for both direct investors and indirect investors (investing via a Service). Investors accessing the Mercer Multi-Manager Funds through a Service become an indirect investor in the Funds, as the provider of your Service (Service Provider) holds units in the Fund on your behalf. See *Other things you should know* (page 18) and *How to invest and transact on your account* (page 25) for more information.

The information contained in this Booklet is general information only and does not take into account your individual financial objectives, financial situation or needs. We recommend that you speak to a licensed, or appropriately authorised, financial advisor if you need help making an investment decision.

If you accessed a copy of this Booklet electronically and would like a paper copy, please contact us and we will send you one free of charge.

About the Responsible Entity

The Responsible Entity, Mercer Investments (Australia) Limited, is a wholly owned subsidiary of Mercer (Australia) Pty Ltd, which is part of the Mercer group of companies ('Mercer'). More information about the Responsible Entity is provided in the PDS for each Fund or Class.

The Responsible Entity is the issuer of this Booklet and the Product Disclosure Statements to which it relates.

About the Mercer Multi-Manager Funds

The Mercer Multi-Manager Funds are a series of unit trusts that are registered managed investment schemes under the Corporations Act 2001 (Cth). They are referred to as the 'Mercer Multi-Manager Funds' or the 'Funds' throughout this Booklet.

The value of investments in the Funds may rise and fall from time to time. None of the Responsible Entity, any of the other Marsh & McLennan Companies, nor any of the investment managers guarantees the investment performance, earnings, payment of income distributions or return of capital invested in any of the Funds described in this Booklet.

HOW WE INVEST

The Mercer Multi-Manager Funds provide investors with the flexibility to tailor a portfolio to suit their investment objectives and risk profile. Investors can choose to invest in one or more of the Funds.

About Mercer

Mercer delivers advice and technology-driven solutions that help organisations meet the health, wealth and career needs of a changing workforce. Mercer's more than 23,000 employees are based in 44 countries and operates in over 130 countries.

Mercer has been providing professional investment services to local clients for more than 45 years. Mercer partners with clients across all aspects of investing and our scale allows us to offer a comprehensive suite of investment tools, advice and solutions to meet client's specific needs and objectives.

Mercer's portfolio management teams manage approximately US$265 billion worldwide (as at April 2019), with approximately A$38 billion invested on behalf of clients in Australia and New Zealand (as at April 2019).

In designing and managing the Mercer Multi-Manager Funds, the Responsible Entity draws on Mercer's global network of 1,200 consulting specialists and its in-house teams of research professionals who cover investment managers, capital markets and strategic opportunities.

Mercer's investment beliefs

Mercer's globally consistent investment beliefs guide our investment process but may vary in their applicability to our funds and advice to clients based on clients' individual needs and objectives.

Our investment beliefs are:

- **Risk management** – We believe in the merits of genuine diversification and that asset allocation is the most important decision an investor can make.
- **Active management** – Active management is a skill and our manager research process can improve the likelihood of identifying skilful managers. We also offer a number of passively managed funds. See the Glossary (page 29) for definitions of active management and passive management.
- **Dynamic asset allocation** – Implementing medium-term asset allocation changes in response to changing market conditions can add value and/or mitigate risk in a portfolio.
- **Operational efficiency** – Investment returns can be enhanced by having a monitoring and governance framework that focuses on evaluating and quantifying investment efficiency.
- **Sustainability** – Taking a sustainable investment view is more likely to create and preserve long-term investment capital. Further information regarding our approach to sustainability and Environmental, Social and Governance (ESG) considerations is provided below on pages 6-7.

For more information on our investment beliefs please visit: multimanager.mercer.com.au/about/investment-beliefs.html.

How the Funds' assets are invested

The assets of the Funds are invested in a range of trusts and other investment vehicles, including:

- Other funds managed by the Responsible Entity or related entities.
- Other investment vehicles managed by other professional investment managers.
- Directly in a range of investments such as securities, derivatives and cash managed via mandates with professional investment managers.

Depending on the nature of the assets they are held either by the Funds' custodian or directly by the Responsible Entity. See *Service providers to the Responsible Entity* and *Disclosure of interests and related party transactions* on page 20 for further information.

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Investment objectives and strategy

The Funds are created with a specific performance objective, which we aim to achieve consistently over time.

For each Fund, we have determined an investment strategy that we believe is reasonably likely to enable the Fund to meet its objectives. However, there is no guarantee that a particular objective will be met over a particular period. The investment strategy includes the selection of a long-term mix of investments (asset classes) that support the Fund's objectives, as set out in each PDS.

Our multi-manager approach involves selecting optimal combinations of investment managers to achieve exposure to a range of investment management styles. In formulating the preferred portfolio structure, we aim to ensure access to a broad opportunity set; use of innovative asset classes; and exposure to less efficient markets to maximise the 'value add' potential of each fund. Consideration is also given to the mix of active and passive management, any capitalisation biases and the optimal number of managers to be utilised. The overall objective is to produce consistent performance throughout market cycles.

Passive funds are invested to ensure the particular sector exposure is consistent with the benchmark index for that sector.

Changes may be made to the investment objective/s and strategy for each Fund, as required, in order to ensure that the objective(s) continue to have a reasonable probability of being attained. The actual asset allocation may fall outside the stated ranges during certain times such as extreme market conditions, asset class transitions or during material transactions.

We monitor each Fund's performance against objectives, with formal quarterly analysis and reporting to investors. See *Reporting* in the relevant PDS for details.

Direct investors will be kept informed of any significant changes to the features of the Fund(s) in which they are invested. See *Material changes or significant events* on page 22.

Indirect investors should refer to the offer document (e.g. PDS) for their Service for details of how your Service Provider will keep them informed in relation to their investment.

Manager research and selection

Mercer's significant scale in researching investment managers globally provides us with access to the best ideas from more than 6,300 investment managers around the world (as at March 2019).

Mercer's Australian-based multi-manager team leverages the global Mercer research network to establish optimal combinations of specialist managers for each Fund. Mercer's investment manager research focuses on each manager's strength in idea generation, portfolio construction, implementation and business management.

Prior to the appointment of an investment manager a detailed Operational Risk Assessment Report is prepared, which considers the risks associated with the investment mandate type, firm size, and significant third party or outsourced relationships, along with the mitigating or compensating controls that a firm may have to manage potential issues.

We may remove, replace, or appoint additional investment managers for the various Funds at our discretion at any time.

Current investment manager details can be obtained at mercer.com.au/mmf or via telephone.

Sustainability and ESG considerations, including labour standards

We build sustainability principles into our investment portfolios to help protect and enhance the value of the Funds' investments. 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 ageing population, climate change and human rights.

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

- Environmental, Social and Corporate Governance (ESG) factors, including labour standards, can have a material impact on long-term risk and return outcomes and these should be integrated into the investment process.
- Taking a broader perspective on risk, including identifying longer-term sustainability themes and trends, is likely to lead to improved risk management and new investment opportunities.
- Climate change poses a systemic risk and investors should consider the potential financial impacts of both the associated transition to a low-carbon economy and the physical impacts.
- Active ownership (or stewardship) helps the realisation of long-term value by providing

investors with an opportunity to enhance the value of companies and markets.

- Accessing long-term streams of returns, rather than focusing on short-term price movements, can add value.

This combined approach to the integration of ESG considerations and investment stewardship is captured at Mercer as a sustainable investment approach. Mercer believes that sustainable investment principles can be applied across all asset classes, to varying degrees.

The investment managers appointed to the Funds are:

- Encouraged to consider ESG factors, such as those set out in the following table, in assessing investment risk and opportunities, as relevant to the type of investment, and
- Required to exclude investments in companies that manufacture tobacco products and controversial weapons, as detailed below under *Exclusion of tobacco and controversial weapons companies*.

ESG factors

ENVIRONMENTAL
• Climate change • Water • Waste and pollution • Biodiversity
SOCIAL
• Health and safety • Labour standards (including in the supply chain) • Human rights and community impacts • Demographics / consumption
GOVERNANCE
• Board structure, diversity and independence • Remuneration that is aligned with performance • Accounting and audit quality • Anti-bribery and corruption

Active Ownership and Investment Stewardship

We also believe that principles of active ownership and investment stewardship are of value in the investment process. For that reason, proxy voting and engagement around material ESG issues are incorporated throughout our investment decision making and ownership practices, as documented in the Mercer Funds Sustainable Investment Policy (described below).

In addition, the PDSs for the following Funds set out additional socially responsible considerations, including ethical issues, which are taken into account when making investment decisions for these Funds only:

- Mercer Australian Socially Responsible Shares Fund.
- Mercer Socially Responsible Global Shares Fund – Unhedged Units
- Mercer Socially Responsible Global Shares Fund – Hedged Units.

Mercer Funds Sustainable Investment Policy

The Mercer Funds Sustainable Investment Policy (the Policy) sets out how Mercer will implement its investment beliefs on sustainable investment within the Funds. The following key principles underpin the Policy:

- Clear communication to underlying investment managers and investors regarding Mercer's sustainable investment expectations.
- Active monitoring of underlying investment managers' sustainable investment and active ownership activities.
- Engagement with underlying investment managers to improve sustainable investment practices over time.
- Proxy voting to enhance the value of companies and markets.
- Transparency on the implementation of this Policy to the investors in the Mercer Funds.

Please refer to the Policy (https://www.multimanager.mercer.com.au/content/dam/mercer/attachments/asia-pacific/australia/investment/multi-manager/2018/mial-sustainable-investment-policy.pdf) for more information on Mercer's approach to integrating ESG factors, sustainability trends, climate change, and active ownership (voting and engagement).

Exclusion of tobacco and controversial weapons manufacturers

As a reflection and extension of our commitment to sustainable investment, in December 2017 the Responsible Entity approved a decision to exclude:

- Controversial weapons: Companies that manufacture whole weapons systems, components, or delivery platforms, or components that were developed or are significantly modified for exclusive use in cluster munitions, anti-personnel landmines, biological or chemical weapons.
- Tobacco companies: Companies identified under the General Industry Classification System as Tobacco (Industry Code 302030) or who derive 50% or more of revenue from tobacco-related business activities.

These exclusions apply to all Mercer Funds. Investment managers in most asset classes have fully implemented the exclusions, with some residual exposures under review.

Mercer prefers an integration and engagement-based approach to sustainable investment and believes exclusions should be a last resort. Mercer has therefore developed an exclusions framework to govern the consideration and maintenance of all exclusions. The reasons to exclude are typically not one dimensional; rather there are likely to be a number of underlying factors that make continuing to include the product or activity in the investment universe untenable. These factors are likely to reflect a combination of beliefs, social impact, public policy, reputation, client expectations, ability to influence and portfolio impact.

In the limited instances where exclusions are applied, Mercer will seek to use its influence with companies, regulators, governments and other standard setters to address the underlying issue of concern.

Changes to the Funds

We may add new Funds, or a Class, close existing Funds or a Class, or alter the terms of any Fund or Class from time to time.

Direct investors will be kept informed of any significant changes to the features of the Fund(s) in which they are invested. See *Material changes or significant events* on page 22 of this Booklet for more information.

Indirect investors should contact their Service Provider for any further information.

KEY RISKS

Before making an investment decision, you should carefully consider your ability to tolerate risk (the probability of an investment loss), and the different types of risks that apply to the Fund(s) you are considering. This is important as your investment in the Fund(s) is not guaranteed and as such you may get back less money than you invest.

The significant risks that may impact an investment are set out in the PDS for each Fund. The types of risks that may have an impact on the Mercer Multi-Manager Funds generally are summarised below.

RISK	DESCRIPTION
Counterparty risk	The risk that a counterparty does not meet its contractual obligations, for example, defaulting on financial obligations under a total return swap or a foreign currency forward contract. Exposure to a single counterparty is considered to be more of a risk than exposure to multiple counterparties.
Credit risk	The risk that a debt issuer will default on payment of interest or principal.
Currency risk	The risk that overseas investments gain or lose value as a result of a falling or rising Australian dollar. Refer to the relevant PDS for further information on the extent to which currency risks apply and are hedged (fully or partially) or unhedged.
Derivatives risk	The risk that exposure to exchange-traded and over the counter derivative instruments increases the risk in a portfolio or exposes a portfolio to additional risks – such as the possibility a position is difficult or costly to reverse or that there is an adverse movement in the asset, interest rate, exchange rate or index underlying the derivative.
Individual asset risk	The risk attributable to individual assets within a particular asset class. For example, the value of a company's shares can be influenced by changes in company management, its business environment or profitability.
Inflation risk	The risk that an investment may not maintain its purchasing power due to increases in the price of goods and services (inflation).
Investment manager risk	The risk that a particular investment manager may underperform. This could be, for example, because their view on markets is wrong, because their investment 'style' is out of favour or because they lose key investment personnel.
Liquidity risk	The risk that the Funds are unable to meet financial obligation to beneficiaries as they fall due, either at all or by selling assets at materially discounted prices. For more information see *Withdrawal payments* on page 27 of this Booklet.
Market risk	The risk of adverse moves in the financial markets negatively impacting the value of an investment. Investment returns are influenced by the performance of the markets the Fund has exposure to. The risk that a major financial market crash will cause a decline in the market as a whole is an example of market risk. This could have an additional impact at the time of making and investment or withdrawal, due to the volatility of asset prices. For the diversified (i.e. multi-sector) funds, market risks are monitored and managed as part of our dynamic asset allocation process. See Section 3 of the relevant PDS for details.
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events that we or our service providers may be exposed to in managing or operating the Funds. This extends to technology failures, service outages, or security breaches, including unauthorised access to and/or use of proprietary information, customer data and disruption to fund operations including potential compromise of an IT asset's confidentiality, integrity or availability.
Political risk	The risk that domestic and international political events negatively impact the value of an investment. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policy makers, or military control.
Securities lending risk	Our securities lending program involves the lending of the Funds' securities to third parties (borrowers) in order to provide greater returns for participating Funds. Similar to other types of lending arrangements, there is the risk that some of the value of the loaned securities is lost. This may be due to the borrower becoming insolvent or unable to meet its loan obligations. For more information see Our approach to managing risks below on page 9.
Taxation risk	The risk that taxation laws and their interpretation may change in the future in a manner that may adversely impact the taxation outcomes for either the Funds or investors into the Funds.

Our approach to managing risks

The Funds have been established based on a multi-manager investment approach, with the exception of the passive funds. The passive funds each have a single investment manager, who has been selected based on their ability to efficiently manage a portfolio based on the composition of the relevant index.

The Responsible Entity has considered the investment risks outlined on page 8 in constructing the Mercer Multi-Manager Funds and aims to help manage those risks primarily through diversification and by using some or all of the following (as applicable to each Fund or Class):

- Investing across different asset classes to reduce market risk, inflation risk and liquidity risk.
- Investing with a number of different investment managers to reduce investment manager risk.
- Investing across different countries to reduce political risk, inflation risk, liquidity risk and currency risk.
- Investing in a number of assets within each asset class to reduce individual asset risk, liquidity risk and credit risk.
- Where appropriate, utilising currency hedging to protect against the risk of an adverse currency movement. Refer to the relevant Fund's PDS for further information on the extent to which currency risks apply and are hedged (fully or partially) or unhedged.
- Counterparty risk is managed via adherence to our Counterparty Policy and through the setting of criteria for the counterparties we contract with and the level of exposure per counterparty.
- Securities lending risk is managed by the full collateralisation of loans, and the appointment of an experienced Securities Lending Agent and Oversight and Monitoring Agent to administer and monitor the program.

The investment managers appointed by us to manage the underlying assets in each of the Funds may use derivatives to help manage risk (for example, to hedge all or part of a foreign currency exposure). See the *Glossary* on page 29 for an explanation of hedging and the *Use of derivatives* section below.

Use of derivatives

Derivatives, such as futures or options, are investment securities whose value is derived from other investments. For example, the value of a share option is linked to the value of the underlying share.

Investment managers may utilise derivatives in managing investment portfolios for the Funds and in managing pooled investment vehicles in which the Responsible Entity invests. Derivatives may be used to assist in the efficient management of the portfolio (e.g. to quickly and effectively adjust asset class exposures and for rebalancing purposes) and to manage risk (e.g. for currency hedging). Losses from derivatives can occur (e.g. due to market movements).

We seek to manage derivatives risk through adherence to the Derivatives Policy for the Mercer Funds.

The estimated fees and costs associated with the use of Over The Counter (OTC) derivatives are disclosed in the *Fees and costs* section of each PDS.

Standard risk measure and risk label

The standard risk measure is a standardised investment industry guide to assist investors to compare investment funds that are expected to deliver a similar number of negative annual returns over any 20 year period.

The standard risk measure is not a complete assessment of all forms of investment risk, for instance it does not explain what the size of a negative return could be or the potential for a positive return to be less than an investor may require to meet their objectives. Investors should still ensure they are comfortable with the risks and potential losses associated with their chosen Fund(s).

The Standard Risk Measure consists of seven risk labels, from 'Very high' to 'Very low' as shown in the following table.

Risk label	Estimated number of negative 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

ADDITIONAL EXPLANATION OF FEES AND COSTS

Investment Management Fee

The Investment Management Fee:

- Is the fee charged directly by the Responsible Entity for acting as responsible entity, including investing the assets of the Fund; and
- Includes the investment management fees payable to the underlying investment managers.

We may engage one or more investment managers to invest and manage the assets of a Fund. In doing so, we may negotiate a fee schedule with an investment manager under which the fee payable by the Responsible Entity to the investment manager increases or decreases based on the overall amount of assets managed by the investment manager for the Funds or other Mercer entities. The Investment Management Fee payable in respect of a Fund will not typically vary for any such increase or decrease in the fees payable to any underlying investment manager. However, we may elect to adjust the fees and in doing so will notify investors in accordance with the processes set out under *Material changes or significant events* on page 22.

Indirect Costs

The Indirect Costs amount for each Fund includes the liabilities or expenses incurred in administering the Fund and investing the assets of the Fund, and all other amounts, other than Transactional and Operational Costs (described below), that reduce the return on your investment.

The Indirect Costs for each Fund:

- Are set out in the PDS for the relevant Fund or Class.
- Are reflected in the unit price of the Fund or Class and/or the unit prices of the underlying investment funds.
- May include some or all of the components set out in the following table.

INDIRECT COST COMPONENTS	DESCRIPTION
Estimated Performance-Related Fees The performance-related fees payable, if any, to the Fund's underlying investment managers.	The Responsible Entity does not charge a performance fee, however performance-related fees may be payable to the Funds' underlying investment managers. The underlying investment managers that charge a performance-related fee only obtain those fees when performance is greater than an agreed target. Accordingly, performance-related fees arise when higher returns, relative to a specified target for a particular manager, are achieved. Where an underlying investment manager charges a performance-related fee, that fee will be passed onto investors by way of an adjustment to the unit price of the underlying investment fund, which will reduce the investment performance of the relevant Fund. As the performance-related fees are based on the underlying investment managers achieving return targets, it is not possible to provide an accurate forward-estimate for the performance-related fee that will be applicable to the relevant Fund. However, set out in the *Fees and costs* section of each PDS is an estimated Indirect Cost that includes the actual performance-related fee (if any) paid to the underlying investment managers for the previous financial year as at the date of the relevant PDS. We may enter into performance-related fee arrangements with investment managers in future without prior notice to investors. However, investors will be informed of fee changes in accordance with the law. See *Material changes or significant events* on page 22.
Estimated Other Indirect Costs Expenses of the Fund and of any other underlying funds in which the Fund may invest. Other investment-specific costs that reduce the return on your investment.	**Expenses** The Responsible Entity has the right to be reimbursed from the assets of a Fund for all expenses and liabilities it incurs in the proper performance of its duties in administering each Fund. See *Responsible Entity's indemnity* on page 20 of this Booklet for more information. Where a Fund invests in another Mercer fund (or funds), or a fund managed by a third party investment manager, the estimated Other Indirect Costs in the relevant PDS include the expense allowance of the underlying fund(s) where the cost is not already included in the Investment Management Fee. **Other costs** The estimated Other Indirect Costs for each Fund include any other costs that are not otherwise charged as fees, but which reduce the return on your investment in the Fund. This may include the cost of any OTC derivatives that are used for purposes other than hedging, for example, to gain exposure to an asset instead of purchasing the asset directly or costs incurred in the administration and monitoring of the securities lending program.

The Indirect Costs for each Fund will vary from year to year reflecting the actual costs incurred, which may be affected by changes to one or more of the following:

- Assets under management.
- Expenses of the Responsible Entity.
- Amounts payable to the service providers to the Responsible Entity, including (but not limited to) investment managers, auditors, specialist legal and tax advisors and the custodian.
- Performance of individual investment managers, where performance-related fee arrangements exist.

As the actual Indirect Cost is not known until the end of the financial year, set out in the *Fees and costs* section of the PDS is the estimated Indirect Costs, based on the prior financial year actuals for the timeframe specified in the relevant PDS, or reasonable estimates where the actuals are not yet known or could not be obtained. **Historical fees and costs may not be an accurate indicator of the fees and costs investors pay in the future.**

Estimated ranges of the likely future Indirect Costs are set out in each PDS, although these ranges do not act as limits or caps on the Indirect Costs that may be payable in future.

Changes in the Indirect Costs for a financial year may be disclosed:

- Via the website (mercer.com.au/mmf), where the change is not materially adverse (including instances where there is an increase to performance-related fees directly attributed to outperformance).
- Via a notice to you or your Service Provider where there is a materially adverse change to the Indirect Costs for a Fund.

Also see *Material changes or significant events* on page 22.

Transactional and operational costs

Transactional and operational costs are the costs associated with trading to manage the Fund's investment strategy, as well as the buy/sell spreads that may be applied at the time of an investor making an application (buy spread) and withdrawal (sell spread).

See the *Transactional and operational costs* section of each PDS for details of the transactional and operational costs, including buy and sell spreads, applicable to a Fund. Such costs are borne by investors and are additional to the Management Costs disclosed in the *Fees and costs table* of the relevant Fund's PDS.

Ongoing transactional and operational costs include:

- **Implicit costs**, which includes an assessment of the difference between the price paid for acquiring an asset and the price that would be payable if it were disposed of (i.e. bid/ask price assessment).
- **Explicit costs**, such as: brokerage; settlement costs (including custody costs); clearing costs; stamp duty on an investment transaction; property management costs where applicable for real estate/property assets; and borrowing costs.
- **Over The Counter (OTC) derivatives costs,** where the derivatives are used for hedging (i.e. risk management) purposes. Where the costs of any OTC derivatives are not used for hedging purposes such costs will be included in the Other Indirect Costs of the relevant Fund.

These costs depend on the type of assets in the Fund and the way the portfolio is managed. They are either paid out of the assets of the relevant Fund or deducted from the unit price of the underlying investment funds.

Buy and sell spreads

Buy and sell spreads are designed to ensure, as far as practicable, that any transaction costs incurred as a result of an investor applying to or withdrawing from the Fund are borne by that investor and not by other existing investors in the relevant Fund.

A buy spread is applied at the time of an investor making an investment in the Fund and a sell spread is applied at the time of withdrawal.

Any applicable buy and sell spreads are shown in the PDS for each Fund. The buy and sell spreads may vary from time to time and we may waive or reduce the buy and sell spreads at our discretion. No part of the buy and sell spreads are paid to the Responsible Entity or an investment manager. The buy and sell spreads are not subject to GST.

Other additional fees and costs

The following fees and costs may also be charged, additional to the fees and costs shown in the PDS.

Bank charges

Bank charges in relation to your investment may be payable by you or your Service Provider. These charges may include telegraphic transfer, bank cheque and dishonour fees.

Advisor fees or consultant fees

As noted in the PDS, additional fees may be paid to a financial advisor or consultant, if applicable. Please refer to the Statement of Advice from your advisor, in which details of the fees are set out.

Fees charged on the reinvestment of income distributions

We charge the fees referred to in the *Fees and costs* section within the PDS on any reinvestment of an income distribution into the Fund.

Negotiable fees and rebate of investment management fee

We reserve the right to negotiate lower fees with wholesale investors (as defined under section 761G of the Corporations Act 2001) having regard to factors such as the amount of their investment. Any differential fee arrangements will not adversely impact upon the fees that are paid by other investors.

An investment management fee (as set out in the relevant PDS) is charged by deduction from the assets of each Fund when the unit price of the Fund is determined. However, if you or your Service Provider (as applicable) have negotiated a lower investment management fee:

- You or your Service Provider will be reimbursed at the end of each month.
- This reimbursement will be made either as a direct payment to your or your Service Provider's nominated bank account or additional units will be credited to your investment in the relevant Fund(s).
- The amount of the reimbursement will be the difference between the investment management fee deducted from the unit price and the investment management fee negotiated by you or your Service Provider.

Fee increases

We have the right to increase fees to the maximums set out in the following section titled *Maximum fees* at any time without the prior approval of investors. You or your Service Provider will be provided with at least 30 days' prior written notice of any such increase. Reasons for such increases might include changes in economic conditions or government regulations.

Maximum fees

Under the Constitution of each Fund, we have the right to charge maximum fees as follows.

A contribution fee* of:

- 8% of any amount invested in the **Mercer Passive Emerging Markets Shares Fund**
- 5% of any amount invested in any of the other Funds.

An annual investment management fee of:

- 5% per annum of the net asset value of the **Mercer Passive Emerging Markets Shares Fund****
- 4% per annum of the net asset value for each of the units of the **Mercer Socially Responsible Global Shares Fund****
- 2.5% per annum of the net asset value of the other Funds**.

A withdrawal fee* of:

- 5% from each amount paid out of the **Mercer Passive Emerging Markets Shares Fund**
- 3% from each amount paid out of any of the other Funds.

* These fees are not currently charged by any of the Funds.

** The maximum investment management fee under the Constitution does not include any investment management fee, performance-related fee or expenses charged by the underlying investment managers. For further information on these fees, see *Additional explanation of fees and costs* above.

We have elected to forgo these maximums for the fees charged (if any) as shown in the *Fees and costs* section of the relevant PDS. Any fee increases will be within these maximums.

GST

The GST disclosures in this Booklet are of a general nature only.

GST will not be payable on units purchased in the Mercer Multi-Manager Funds. Fees payable in respect of the management of the Mercer Multi-Manager Funds are subject to GST (except the buy/sell spreads), as detailed below.

GST will apply to the management costs charged to the Mercer Multi-Manager Funds. Generally the Funds cannot claim full input tax credits in respect of the GST on these management costs, but will usually be entitled to reduced input tax credits in respect of some of these costs. As a result, the management costs payable to us including GST are higher than those disclosed in this Booklet and the PDS for each Fund. The management costs payable to us as described in this Booklet and set out in the PDS for each Fund approximate the net cost of these management costs (after GST and net of reduced input tax credits that are expected to be available).

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TAXATION

The following information is a general summary only in relation to some of the Australian income tax issues that may arise from an investment in the Mercer Multi-Manager Funds.

The summary relates primarily to Australian resident investors who hold their units on capital account for Australian income tax purposes only and is current as at 20 December 2018. This summary assumes that an investor will hold their units directly or will be taken to hold those units directly for tax purposes.

If you are a tax resident of a country other than Australia, please also read the Foreign Account Tax Compliance Act (US Citizens) and Common Reporting Standards (Other Offshore Residents) sections on page 23.

If you are an indirect investor, you should refer to the disclosure document for your Service and consult your Service Provider for further information.

Taxation laws are complex and are often changed with little notice. As individual circumstances differ, the taxation laws will affect individual investors in different ways. **We recommend that you seek your own professional advice on taxation matters.**

Tax position of the Funds

Each Fund will be treated as an Australian resident trust for tax purposes.

In May 2016, a new elective tax system for Attribution Managed Investment Trust (AMIT) regime was enacted allowing a qualifying managed investment trust (MIT) to elect into the AMIT regime. The AMIT regime contains a number of components which may impact the way an investor in a trust is taxed. An election to apply the AMIT regime is irrevocable, however the AMIT regime should only apply for income years where a trust qualifies as an AMIT.

Broadly, if an eligible MIT elects to be treated as an AMIT, the taxable income and certain exempt / non-assessable income amounts of the trust will flow through to unitholders of the trust based on the amount and character of income which the Responsible Entity 'attributes' to the unitholder. Under the AMIT regime, the attribution of taxable income and credits is required to be made on a 'fair and reasonable' basis in accordance with constituent documents of the trust.

The Responsible Entity has elected into the AMIT regime for each Fund covered by this Booklet. Please refer to the *Attribution Managed Investment Trust (AMIT) Regime* section for further information on some of the key impacts and considerations.

Generally a Fund itself should not be subject to income tax in respect of its taxable income provided:

- Where it is an AMIT, all taxable income is attributed to investors in each financial year (i.e. 'attribute'), or
- Where a Fund is not an AMIT, the investors are presently entitled to all of the 'income' of the Fund at least on an annual basis (i.e. 'distribute').

The Responsible Entity intends to attribute, or distribute if a Fund is not an AMIT, all of the Funds' taxable income to investors on at least an annual basis and therefore a Fund itself should not be subject to income tax in respect of its taxable income. There are however, some circumstances where a Fund would be required to withhold tax from the attribution/distribution of income, such as, where no TFN/ABN or exemption has been provided and the case of certain income types that have been attributed/distributed to non-resident investors.

If a Fund incurs an overall loss for tax purposes for any given year, that loss will be quarantined in the relevant Fund and cannot be distributed to investors. Subject to that Fund satisfying certain tests, the benefit of such a loss may be available to offset the taxable income of the relevant Fund in future years.

Where a Fund disposes of covered assets'(broadly, these include equities but not debt type investments), the gains or losses that are crystallised on such disposals should be assessed for tax purposes under the capital gains tax ('CGT') provisions of income tax legislation. This is on the basis that the Funds can make an irrevocable election ('Capital Election') to treat the disposal of 'covered assets' under the CGT provisions and the Funds, other than Mercer Emerging Markets Debt Fund and the Mercer Socially Responsible Global Shares Fund have made an irrevocable election to treat such disposals as being subject to CGT treatment for tax purposes. The Capital Election will continue to apply to future income years where the respective Fund satisfies prescribed taxation requirements for each relevant income year.

The **Mercer Emerging Markets Debt Fund** and the **Mercer Socially Responsible Global Shares Fund** have not made the abovementioned Capital Election for tax purposes as these Funds are unlikely to realise capital gains from their underlying investments. Consequently, the gains and losses on 'covered assets' held by the Mercer Emerging Markets Debt Fund and the Mercer

Socially Responsible Global Shares Fund will be deemed to be on 'revenue account'.

Where a Fund has net capital gains and the Fund has taxable income the relevant Fund would attribute/distribute some or all of the net capital gains, including the CGT discount concession amount.

Where a Fund is in an overall net capital loss position, the benefit of such a loss cannot be attributed or distributed to investors but may be available to offset the capital gains of that Fund in future years.

In addition, where a Fund makes direct investments in foreign entities, additional taxation issues, including those outlined below, will need to be considered in determining the tax position of these Funds.

For certain unlisted investments (in a corporate entity or treated as an investment in a company), it is unlikely a Fund would make any capital gains where a gain realised on redemption is treated as a deemed dividend for Australian income tax purposes. However, a loss incurred on these investments should be treated as capital loss and can be used to offset capital gains derived by the relevant Fund. The **Mercer Emerging Markets Debt Fund** and the **Mercer Socially Responsible Global Shares Fund** however, should not realise any capital gains or capital losses.

There are rules such as the Controlled Foreign Company (CFC) rules, the recently enacted 'hybrid mismatch' rules as well as other proposed rules relating to foreign investments that may impact the Funds. Broadly, some of the outcomes under these rules include the requirement to take into account 'notional' amounts in determining the taxable income of the Funds. These notional amounts may be attributed or distributed to investors. The Funds may also have other taxation obligations (such as in foreign jurisdictions in which the Funds invest).

We will monitor the potential application of the current and the proposed rules that may impact the Funds.

Tax position of investors

As an investor in one or more of the Funds, you should be assessed for tax purposes on your share of the net taxable income of the relevant Fund attributed to you (if the Fund is an AMIT for a given income year) or to which you are presently entitled (if the Fund is not an AMIT for a given income year). This is the case regardless of whether you receive a distribution in cash, or your distribution is reinvested in additional units. Taxable income attributed/distributed to you should be included in your assessable income in the year to which the attribution/distribution relates.

Direct investors will receive an annual tax statement or an AMIT Member Annual Statement (AMMA Statement) to assist in determining their tax obligations.

Indirect investors should refer to the offer document (e.g. product disclosure statement) for their Service for details of reporting.

Where net capital gains are attributed or distributed to you by a Fund, it may be possible for you to offset against such capital gains (after grossing up discount gains), any realised capital losses you may have incurred on the disposal of your units in a Fund or on your other investments.

Subject to investors meeting certain requirements, where franking credits or Foreign Income Tax Offsets (e.g. in respect of any foreign taxes paid by a Fund) are attributed or distributed to you by a Fund, you may be entitled to use such credits/offsets to reduce your Australian tax liability. Certain investors may be entitled to a refund in regards to franking credits attributed or distributed.

Where a Fund is an AMIT, the AMIT regime allows for an increase or decrease to the cost base of units held by a unitholder – broadly an increase will arise in circumstances where the amount distributed to a unitholder is less than the taxable income (including the CGT discount) and the 'non-assessable, non exempt' income attributed to a unitholder and vice versa.

Distributions from a Fund may include 'tax-deferred amounts'. Tax deferred amounts are, generally, not included in assessable income of investors, but are applied to reduce the 'cost base' or 'reduced cost base' of the units. Consequently, investors may realise a higher capital gain or a lower capital loss on the subsequent disposal of their investment. Also, where the cost base is reduced to nil, investors should realise an immediate capital gain.

Investor acquisitions and disposal of units

When you redeem your units from a Fund, you will generally be taken to have disposed of your units for CGT purposes. You may be assessed on the gain or loss that arises as a result of such a disposal under the CGT provisions of income tax legislation.

You should make a capital gain where the proceeds received on disposal of your units exceed the cost base of your units.

You should make a capital loss where the proceeds received on disposal of your units is less than the reduced cost base of your units.

A capital loss arising on a disposal of units may be available for offset against capital gains derived by you in the same year, or in subsequent years.

The calculation of your capital gain or loss may be affected by 'attributed' amounts, any tax-free distributions, tax-deferred distributions or return of capital amounts received in respect of those units.

Direct investors that are individuals, trusts and complying superannuation entities may be entitled to obtain a benefit from the CGT discount concession in relation to the capital gains realised on the disposal of units where the units have been held for more than 12 months and other prescribed conditions have been satisfied. Corporate investors are not eligible for the CGT discount on capital gains.

Attribution Managed Investment Trust (AMIT) Regime

An election to apply the AMIT regime is irrevocable, however it will only apply for income years where a trust satisfies the relevant requirements.

Listed below are some of the key changes and implications of the AMIT regime:

- The new elective AMIT regime is based on attribution, rather than distribution. In particular, if an eligible MIT elects to be treated as an AMIT, the taxable income of the trust will flow through to the unitholders of the trust based on the amount and character of income which the trustee chooses to 'attribute' to the unitholder, rather than based on the share of the trust income to which the unitholder is presently entitled. The attribution of taxable income and credits is required to be made to investors on a 'fair and reasonable' basis in accordance with constituent documents of the trust.
- AMITs will be deemed to be fixed trusts for the purposes of the income tax law – this provides certainty in regards to the application of trust loss rules, holding period rule for franking credit, certain CGT roll-overs and the application of the non-resident CGT exemptions.
- AMITs with multiple classes of units can elect for each unit class to be treated as a separate AMIT for tax purposes.
- AMITs have the ability to reconcile and carry forward under and over distributions (where the amount determined at distribution time is different from the final calculation) into the year in which the under or over is discovered.
- The AMIT regime provides a new system for cost base adjustments to units in qualifying AMITs, to allow for an increase or decrease to the cost base of units held by a unitholder – broadly, an increase will arise in circumstances where the amount distributed to a unitholder is less than the taxable income attributed to the unitholder and vice versa.
- Unitholders in an AMIT will be issued with an AMIT Member Annual Statement (AMMA Statement) instead of an annual tax statement.
- The introduction of a penalty regime where an under or over distribution arises due to a lack of reasonable care.
- Under the AMIT regime, a unitholder has the right to object to the attribution made to them by a trust by notifying the Commissioner of Taxation.

The Responsible Entity has made an election for AMIT to apply to all of the Funds covered by this Booklet. The AMIT regime is intended to reduce complexity, increase certainty and minimise compliance costs for the Funds and investors.

Ceasing to qualify as an AMIT in an income year

As outlined above, each Fund needs to qualify as an AMIT on an annual basis, notwithstanding that the AMIT election once made is irrevocable. In the event a Fund ceases to qualify as an AMIT for any given income year, some of the outcomes that would arise for that Fund and investors within that Fund are outlined below:

- The relevant Fund should not be subject to tax provided investors are made presently entitled to all of the income of the Fund; which is the Fund's intention.
- As the investors should be made presently entitled to all of the income of the Fund at least on an annual basis, investors would be subject to tax on their share of the taxable income (including capital gains) of the Fund.
- The Fund will have the ability to reconcile 'under' and 'over' distributions relating to the period when the Fund qualified as an AMIT notwithstanding that it is not an AMIT in the income year the 'under' and 'over' was 'discovered'.
- The AMIT regime allows for an increase or decrease to the cost base of units. However, where the Fund ceases to be an AMIT, unitholders will no longer qualify for a cost base increase where the unitholder's share of the taxable income exceeds the distribution made to the unitholder.

Future taxation changes

The taxation comments above are based on the current taxation laws and practices as at 18 June 2019. Taxation laws in general are subject to reform and it is possible that changes to taxation laws and their interpretation in the future may alter the tax position of the Funds and investors.

We will monitor taxation developments as they arise to ensure that the Funds comply with their taxation requirements. Investors should also monitor tax developments as these may directly or indirectly have an impact on investors.

Collection of Tax File Numbers

Collection of tax file numbers is authorised, and its use and disclosure are strictly regulated, by tax law and the Privacy Act. Where you provide your Tax File Number (TFN) and Australian Business Number (ABN) to us, you acknowledge that we may supply your TFN or ABN, as applicable, to other relevant parties.

Any TFN information supplied on your Application Form will automatically be applied to all future investments in the Funds, unless you inform us otherwise.

We are required to provide you with the following information before you supply your TFN to us.

Your TFN is confidential, and you should be aware of the following details before you decide to provide it:

- If you do provide your TFN to us, it will only be used for legal purposes.
- It is not an offence if you choose not to quote your TFN. However, if you don't provide us with your TFN or claim an exemption, we may be required to withhold tax at the top marginal tax rate (currently 45%) plus levies from your investment income. You may be entitled to claim a tax credit / offset in your personal income tax return for any TFN tax withheld from your distributions.

If you are exempt from providing a TFN, you will need to provide:

- Your full name.
- The code identifying your TFN exemption (where applicable):
  - Pensioner – Pension type and exemption code (if known).
  - Organisation – Not Required to Lodge a Tax Return – 'NIL' and the reason.

If you are exempt from providing your TFN, you will be treated as though you have provided us with a TFN. For more information about the use of TFNs, please contact the Australian Taxation Office.

As individual circumstances differ, the taxation laws will affect individual investors in different ways.
We recommend that you seek your own professional advice on taxation matters.

OTHER THINGS YOU SHOULD KNOW

Accounts and audit

The financial reports for the Funds are prepared annually by the Responsible Entity in accordance with the accounting standards applicable at that time and audited by an independent auditor. Copies of the financial report, directors' report and auditor's report will be sent to investors within three months of the end of June in each year (unless an investor requests not to receive them). They are also available via mercer.com.au/mmf.

Distributions

The distribution period for the Funds is the period ending the last day of June and December each year, with the following exceptions:

- The **Mercer Income Plus Fund** will normally distribute on the last day of every month. Income distributions will be based on estimated distributable income each month and actual distributable income on 30 June each year.
- The following Funds will normally distribute on the last day of March, June, September and December in each year:
  - **Mercer Cash Fund – Cash Units**
  - **Mercer Cash Fund – Term Deposit Units**
  - **Mercer Australian Shares Fund**
  - **Mercer Australian Shares Plus Fund**
  - **Mercer Passive Australian Shares Fund**
  - **Mercer Australian Shares Fund for Tax Exempt Investors.**

A special distribution may be paid outside of schedule if the Responsible Entity determines it necessary as a result of a significant transaction in or out of a Fund. Furthermore, the final distribution for each financial year may be adjusted, where applicable, to correct for any over or under payment of the previous distributions relative to the distributable income for the year. In some cases this may result in non-payment of the final distribution for a particular year.

We will determine the distributable income, which may be positive or negative, of the Funds (or classes thereof) for each distribution period. Investors will be presently entitled to the distributable income referable to the Fund (or Class) in proportion to the number of units held in the Fund (or Class) at the close of business on the last day of the period, regardless of whether or not they were an investor in the Fund (or Class) for the whole of the distribution period.

Where a Fund is an AMIT, the Fund may accumulate or defer the payment of distributable income to which a unit holder is made presently entitled, however, we do not intend to accumulate or defer the payment of distributable income. See the Taxation section of the PDS for relevant Funds with classes of units, which details whether the Fund has made the AMIT multi-class election.

We reserve the right to distribute capital where there is insufficient income in a Fund. This may have an impact on an investor's tax position and the distribution amounts paid by a Fund going forward.

Direct investors

Direct investors may choose to receive their distribution in one of the following ways:

- Reinvested as additional units in the Fund to which the entitlement relates; or
- Deposited directly to a nominated account at a bank, credit union or building society.

Unless you elect to receive your distribution by direct deposit to a nominated account, your distribution will be reinvested in additional units. Reinvested income will be reinvested in the Fund from which the income was distributed, generally using an ex-distribution reinvestment price.

If you choose not to reinvest your income in additional units, then the actual income payments will be made within two months after the end of each accrual period to your nominated bank account.

Indirect investors

Indirect investors should refer to the offer document (e.g. product disclosure statement) for their Service for details of distributions.

Units and unit pricing

What are units?

Direct investors are entitled to a beneficial interest in the Fund in respect of which they hold units. Each unit confers an equal and undivided interest in the assets of the corresponding Fund as a whole, not in parts or single assets.

Each time a payment is made into a Fund, units are issued by us at the issue price for the Fund or Class. Similarly, when payments are made from a Fund or Class, units are redeemed by us at the withdrawal price.

Please note the Responsible Entity:

- May, in its absolute discretion, accept or reject all or part of an application for units in any of the Funds (including Classes thereof).
- Can only allocate units when it receives all the information necessary to process an application.

- May suspend the withdrawal of units in certain circumstances. See *Suspension of units* on page 28 of this Booklet for details.

How and when are unit prices calculated?

The unit price of each Fund or Class is calculated each business day by us, although we may calculate prices more or less frequently when appropriate. Unit prices may rise or fall depending on fluctuations in the underlying value of the investments in each Fund or Class.

Unit prices are calculated to the fourth decimal place. A fractional unit has a value equal to the proportion that it bears to a whole unit. The net asset value of a Fund or Class reflects the value of the underlying assets of that Fund less any liabilities (including expenses) related to that Fund or Class.

Where the amount ascertained by the allocation or withdrawal of units does not exactly equal the amount received or to be paid, then we may issue or redeem a fractional unit equal to the proportion of a whole unit that is outstanding.

The issue price and withdrawal price of a whole unit reflects the net asset value of the a Fund or Class, divided by the number of units on issue at the relevant time for that Fund or Class. In determining the unit prices, a notional allowance may be made for any applicable buy/sell spread and / or any applicable disposal costs. See *Buy and sell spreads* in the PDS.

Under the Constitution of each Fund, the Responsible Entity (or its nominee) has certain discretions in calculating unit prices. We have a documented policy relating to the exercise of these discretions.

Transfers of units

Units may be transferred to another eligible investor. To do so you must lodge an executed transfer form that has been duly stamped with the Responsible Entity for registration. Registration of the transfer is at our discretion and a transfer is not effective until registered. We do not currently charge a transfer fee.

How are assets valued?

Unless we determine otherwise, the underlying assets of the Funds will be valued at their market value. The valuation methods and policies used result in the calculation of a unit price that is independently verifiable.

Asset valuations are to be consistent with Australian accounting standards and generally accepted accounting principles:

- For unitised investments assets valuations are to be based on the latest unit prices available.
- For non-unitised investments the latest available valuation is to be used to the extent it is consistent with the Responsible Entity's expectations and the Custodian's valuation policies.
- For assets valued in another currency, the exchange rate used to convert the value to Australian dollars is based on the latest exchange rate for the relevant currency.

The valuation methods and policies used result in the calculation of a unit price that is independently verifiable.

The Responsible Entity's Unit Pricing Policy documents contingency arrangements for situations where the fair value of assets cannot be determined.

Continuous disclosure

If a Fund becomes a disclosing entity under the Corporations Act 2001, it will be subject to regular reporting and disclosure obligations. Generally, a Fund will be a disclosing entity when it has 100 members or more. At the date of this Booklet, none of the Funds are a disclosing entity.

If a Fund becomes a disclosing entity, copies of the following documents can be obtained from us free of charge:

- The most recent annual financial report lodged with ASIC.
- Any continuous disclosure notices given by the Responsible Entity after the lodgement of the annual financial report but before the date of the PDS.

If a Fund becomes a disclosing entity it will satisfy its continuous disclosure obligations by lodging the required notices with ASIC. In addition, copies of documents lodged with ASIC (including any continuous disclosure notices) in relation to a Fund may be obtained from, or inspected at, an ASIC office.

Constitution

Each Fund was established and operates under its own respective Constitution, which may be amended from time to time. The Constitution of a Fund together with the Corporations Act 2001 (Cth) determines our relationship with investors of the Fund. You can obtain a copy of any of the Constitutions, free of charge, by calling 1300 728 928.

Each Fund's Constitution contains full details of the rights and obligations of investors and the Responsible Entity. The Constitutions are lodged with ASIC.

Amendment of the Constitution

From time to time it may be necessary to amend the provisions of one or more of the Constitutions. Each Fund's Constitution can be amended by a special resolution of the Fund's investors or by the Responsible Entity, where it reasonably considers that the change will not adversely affect investors' rights.

Responsible Entity powers and responsibilities

The Responsible Entity is responsible for:

- Ensuring investors' rights and interests are protected.
- The proper investment of assets.
- The general operation of each Fund in accordance with its Constitution and the law.

The Responsible Entity has power to invest the assets of the Funds in property and any rights of any kind and has the power to borrow money, although it is not its intention, at the date of this Booklet, to do so.

Where it is in the interests of investors for the Responsible Entity to conduct an in-specie transfer, the Responsible Entity is permitted to recover the expenses associated with such a transfer from the assets of the relevant Fund or to pass those costs on to the transacting investor, unless otherwise agreed.

The Responsible Entity is able to hold units in the Funds as long as it continues to act in the best interests of investors. The Responsible Entity has appointed an independent custodian to provide a range of services including holding the assets of each Fund.

The Responsible Entity pays itself a fee out of the investment management fee charged to investors. Please refer to the *Investment Management Fee* section on page 11 for more details.

Responsible Entity's indemnity

The Responsible Entity is entitled to be indemnified out of the assets of each Fund for liabilities or expenses incurred in administering that Fund unless those liabilities or expenses have arisen out of the Responsible Entity's failure to properly perform its duties.

Service providers to the Responsible Entity

The Responsible Entity can appoint service providers to assist in running the Funds. The main service providers are the custodian as well as the various investment managers.

The custodian provides a range of services including:

- Custody for certain assets where they are not held directly by the Responsible Entity
- Fund administration services, such as unit pricing and unit registry services
- Services relating to its role as the securities lending agent for the securities lending program.

The ongoing fees and costs payable to the custodian in relation to a particular Fund are payable out of the expense allowance for that Fund, where they do not form part of the transactional and operational costs. See the *Additional explanation of Fees and Costs,* which starts on page 11 for further details.

Changing the Responsible Entity

The Responsible Entity may retire or be removed pursuant to an extraordinary resolution passed at a meeting of investors called in accordance with the requirements of the Corporations Act 2001 (Cth).

Conflicts Management Framework

When the Responsible Entity transacts with a related party, it takes steps to ensure that any conflicts that may arise as a result are dealt with in accordance with Mercer (Australia) Pty Ltd's Conflicts Management Framework ('Framework'). This Framework outlines the systems, structures, processes and controls for the identification, assessment, disclosure, mitigation, monitoring and management of conflicts.

The Framework encompasses:

- A conflicts management policy that establishes our approach for the proper identification, assessment, management, monitoring and reporting. It includes processes for the development and maintenance of conflicts registers.
- Conflicts management plans that identify actual and potential conflicts and include actions to be taken to avoid, assess, disclose and manage these conflicts should they arise.
- A related party transaction policy.
- Defined roles and responsibilities in relation to the management of conflicts.
- Reporting and delegation lines for conflicts of interest within the Framework.
- Conflict registers.

Also see *Disclosure of interests and related party transactions* below.

Disclosure of interests and related party transactions

The interests of the Responsible Entity and other persons named in this Booklet and details of related party transactions are as follows:

- The Responsible Entity is paid an investment management fee for managing the Funds. This fee is included in the investment management fee disclosed in the relevant PDS.
- The Responsible Entity may invest Fund assets in other funds managed by the Responsible Entity or in funds managed by other Mercer entities. The investment fees payable to the Responsible Entity or other Mercer entities, if any, are included in the investment management fee disclosed in the relevant PDS. There are no additional fees payable.
- All investments made by the Responsible Entity in other funds managed by the Responsible Entity or in funds managed by other Mercer entities are made on usual commercial terms and on an arm's length basis or on terms that are less favourable to the related company.
- The Responsible Entity is entitled to be indemnified and reimbursed out of Fund assets for liabilities and expenses incurred in the proper performance of its duties in accordance with the provisions of each Fund Constitution. These expenses are disclosed in the PDS for each Fund and further described in the *Indirect Costs* section on page 11 of this Booklet.
- Mercer (Australia) Pty Ltd provides staff and other resources to the Responsible Entity via internal resourcing arrangements that are paid for by the Responsible Entity out of its investment management fee.
- Mercer Outsourcing (Australia) Pty Ltd (MOAPL) provides certain cash management services to the trustee in relation to cash accounts held under investment management agreements to maximise the interest earned. MOAPL is paid a fee out of Fund assets for the provision of these services. All services are provided and fees paid are made on usual commercial terms and on an arm's length basis.
- In addition to acting as Responsible Entity of the Funds, Mercer Investments (Australia) Limited conducts an investment consulting business and in this capacity provides certain specialised services to the Funds, including:
  - Specialised asset consulting advice
  - Monitoring and oversight services in relation to custody, fund administration and the securities lending program
  - Operational risk assessment reports
  - Transition management services.

  Mercer Investments (Australia) Limited, which includes Mercer Sentinel, is paid a fee out of Fund assets for the provision of these services. All services are provided on usual commercial terms and on an arm's length basis. Where these fees are paid out of Fund assets they are included in the Indirect Costs disclosed in the *Fees and costs* section of the relevant PDS.

Compliance plans

We are required to prepare a compliance plan for each Fund, which describes the procedures the Responsible Entity applies in operating the Fund to ensure compliance with the Corporations Act 2001 (Cth) and the Fund's Constitution.

Termination of the Funds

Each Fund will continue for 80 years (less one day) from the relevant Fund's commencement date, unless terminated earlier under the provisions of the Constitution or under certain provisions of the Corporations Act 2001 (Cth).

Upon termination, the Responsible Entity must give each investor written notice of the termination and realise the property of the terminated Fund, discharge all liabilities, pay the expenses of termination and then, subject to meeting the requirements of the Corporations Act 2001 (Cth), distribute the balance to investors in proportion to the number of units held by them at the date of distribution.

Rights of investors

Direct investors

Direct investors are entitled to a beneficial interest in the Fund(s) in respect of which they hold units. Each unit confers an equal and undivided interest in the assets of the corresponding Fund as a whole, not in parts or single assets. However, investors are not entitled to interfere with, or exercise, the powers of the Responsible Entity in respect of any of the Funds' property, liability or obligation to lodge a caveat over the Funds' property.

The rights of direct investors include:

- To have units allocated to, and redeemed from, their unit holding subject to any restrictions contained in the Constitutions.
- To participate in the distribution of income of the Fund(s) in which they are invested.
- To participate in the distribution of assets on the winding up of the Fund(s) in which they are invested.
- To receive various information concerning their interest in the Fund(s) in which they are invested and the Fund(s) in general.
- To requisition and vote at meetings of investors.

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Indirect investors

Indirect investors do not have the rights of a direct investor. For example, you cannot vote at meetings of investors.

Liability of investors

The Constitution of each Fund limits the rights of the Responsible Entity and any creditors of the Fund to seek indemnity from an investor beyond the extent of the Fund's property. However, investors should be aware that the effectiveness of such clauses is yet to be finally determined by the Courts. The Constitution of each Fund gives the Responsible Entity powers to recoup money from the Fund's assets in relation to your taxation liabilities and any other payment expenses.

Meetings of investors

We may call meetings of investors. At least 21 days notice must be given to all investors before a meeting.

Direct investors

You are entitled to attend a meeting in person or by proxy. Resolutions passed at a meeting at which a quorum of investors is present are binding on you, whether or not you attend.

Indirect investors

Your Service Provider is entitled to attend a meeting in person or by proxy. Resolutions passed at a meeting at which a quorum of investors is present are binding on investors, whether or not they attend.

Privacy information

Direct investors

We set out below the types of information we hold about direct investors and how we will deal with that information.

By investing in the Mercer Multi-Manager Funds (the Funds), you consent to the manner in which we collect, disclose, use and hold your personal information. If you don't provide us with your personal information, we may not be able to process your investment. Typically this includes your name, address, date of birth, telephone number, email address and tax file number.

This information is collected, used and disclosed to enable you to invest and so that we can properly manage your investment and provide you with information about your investment. If you have any concerns about the completeness or accuracy of the personal information we have about you or would like to amend or access your personal information, you can contact us by calling 1300 728 928.

Personal information is collected from you at the time you make an investment and may be disclosed to the Funds' custodian, professional advisors, other companies related to the Responsible Entity that provide services and or resources to the Responsible Entity, government bodies and other parties as required by law (e.g. the Australian Tax Office or the Australian Transaction Reports and Analysis Centre (AUSTRAC)) and other service providers used by the Responsible Entity to assist us to manage your investment.

Your personal information may also be used for marketing and research purposes including sending you information about financial products and services offered by us or any of our related parties. You can notify us at any time (by contacting us on 1300 728 928) if you do not wish to receive marketing material.

The Mercer (Australia) Pty Ltd Privacy Policy sets out in more detail:

- How we collect, use and disclose your personal information.
- Who you need to contact if you wish to review your personal information, if you believe the information is incorrect and needs correcting, or if you believe we have not dealt with your personal information in accordance with the law or Mercer's Privacy Policy.
- How you can make a complaint and how that complaint will be handled.

In providing and managing your investment your personal information may be stored, disclosed or viewed by service providers in another country. Mercer's Privacy Policy will include information regarding any relevant offshore locations, if applicable in the future.

Indirect investors

We will not receive or hold any personal information about indirect investors investing via a Service.

Material changes or significant events

Direct investors

All material changes or significant events will be advised in accordance with the requirements of the law.

Direct investors will be provided with at least 30 days' notice of any proposed increases in fees.

If the change or event is not an increase in fees, then notice must be given before the change or event occurs or as soon as practicable within three months after the change or event occurs. However, if the change or event is not adverse to existing investors' interests and we believe that investors would not be reasonably concerned about the delay in receiving the information, then notice may be provided within 12 months after the change or event occurs.

Generally, such notices will be provided to direct investors by email, by an attachment to, or link within, an email or via the Annual Report.

You can obtain up to date information at any time by visiting mercer.com.au/mmf or calling 1300 728 928.

Indirect investors

Indirect investors will be provided with information about their investment by their Service Provider.

Monitoring enquiries

We may, at our discretion, monitor or record enquiries or transactions made by telephone. This is done for reasons of accuracy, security and service.

Conditions of use for fax instruction service

We offer a fax instruction service which allows investment instructions to be sent via fax.

It is a condition of investing in the Funds that investors release and indemnify the Responsible Entity, and any service providers appointed by the Responsible Entity, against all losses, damages and liabilities arising from any payment made or action taken based on any fax instruction received which contains the correct account name and a signature which appears to be that of the account holder or that of an authorised signatory of the account, even if it turns out that it was not genuine.

Investors in the Funds must also agree that neither they nor anyone claiming through them has any claim against the Responsible Entity or its service providers in relation to these payments or actions.

As there is a risk of fraudulent fax withdrawal requests by someone who has access to investor number and signature details, investors should exercise caution.

The Responsible Entity reserves the right to add additional requirements to these fax conditions at any time.

Anti-Money Laundering and Counter-Terrorism Financing legislation

Under Anti-Money Laundering and Counter-Terrorism Financing legislation we are required to:

- Collect and verify identification documents to confirm your identity and the identity of beneficial owners (for non-individual investors) at the time of your initial investment.
- Collect investor identification information before processing certain transactions, including withdrawals.
- Monitor, mitigate and manage the risk of being involved in, or facilitating, money laundering or the financing of terrorism.
- Establish the source of funds/wealth being invested and potentially, collect and verify the source of funds (payslips, probate, contract of sale etc).

When we receive a properly completed Application Form we must collect identification documents to verify the identity of investors. This requires each investor to provide the identification documents as set out within the Application Form.

We will not process a transaction if the required identification information is not provided or if we are concerned that a transaction may breach or cause us to breach any requirement under the Anti-Money Laundering and Counter-Terrorism Financing legislation.

Foreign Account Tax Compliance Act (U.S. Citizens)

The Foreign Account Tax Compliance Act (FATCA) is a set of U.S. regulations intended to prevent tax evasion through the use of offshore accounts by U.S. citizens. The Funds are Foreign Financial Institutions (FFIs) and are therefore required to comply with FATCA.

In order for the Responsible Entity to meet compliance obligations, certain U.S. persons must furnish appropriate documentation certifying their U.S. or non-U.S. tax status, together with such additional information as the Responsible Entity may from time to time request. Failure to provide requested information may subject that U.S. person to a 30% withholding tax on distributions.

Common Reporting Standards (Other Offshore Residents)

The Australian Government has implemented the OECD Common Reporting Standard ('CRS') for the automatic exchange of financial account information, which takes effect from 1 July 2017.

As with the FATCA regime described above, CRS requires banks and other financial institutions to collect and report the financial account information of non-resident investors to the Australian Taxation Office (ATO). The ATO may then provide this information to the participating foreign tax authorities of those non-residents.

FATCA and CRS do not affect investors who are classified as Australian resident investors for taxation purposes.

MERCER

Cooling-off

Cooling-off refers to a right to cancel your investment in the Fund(s) within certain timeframes, as set out below.

Direct investors

If you are entitled to cooling-off, then you have 14 days during which you can write to us to cancel your investment in the Funds. This is called the 'cooling-off' period. The 14 day period starts from the earlier of the date you receive our letter confirming your unit holding or five days after you become an investor. You will lose your right to cooling-off if you exercise any other right under this product within the 14 day period.

If you cancel your unit holding during the cooling-off period, your investment will be refunded. The amount refunded will be calculated by reference to the price at which the units would have been acquired if you had acquired them on the day the cooling-off right is exercised, adjusted for fees and reasonable transaction or administration costs. Therefore, the amount refunded may be greater or less than the amount initially paid.

Cooling-off rights will not apply if a Fund is non-liquid (as defined by the Corporations Act) or when units are issued as a result of additional contributions, investment income distributions, or management fee rebates.

Indirect investors

You should refer to the offer document (e.g. product disclosure statement) for your Service and/or any other offer documents applicable to your Service for details of any cooling off rights you may have in respect of your investment.

Enquiries and complaints

We have a process in place for dealing with any enquiries or complaints you may have. If you have an enquiry or complaint you can write to:

Mercer Investments (Australia) Limited
GPO Box 9946
Melbourne VIC 3001

Or call us on 1300 728 928.

We will acknowledge a complaint within 14 days and will communicate our decision to you within 45 days.

We seek to resolve any complaints to the satisfaction of all concerned and in the best interests of the investors of each Fund.

If an issue has not resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority ('AFCA'). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

You can contact AFCA via:

Website: www.afca.org.au

Telephone: 1800 931 678 (free call)

Mail: Australian Financial Complaints Authority,
GPO Box 3,
Melbourne VIC 3001

HOW TO INVEST AND TRANSACT ON YOUR ACCOUNT

This section contains information for direct and indirect investors on how to invest and transact on your account. It covers:

- How to make an initial investment (this page).
- Additional investments (page 26).
- In-specie transfers (page 26).
- How to transfer your investment to another Mercer Multi-Manager Fund (page 27).
- Withdrawal payments (page 27).

How to make an initial investment

Indirect investors

You will need to direct your Service Provider to buy units in one or more of the Funds on your behalf. To do so, you will need to complete the forms or documents your Service Provider requires. There may be a delay between the time you provide your direction and payment to the Service Provider and when it invests in the Fund(s).

We may accept or reject all or part of an application for units made on your behalf by your Service Provider.

Direct investors

The minimum initial investment is typically $100,000. However, we may accept investments less than the minimum amount and we may accept or reject all or part of an application for units made by you.

Step 1 – Application form

To make an initial investment (apply for units) in one or more of the Mercer Multi-Manager Funds, you will need to complete the relevant sections of the **Application Form** (available at mercer.com.au/mmf).

The Application Form and supporting identification documents should be sent by mail to:

Mercer Investments
GPO Box 804
Melbourne VIC 3001

Applicants should ensure they provide the necessary supporting documents with their application. See the Application Form for full details. Under the relevant legislation, your money cannot be invested until your identity has been confirmed. See *Anti-Money Laundering and Counter-Terrorism Financing legislation* on page 23 for more information.

Step 2 – Initial investment monies

You can make your initial investment by a transfer of money into the Fund's bank account via Electronic Funds Transfer, direct credit or RTGS. Bank account details are provided below.

BANK DETAILS FOR ELECTRONIC PAYMENTS

Bank:	HSBC
BSB:	342-011
Account No:	541042001
Reference:	Investor number (or full name if investor number not yet issued).

If you plan to electronically transfer monies to the Fund's bank account, please provide us with written confirmation of the amount to be transferred on or before the time of the transfer taking place.

Transaction cut off times

Where a properly completed Application Form together with any required and correctly endorsed identification documents are received (together with transferred funds confirmed as cleared funds on that business day) by us:

- Before 3:00pm Melbourne time on a business day*, the unit price used will generally be that applicable at the close of business that day.
- On or after 3:00pm Melbourne time on a business day, it will be processed on the next business day.

* Business day is defined in the *Glossary* (page 29).

Please see *Transactional and operational costs* in the relevant PDS(s) for information on the effect of the buy spread on payments into the Fund(s).

Pending applications

Application monies will be held in the Fund's bank account for up to one month pending receipt of a properly completed Application Form and identification documents (where required).

Where application monies are pending receipt of a properly completed Application Form after one month of receipt, we will seek to return the application monies to the sender along with any bank interest earned.

Additional investments

The Responsible Entity may, in its absolute discretion, accept or reject all or part of an application for units made by you or on your behalf by your Service Provider.

Please see *Buy-sell spreads* in the *Fees and costs* section of the PDS for information on the effect of the buy spreads on payments into the Funds.

Indirect investors

You will need to direct your Service Provider to apply for additional units in a Fund on your behalf. To do so, you may need to complete the forms or documents your Service Provider requires. You should be aware that there may be a delay between the time you provide your direction and payment to the Service Provider and when it invests in a Fund.

Direct investors

You can apply for additional units in a Fund by submitting a properly completed **Additional Investment Form** available at mercer.com.au/mmf or by contacting us on 1300 728 928.

Additional investment applications are subject to a minimum investment amount of $5,000. However we may accept investments lower than the minimum amount.

Additional investments will be made on the terms of the then current PDS. You should obtain and read a copy of the current PDS before making any additional investments into the Funds. Copies of the current PDS can be obtained via mercer.com.au/mmf or by calling us on 1300 728 928.

You may pay the additional investment to us either by a transfer of money into the relevant Funds' bank account via Electronic Funds Transfer, direct credit or RTGS. Use your Investor Number as the reference in the payment description. Payment details are provided on page 25.

The additional investment request should be sent via fax or mail.

Email:
mercer_transactions@unitregistry.com.au

Fax: 1300 080 805

Mail: Mercer Investments
GPO Box 804
Melbourne VIC 3001

By submitting an additional investment request in the above manner, you agree and acknowledge that:

- You have received, read and agreed to be bound by the terms of the then current PDS.
- Your personal information will be handled by the Responsible Entity to provide and manage your investment and you consent to your personal information being handled in the manner disclosed in the PDS.
- You will be bound by the provisions of the Constitutions which govern the operation of the relevant Funds you are investing in.

Transaction cut off times

Additional investments are subject to the same transaction cut-off times as initial investments, as set out on page 25.

Pending additional investments

An additional investment may be held in the relevant Fund's bank account for up to one month pending receipt of a properly completed additional investment request. In the event a properly completed additional investment request is not received after one month any bank interest earned will be returned to the sender with their application monies.

Netting-Off

We can apply discretion to meet application or withdrawal requests received by wholly or partially netting-off buyers of units with sellers of units. Any netting-off of applications or withdrawals will be applied on a 'best endeavours' basis only and we do not guarantee that an investor will be able to apply or withdraw from the Fund ahead of the withdrawal transaction terms outlined above.

Any netting of units from a seller to buyer will be done at the unit price available at the time of the transfer. The issue and withdrawal prices of a unit may be adjusted by a transaction cost allowance (i.e. buy or sell spreads) where applicable. The Responsible Entity's role in any netting of units will be strictly limited to the operational implementation of the netting-off process.

In specie transfers

Any costs associated with an in-specie transfer, including any stamp duty and government charges, will be borne by the investor requesting the transfer.

Indirect investors

You should refer to the product disclosure statement for your Service and/or any other offer documents applicable to your Service for details of whether in specie transfers are permitted. If in specie transfers are permitted, then any in specie transfer from another investment vehicle will need to be agreed between your Service Provider and us.

Direct investors

If you wish to arrange an in specie transfer of assets from another investment vehicle, please write to us with the details or contact us on 1300 728 928.

Investing in another Mercer Multi-Manager Fund

A request to transfer from one Mercer Multi-Manager Fund to invest in another Mercer Multi-Manager Fund will be processed as a withdrawal and subsequent application. Any transfer of investments between Funds will be made in accordance with the terms of the then current PDS for the Fund(s) that you are investing into. You should obtain and read a copy of the current PDS(s) by calling us on 1300 728 928 or visiting mercer.com.au/mmf.

Indirect investors

If your Service Provider offers a switching facility, to switch between Mercer Multi-Manager Funds available via your Service, you will need to contact your Service Provider and complete any forms or documents they require. Your Service Provider will then lodge a switching request with us. Generally, the Responsible Entity will send a transaction statement to your Service Provider within one month from the date it accepts or rejects the switching request.

Direct investors

To transfer your investment between Mercer Multi-Manager Funds you need to complete the **Withdrawal Form** and **Application Form** available via mercer.com.au/mmf or by calling 1300 728 928.

Withdrawal payments

Generally, a withdrawal request will be completed within ten business days. However, the Constitutions permit us to take up to:

- 21 business days to satisfy a withdrawal request for each class of units in the **Mercer Socially Responsible Global Shares Fund**
- 40 business days to satisfy a withdrawal request for all other funds listed on page 2;

and to extend this period if appropriate.

In the event that any of the Funds become non-liquid (as defined in the Corporations Act 2001 (Cth)) investors will only be able to make a withdrawal from that Fund if the Responsible Entity chooses to make a withdrawal offer to investors in accordance with the requirements of the Corporations Act 2001 (Cth).

The information below on *Transaction cut-off times* and the *Suspension of units* applies to both direct and indirect investors.

Indirect investors

To withdraw all or part of your investment in a Fund, you will need to contact your Service Provider and complete any forms or documents they require. Your Service Provider will then lodge a withdrawal request with us to redeem units from the Fund on your behalf.

Direct investors

You may withdraw all or part of your investment in the Fund(s) by lodging a properly completed **Withdrawal Form** via:

Email:
mercer_transactions@unitregistry.com.au

Fax: 1300 080 805

Mail: Mercer Investments
GPO Box 804
Melbourne VIC 3001

The **Withdrawal Form** is available at mercer.com.au/mmf or by contacting us on 1300 728 928.

Withdrawals are subject to a minimum withdrawal of $2,500 being made. If requesting a full withdrawal from all Funds, we will also treat your withdrawal request as a request to close your investment account.

Transaction cut off times

If your withdrawal request, including all necessary information and appropriate authorised signatures, is received:

- Before 3:00pm Melbourne time on a business day, the unit price used for the withdrawal will generally be that applicable at the close of business that day. That is, the unit price used will not be available at the time the Responsible Entity receives and validates your request.
- On or after 3:00pm, it will be processed on the next business day.

Where there are insufficient funds to meet the request in the Fund's bank account, the Responsible Entity will take appropriate action (e.g. redeem investments) to create sufficient funds. In such cases the Responsible Entity reserves the right to process the withdrawal using the unit price applying at a later date where it would otherwise prejudice the interests of other investors.

Suspension of units

We may suspend the withdrawal of units in respect to any Fund if in the opinion of the Responsible Entity:

- It is, for any reason, impracticable for the Responsible Entity to calculate the withdrawal price of the units of that Fund due to trading restrictions, or because of an event outside the reasonable control of the Responsible Entity, or because of the requirements of any law.
- There would be insufficient cash retained in the assets of the Fund after complying with the withdrawal request to meet other liabilities and in its opinion, it is not in the interest of investors for any assets to be sold in order to satisfy a withdrawal request.
- It is unable to realise sufficient units of the underlying assets of the Fund at an appropriate price or on adequate terms or otherwise due to one or more circumstances outside its control.
- It considers that it is in the interests of investors of that Fund to suspend the withdrawal of units.

Any unsatisfied withdrawal requests received by us before or during any period of suspension will be taken to have been received by us on the business day after the end of that period of suspension.

GLOSSARY

Active management

Active management is based on the belief that securities are not efficiently priced, allowing skilled active managers to identify superior investment opportunities and outperform the market.

Alternative assets

Alternative assets comprise of investments that do not fit within other asset classes. They may include investments in hedge funds, private equity, mezzanine debt and insurance linked strategies.

Australian shares

Investments in Australian companies listed on the Australian Stock Exchange (ASX) or equity based trusts, derivatives or unlisted Australian based equity type investments. It may include a small exposure to companies listed outside the ASX.

Business day

Any day other than a Saturday or Sunday on which banks are open for business generally in Melbourne.

Defensive fixed interest and cash

Defensive fixed interest investments generally provide a regular income stream with the repayment of capital expected at the end of the term. These investments are predominantly invested in highly rated sovereign bond issuers in developed markets or highly rated investment grade corporate issuers.

Cash includes short-term interest bearing investments and fixed term interest bearing investments.

Defensive investments

Defensive investments tend to produce lower but more stable long-term returns than growth investments. Defensive investments include:

- Cash
- Defensive fixed interest
- Growth fixed interest – 50% of any allocation to growth fixed interest is classified as a defensive investment
- Direct property – 50% of any allocation to direct property is classified as a defensive investment
- Unlisted infrastructure – 30% of any allocation to unlisted infrastructure is classified as a defensive investment
- Hedge funds and diversified growth funds – 50% of the allocation is classified as a defensive investment.

Direct investor

Direct investors hold units directly in a Fund and are entitled to a beneficial interest in the Fund in which they hold units.

Diversified funds

Diversified funds invest in more than one asset class. They may also be referred to as multi-sector funds.

Enhanced passive management

Where Mercer selects investment managers to invest a Fund's assets using a predominantly passive approach, with some active management within certain asset classes or sectors. Where an active approach is taken, typically more than one manager will be appointed in an asset class. The investment manager panel is configured to achieve lower cost access to a diversified portfolio consistent with the return objective.

Growth/defensive split

For the diversified funds, we have split the asset allocation between 'growth' and 'defensive' asset classes. The Growth/defensive split for each diversified fund is shown in the relevant PDS.

Growth fixed interest

Growth fixed interest investments target a higher return by investing in issuers that may carry a higher degree of credit risk or illiquidity relative to defensive fixed interest and cash investments.

Generally the exposures will be to non-investment grade corporate bond issuers, or sovereign bond issuers in emerging markets, which may also carry emerging market currency risks.

Growth investments

Growth investments have the potential to grow over the long-term but are also likely to experience volatility (ups and downs) in performance from year to year. Growth investments include:

- Australian shares
- International shares
- Listed property
- Listed infrastructure
- Unlisted infrastructure – 70% of any allocation to unlisted infrastructure is classified as a growth investment

- Direct (unlisted) property - 50% of any allocation to direct property is classified as a growth investment
- Alternative assets, including:
  - Natural resources and private equity
  - Hedge funds and diversified growth funds - 50% of any allocation is classified as a growth investment
- Growth fixed interest - 50% of any allocation to growth fixed interest is classified as a growth investment.

Hedging

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

Indirect investor

An indirect investor has exposure to the Fund via a Service such as an Investor Directed Portfolio Service (IDPS) or IDPS-like scheme.

International shares

Investments in companies listed on securities exchanges around the world. These investments may be hedged or unhedged to manage movements in exchange rates, which can have an impact on the value of investments (up or down).

Investments in international shares may be in:

- Developed markets, which are those countries that are among the most sophisticated in terms of economy and capital markets.
- Emerging markets, which includes countries that typically have a lower standard of living and less developed infrastructure and financial markets.

Minimum investment timeframe

This is the minimum time an investor should generally consider holding an investment in a Fund in order to achieve investment outcomes consistent with the Fund's objectives. This is a guide only.

Multi-manager

Where more than one investment manager is appointed to manage a Fund's assets.

Passive management

Passively managed funds are those that buy every security in an index, in the same weightings as they are represented in the relevant index.

Real assets

Real assets include investments in property, infrastructure and natural resources such as timber. These assets may be Australian or international and listed or unlisted.

Property investments include, but are not limited to, office buildings, shopping centres, and industrial estates.

Infrastructure investments are investments in long-term assets required for major economic and social needs such as airports, tunnels, bridges, toll roads, pipelines and utilities.

Responsible Entity

Responsible Entity means Mercer Investments (Australia) Limited and is referred to as the 'Responsible Entity', 'MIAL', 'we', 'us' or 'our' throughout this Booklet unless the context otherwise requires.

Service

An Investor Directed Portfolio Service (IDPS) or IDPS-like scheme.

Service Provider

A Service Provider is the Investor Directed Portfolio Service (IDPS) or IDPS-like service entity that invests on behalf of indirect investors. The Service Provider for an indirect investor holds units in the Fund or Class on their behalf.

Standard risk measure

The standard risk measure is a standardised investment industry guide to assist investors to compare investment funds that are expected to deliver a similar number of negative annual returns over any 20 year period.

CONTACT US:

Mercer Investments (Australia) Limited
GPO Box 9946
Melbourne VIC 3001