

ANNUAL REPORT TO INVESTORS

MERCER SUPER INVESTMENT TRUST

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2012



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About this annual report

Mercer Investments (Australia) Limited (MIAL) ABN 66 008 612 397, Australian Financial Services Licence #244385, Registrable Superannuation Entity (RSE) Licence #L0003421 is the trustee of the Mercer Super Investment Trust, (ABN 78 433 715 831, RSE Registration #R1067095) and the issuer of this Annual Report and a wholly owned subsidiary of Mercer (Australia) Pty Ltd (Mercer) ABN 32 005 315 917.

The Mercer Super Investment Trust is a 'pooled superannuation trust' as defined under the Superannuation Industry (Supervision) Act 1993 (SIS).

The Mercer Super Investment Trust is referred to as the 'Mercer Super Investment Trust' or the 'Trust' throughout this Annual Report.

MIAL is referred to as 'Trustee', 'we' or 'us' throughout this Annual Report.

To invest in the Mercer Super Investment Trust, you will need to complete an application form included in, or accompanying, a current Mercer Super Investment Trust Product Disclosure Statement (PDS) which is issued by, and available from, MIAL.

The information contained in this Annual Report includes general product advice which has been prepared without taking into account the personal objectives, financial situation or needs of individual investors. You should consider these matters, read the current Mercer Super Investment Trust Product Disclosure Statement and obtain personal financial advice from a licensed, or appropriately authorised, financial adviser before making a decision concerning your super.

The value of investments in the investment options may rise and fall from time to time. Neither MIAL, Mercer, any entities within Marsh & McLennan Companies Inc, nor any of the investment managers, guarantees the investment performance, earnings or returns of capital invested in any of the investment options described in this Annual Report.

The investment returns shown in this Annual Report do not take into account the unique characteristics that apply to each investor (such as timing of cashflow). As a result, the actual investment returns applying to a particular investor may differ from the investment returns shown. You should also remember that past performance should not be relied upon as an indicator of future performance.

MIAL, as trustee of the Mercer Super Investment Trust, provides you with this Annual Report for the 2011/2012 financial year (1 July 2011 to 30 June 2012).

Trustee's investment philosophy and approach

The Trustee has put together a range of investment options that utilises a 'multi-manager' investment approach. In the following sections we describe this approach in more detail.

Investment philosophy

The trustee's investment philosophy is to take full advantage of investment opportunities appropriate to an investor's risk profile by diversifying across asset classes and investment styles, and is implemented in a manner that aims to maximise investment efficiency. The trustee believes that appropriate combinations of specialist asset-class investment managers can generally be expected to result in consistent, above average performance over time.

The Mercer investment options have been developed to be consistent with this philosophy and the thinking and research of the trustee's appointed fund manager, Mercer Investment (Australia) Limited (MIAL), into best practice for institutional investment strategies.

Investment approach

Under a multi-manager approach, specialist managers are appointed to invest assets in each asset class or sector. More than one manager may be appointed in an asset class to provide diversification. The underlying investment manager panels may be configured to achieve exposure to a range of investment management styles, with the overall objective of producing consistent performance throughout market cycles.

Growth Defensive Enhanced (GDE) process

Multi-sector portfolios have traditionally split asset allocations across 'growth' and 'defensive' asset classes. Asset classes are often thought of as being entirely 'growth' or 'defensive' in nature.

But the underlying characteristics of asset classes can change as investment markets evolve. Over the last decade several new forms of investment have been developed that incorporate a mix of both growth and defensive qualities.

Recognising that some investments do not fit neatly within either growth or defensive asset classes, and to better measure portfolio risk, the trustee has adopted the 'Growth Defensive Enhanced' (GDE) process developed by MIAL.

The GDE process has been applied to the Mercer investment options. The GDE process allocates each asset class according to its share of growth and defensive characteristics.

MIAL uses several measures to assess where an asset class sits on the growth defensive spectrum, including absolute risk, long term correlation with shares and maximum potential drawdown risk.

The absolute risk of an asset class is based on historical performance volatility, relative to other asset classes.

The long term correlation of each asset class to shares helps determine whether the asset class has positive diversification benefits within a portfolio structure.

The maximum potential drawdown risk, as guided by historical experience, assesses the maximum likely fall for each asset class, measured on a 'peak to trough' basis.

Based on the above measures, assets are classified as being of a growth or defensive nature, or as comprising a mixture of both.

The table below shows the classifications applied using the GDE process.

Asset Class	Growth	Defensive	May be a mixture of Growth and Defensive
Shares	√		
Listed Property	√		
Unlisted Property			√
Listed Infrastructure	√		
Unlisted Infrastructure			√
Natural Resources			√
Alternative Assets			√
Sovereign Bonds		√	
Inflation Linked Bonds		√	
Global Credit			√
Cash		√	
Opportunistic			√

Selecting and monitoring investment managers

Mercer's Investment Strategy Team provides the trustee with a comprehensive investment service including managing the selection, appointment, replacement and ongoing evaluation of investment managers. They also review and report on investment manager performance against investment objectives using sophisticated measurement and analytical tools. These tools complement qualitative research performed into the operations of investment managers. The research helps determine whether an investment manager offers a sustainable competitive advantage.

Details of the investment managers are provided on page 9-11 of this Annual Report. We can send you a copy of the updated information free of charge on request.

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

Investment option objectives

For each investment option, the trustee has determined a strategy which it believes is reasonably likely to enable the option to meet its objectives. The strategy includes the selection of a long-term mix of investments (asset classes) that supports the option's objectives. This mix is chosen after considering the advice of Mercer's Investment Management Team, which also provides advice on choosing and monitoring investment managers.

Mercer's Investment Management Team uses sophisticated financial models based on historical data and economic forecasts to estimate each asset class's future performance. The models also estimate the probability of each projected return occurring.

The next step is to assess the optimum mix of asset classes likely to deliver the highest returns in the context of the investment objectives of each investment option. The optimum mix becomes the benchmark asset allocation for that option.

Changes are made to the objectives and strategies as required in order to ensure that the objectives continue to have a reasonable probability of being attained. In addition, the trustee monitors the options' performance against their objectives, with formal assessments and attribution analysis performed quarterly.

What are the investment options?

The Trust offers a range of investment options, each utilizing the multi-manager investment approach and with its own set of investment objectives.

The options are listed below:

Mercer Super Investment Trust	
Shares	Mercer Australian Shares
	Mercer Australian Shares Plus
	Mercer Australian Small Companies
	Mercer Overseas Shares
	Mercer Hedged Overseas Shares
	Mercer Overseas Shares Plus
	Mercer Overseas Small Companies
	Mercer Emerging Markets
	Mercer Shares
	Mercer Shares Plus
Real Assets	Mercer Listed Property
	Mercer Property
Alternatives	Mercer Diversified Alternatives
Cash	Mercer Cash
Diversified	Mercer Socially Responsible Shares
	Mercer Conservative Growth
	Mercer Moderate Growth
	Mercer Socially Responsible Moderate Growth
	Mercer Growth
	Mercer Socially Responsible Growth
	Mercer Growth Plus
	Mercer High Growth
Mercer High Growth Plus	

Diversified Options

These options offer varying levels of exposure (or potential exposure) to different asset classes to achieve specific investment objectives. In most cases, they provide exposure across the full spectrum of asset classes in Australia and overseas.

They are designed for investors who have an investment objective in mind (e.g. moderate growth, high growth), but are not so sure about how best to assemble the asset class "building blocks" to achieve it.

Socially Responsible Options

See the **Socially Responsible Investing** section of this report for further details on these investment options.

Sector Options

These options offer exposure predominantly to one major asset class, with some exposure to one or more others. For example, a "Shares Option" will invest predominantly in shares and sometimes in that asset class only. These options are designed for investors who want to invest in a particular asset class, or want to assemble their own unique diversified portfolio from the asset class "building blocks" offered by these options.

Plus Options

The "Plus" options have been designed with the aim of achieving higher returns than the core options and are therefore expected to carry a higher level of investment risk. For example among the diversified options Mercer Growth Plus is expected to demonstrate higher risk and return characteristics than Mercer Growth. Similarly among the sector options, Mercer Australian Shares Plus would be expected to demonstrate higher risk and return characteristics than Mercer Australian Shares.

You should note that there is no guarantee that the expectations of higher risk and return characteristics will be met over any particular period. These expectations are based on the fact that the "Plus" options may have different allocations to investment managers within asset classes (e.g. a higher exposure to more aggressive strategies), different benchmark weightings (e.g. a greater exposure to alternative assets, where relevant) and/or wider asset allocation ranges.

It is up to you to determine whether the investment objectives and strategy of a particular investment option are consistent with the investment objectives and strategy of your fund.

You may change your investment strategy either by directing future investments to another investment option or by transferring an existing investment to another option. We strongly recommend that you speak to your financial adviser before making any investment decision.

You will find more information about these investment options in the current Mercer Super Investment Trust Product Disclosure Statement.

The Trustee may vary the investment options available to investors from time to time.

ESG and Socially Responsible Investment

Decisions about the selection, retention or realisation of investments for the majority of investment options made available through the Mercer Super Investment Trust, are based

primarily on economic factors. Mercer believes that environmental, social and governance (ESG) factors can have a material impact on long term return outcomes, and investment decisions will consider these factors where it is expected to be financially beneficial. This does not include the social and ethical issues or the SRI investment methodologies listed below.

The Mercer Super Investment Trust also offers three Socially Responsible Investment (collectively referred to as SRI) options:

- the Mercer Socially Responsible Moderate Growth investment option
- the Mercer Socially Responsible Growth investment option
- the Mercer Socially Responsible Shares investment option

Currently, the only asset classes in the SRI options which are subject to SRI considerations are Australian and overseas shares (SRI asset classes) however, this may be extended to other asset classes in the future. The SRI options use a multi-manager investment approach. The investment managers appointed to manage the SRI asset classes must take into account:

- at least one of the SRI considerations set out below; and
- at least three of the factors which the Trustee considers to be relevant for each SRI consideration utilised in the selection, retention or realisation of investments.

The Trustee does not require an investment manager to include or exclude an investment in a company solely because that company has an exposure to a particular SRI consideration or to any factor within a particular SRI consideration.

SRI considerations

Labour standards

Factors

- Education and training
- Employee rights and benefits
- Healthcare services
- Health and safety
- Employee relations
- Codes of Conduct
- Performance measurement systems
- Labour practices
- Talent attraction and retention

Environmental issues

Factors

- Energy conservation
- Pollution control
- Recycling
- Renewable energy
- Water management
- Greenhouse gases

- Mining
- Nuclear power
- Ozone depletion
- Pesticides
- Water pollution
- Environmental policies
- Environmental reporting

Social and Ethical issues

Factors

- Community involvement
- Alcohol
- Gambling
- Armaments
- Tobacco
- Pornography
- Animal testing
- Fur
- Corporate citizenship/philanthropy
- Human rights
- Bribery and corruption

SRI investment methodologies

The investment managers appointed by the Trustee for the SRI asset classes may adopt one or more of the following SRI investment methodologies in their investment decision making process:

- **Engagement:** Seeking to influence the ethical, environmental or social performance of a company through communication with a company, proxy voting or shareholder resolutions.
- **Best of Sector:** Choosing the best performing companies in their sector (measured against a range of SRI criteria).
- **Screening:** Including or excluding securities based on SRI screening criteria for positive (desirable) and negative (to avoid) practices.
- **Preference strategies:** Adoption of a list of guidelines or SRI criteria that companies should meet. This approach may also involve a mixture of the other methodologies.
- **Index based:** Construction of a portfolio using established indices of environmentally and socially responsible companies.

Applying SRI investment methodologies may impact on an investment option's risk and return. This may be caused by potentially higher fees and restricting the universe of available investments by applying an SRI methodology. Because of these methodologies, the investment managers may

pass up opportunities to buy certain securities when it is otherwise financially advantageous to do so, or may sell certain securities due to social responsibility concerns when it is financially disadvantageous to do so.

Use of derivatives in the Mercer Super Investment Trust

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 Trustee and in managing pooled investment vehicles in which the Trustee invests. However, the Trustee does not undertake day-to-day management of derivative instruments. Derivatives may be used, among other things, to manage risk (e.g. for currency hedging). Losses from derivatives can occur (e.g. due to market movements).

The Trustee seeks to manage risk by placing limits on the extent of derivative use in any relevant Investment Management Agreement between the Trustee and investment managers.

Derivatives charge ratio

Based on information provided by the investment managers, the Trustee is unaware of any period in the year where the Derivatives Charge Ratio exceeded 5%.

The Derivatives Charge Ratio is the percentage of the total market value of the assets of the Mercer Super Investment Trust (other than cash) that the Trustee has charged as security for derivatives investment made by the Trustee.

Liquidity of the Mercer Super Investment Trust

The Trustee's approach to managing liquidity is to ensure, as far as possible, that there will always be sufficient liquidity to meet liabilities when due, under normal and stressed conditions, without incurring unacceptable losses.

Normally a withdrawal request will be completed within 10 business days. However, the Trust Deed permits the Trustee to take up to 40 business days to satisfy a withdrawal request and to extend this period if appropriate.

Where there are insufficient funds to meet the request in the Trust's bank account, the Trustee will take appropriate action (e.g. redeem investments) to create sufficient funds. In such cases the Trustee 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 unitholders.

Investment options and investment risks

As with any investment there is always a degree of risk. The significant risks associated with your participation in the Mercer Super Investment Trust are set out in the following section.

There is a chance that you may get back less than your initial investment, because of taxes, expenses and low or negative investment returns (sometimes referred to as investment risk).

Generally, investment risk is the chance that an investment outcome will be different to what is expected. Investments in the Mercer Super Investment Trust could rise or fall in value or produce a return which is less than anticipated. Rises and falls in value occur for a variety of reasons and sometimes quickly.

The types of investment risks which may have an impact on investment in the Mercer Super Investment Trust include:

- Individual asset risk – the risk attributable to individual assets within a particular asset class.
- Market risk – the risk of major movements within a particular asset class.
- Political risk – the risk that domestic and international political events can impact on investment.
- Inflation risk – the risk that money may not maintain its purchasing power due to increases in the price of goods and services (inflation).
- Timing risk – the risk that, at the date of investment, money is invested at higher market prices than those available soon thereafter. Alternatively, it can also mean the risk that, at the date of withdrawal, investments are redeemed at lower market prices than those that were recently available or that would have been available soon thereafter.
- Investment manager risk – the risk that a particular investment manager will underperform

(this could be for example because their view on markets is wrong or because of their investment “style” or because they lose key investment personnel).

- Credit risk – the risk that a debt issuer will default on payment of interest or principal.
- Liquidity risk – the risk that investors will be unable to redeem their investment at their chosen time.
- Currency risk – the risk that overseas investments gain or lose value as a result of a falling or rising Australian dollar. Details of the risks that apply to each of the investment options are set out in the table on the following page.

Before making any investment decisions, you should carefully consider the risks that apply to each of the investment options on offer. This is important as your investment in any of the investment options is not guaranteed and you may get back less money than you invest.

Investment returns can be volatile and the value of investments may increase or decrease over time. Also you should not rely on past performance as an indicator of the future performance of any of the investment options or treat their respective investment objectives as a forecast or guarantee of future returns.

We strongly recommend that you speak to a licensed, or appropriately authorised, financial adviser before making any investment decisions.

Investment risk table

The table on the following page shows whether there is a low, medium or high likelihood (shown as ‘L’, ‘M’ or ‘H’) that a type of investment risk may apply, from time to time, to a particular investment option.

The information contained in this table is indicative only and the likelihood that a type of investment risk may apply to a particular investment option may change over time.

Mercer Super Investment Trust		Individual asset risk	Market risk	Political risk	Inflation risk	Timing risk	Investment manager risk	Credit risk	Liquidity risk	Currency risk
Shares	Mercer Australian Shares	L	H	L	L	H	L	L	L	L
	Mercer Australian Shares Plus	L	H	L	L	H	L	L	L	L
	Mercer Australian Small Companies	L	H	L	L	H	L	L	M	L
	Mercer Overseas Shares	L	H	M	L	H	L	L	L	H
	Mercer Hedged Overseas Shares	L	H	M	L	H	L	L	L	L
	Mercer Overseas Shares Plus	L	H	M	L	H	L	L	L	H
	Mercer Overseas Small Companies	L	H	M	L	H	M	L	L	H
	Mercer Emerging Markets	L	H	H	L	H	M	L	L	H
	Mercer Shares	L	H	L	L	H	L	L	L	H
	Mercer Shares Plus	L	H	L	L	H	L	L	L	H
Real Assets	Mercer Listed Property	L	H	M	L	H	L	L	L	L
	Mercer Property*	L	H	L	L	H	M	L	L	M
Alternatives	Mercer Diversified Alternatives	L	H	M	L	M	M	M	M	M
Cash	Mercer Cash	L	L	L	H	L	L	L	L	L
Diversified	Mercer Socially Responsible Shares	L	H	L	L	H	L	L	L	L
	Mercer Conservative Growth	L	L	L	M	L	L	L	L	L
	Mercer Moderate Growth	L	M	L	L	M	L	L	L	L
	Mercer Socially Responsible Moderate Growth	L	M	L	L	M	L	L	L	L
	Mercer Growth	L	M	L	L	M	L	L	L	M
	Mercer Socially Responsible Growth	L	M	L	L	M	L	L	L	M
	Mercer Growth Plus	L	M	L	L	M	L	L	L	M
	Mercer High Growth	L	H	L	L	H	L	L	L	M
	Mercer High Growth Plus	L	H	L	L	H	L	L	L	M

* The Mercer Property option is closed to new investors.

How the MSIT investments options performed

The following tables show the performance of the MSIT investment options after fees and taxes to 30 June 2012 on both a single year and compound return basis.

Mercer Super Investment Trust Investment Options		Single year returns to 30 June					Compound return to 30 June 2012				
		2012 %	2011 %	2010 %	2009 %	2008 %	1 year %	2 years % pa	3 years % pa	4 years % pa	5 years % pa
Shares	Mercer Australian Shares	-5.6	6.7	n/a	n/a	n/a	-5.6	0.4	n/a	n/a	n/a
	Mercer Australian Shares Plus	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Mercer Australian Small Companies	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Mercer Overseas Shares	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Mercer Hedged Overseas Shares	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Mercer Overseas Shares Plus	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Mercer Overseas Small Companies	n/a	n/a	n/a	-15.1	-13.8	n/a	n/a	n/a	n/a	n/a
	Mercer Emerging Markets	n/a	n/a	n/a	-10.6	n/a	n/a	n/a	n/a	n/a	n/a
	Mercer Shares	-4.2	9.2	7.2	-18.1	-14.6	-4.2	2.3	3.9	-2.1	-4.7
	Mercer Shares Plus	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Real Assets	Mercer Listed Property	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Mercer Property*	3.4	18.6	10.8	-23.4	-13.1	3.4	10.7	10.7	1.0	-2.0
Alternatives	Mercer Diversified Alternatives	0.8	4.0	0.2	-7.4	n/a	0.8	2.4	1.7	-0.7	n/a
Cash	Mercer Cash	4.0	4.3	3.4	4.8	5.2	4.0	4.2	3.9	4.1	4.3
Diversified	Mercer Socially Responsible Shares	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Mercer Conservative Growth	4.6	6.9	7.6	-5.0	-1.5	4.6	5.7	6.4	3.4	2.4
	Mercer Moderate Growth	3.0	7.7	n/a	n/a	n/a	3.0	5.3	n/a	n/a	n/a
	Mercer Socially Responsible Moderate Growth	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Mercer Growth	0.3	9.5	9.1	-12.7	-8.7	0.30	4.8	6.2	1.1	-0.9
	Mercer Socially Responsible Growth	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Mercer Growth Plus	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Mercer High Growth	-1.2	9.7	n/a	n/a	n/a	-1.2	4.1	n/a	n/a	n/a
	Mercer High Growth Plus	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

'n/a' indicates that the investment option was not operating for the full period.

The performance information contained in this report is up to date at the time of its preparation.

* The Mercer Property option is closed to new investors.

Investment Managers

The Trustee invests the Mercer Super Investment Trust's assets in a range of trusts (or other investment vehicles) offered by professional investment managers and a combination of the Mercer Investment Funds (MIFs) and/or the Mercer Multi Manager Funds (MMFs) which are, a series of wholesale investment funds.

Professional investment managers are appointed to manage the assets of the MIFs and MMFs either directly or via external investment vehicles. The underlying investments of the MIFs and

MMFs are invested at arms length and are separately identifiable. All external and underlying MIF and MMF investments are held by the National Australia Bank Limited (NAB) as custodian.

The trustee/responsible entity of each of the MIFs and MMFs is MIAL.

This section lists the investment managers of the MIFs and MMFs as well as the direct mandates of the MSIT as at 30 June 2012.

Asset Class/Type & Manager(s)	Management Style	Target Weight
Australian Shares — Low-risk active		100.00%
JCP Investment Partners ¹	Core, low-risk, tax effective	100.00%
Australian Shares		100.00%
Alleron Investment Management	Growth, concentrated	20.00%
Ausbil Dexia	Core/growth	22.50%
Intrinsic Investment Management	Style Neutral (Rotational)	15.00%
Perennial Value Management	Value	22.50%
Tyndall Investment Management	Value, concentrated	20.00%
Australian Shares — Socially Responsible		100.00%
Perennial Growth Management	Sustainable , core	37.50%
BT Investment Management	Ethical, core	37.50%
Perpetual Investment Management	Ethical SRI, value	25.00%
Australian Shares — Small companies		100.00%
Kosmos Asset Management	Core/growth	33.30%
Northcape	Core/growth	33.30%
Perennial Value Management	Value	33.40%
Overseas Shares — Low-risk active		100.00%
Schroder Investment Management ¹	Core, low-risk, quantitative	100.00%
Overseas Shares		100.00%
Baillie Gifford	Growth, concentrated	12.50%
Edinburgh Partners	Value, concentrated	15.00%
Global Thematic Partners	Core, thematic	17.50%
Hexavest	Core/value, top down	22.50%
Lingohr & Partner Asset Management	Core/value, quantitative	17.50%
RCM	Growth	15.00%
Overseas Shares — Small companies		100.00%
Fidelity	Core/growth	60.00%
Arrowstreet	Core, quantitative	40.00%
Overseas Shares — Low Volatility		100.00%
Acadian	Minimum Variance	33.30%
First Eagle	Variable Beta	33.30%
Veritas	Quality Focus	33.30%
Overseas Shares — Emerging markets — Low-risk active		100.00%
BlackRock Investment Management ²	Low-risk active, quantitative	67.00%
Realindex Investments ²	Fundamental Index	33.00%
Overseas Shares — Emerging markets		100.00%
Lazard Asset Management ³	Active, global core/value	50.00%
Wellington Management ³	Active, global core/growth	50.00%

REAL ASSETS		
Listed Property - Passive		100.00%
Vanguard Investments Australia ⁴	Passive	100.00%
Listed Property		100.00%
AMP Capital Investors	Core	50.00%
CBRE Clarion Securities - Total Return	Core/growth	25.00%
Perennial Real Estate Investments	Core, concentrated	25.00%
Direct Property		100.00%
Goodman Funds Management	Industrial	5.00%
Investa Property Group	Commercial	47.50%
Lend Lease Investment Management (APPF Retail)	Retail	47.50%
Listed Infrastructure - Passive		100.00%
Macquarie Investment Management ⁵	Passive	100.00%
Listed Infrastructure		100.00%
Colonial First State Global Asset Management	Active, benchmark aware	40.00%
Magellan	Beta strategy	35.00%
RARE	Absolute return, value	25.00%
Unlisted Infrastructure		100.00%
Colonial First State Global Asset Management	Active infrastructure, income	33.00%
Macquarie Specialised Asset Management	Active infrastructure, core	50.00%
Westbourne Capital	Infrastructure debt	17.00%
Natural Resources		100.00%
Global Commodities	Agricultural commodities strategy	18.75%
H3 Global Advisors	Broad commodity strategy	18.75%
H3 Global Advisors	Enhanced broad commodity strategy	37.50%
New Forests Asset Management	Timber	25.00%
ALTERNATIVE ASSETS		100.0%
BlackRock Asset Management	GTAA	7.50%
GMO Australia	GTAA	7.50%
Credit Suisse	Insurance-linked strategy	20.00%
H3 Global Advisors	Managed futures	7.50%
Winton Capital	Managed futures	10.00%
AQR	Multi-strategy hedge fund	7.50%
QIC	Multi-strategy hedge fund	12.50%
Standard Life Investments	Multi-strategy hedge fund	12.50%
Babson Capital	Private debt	15.00%
FIXED INTEREST		
Fixed Interest - Australian Sovereign Bonds		100.00%
Challenger Financial Services Group	Passive Australian	35.00%
Macquarie Investment Management	Passive Australian	35.00%
Vianova	Active Australian	30.00%
Fixed Interest - Overseas Sovereign Bonds		100.00%
AllianceBernstein	Active Global	25.00%
Challenger Financial Services Group	Passive Global	50.00%
H ₂ O Asset Management	Active Global	25.00%
Fixed Interest - Inflation Linked Bonds		100.00%
BlackRock Asset Management	Passive Global	50.00%
Challenger Financial Services Group	Passive Australian	50.00%
Fixed Interest - Global Credit		100.00%
Colonial First State Global Asset Management	Active, broad-based strategy	50.00%

Wellington Management	Active, broad-based strategy	50.00%
Fixed Interest - Emerging Markets Debt		100.00%
Wellington Management	Quantitative	19.20%
Stone Harbor Investment Partners	Active, fundamental	19.20%
Investec Asset Management	Active, fundamental	23.20%
J.P. Morgan Asset Management	Qualitative	19.20%
Goldman Sachs Asset Management	Fundamental, quantitative	19.20%
CASH		100.00%
Challenger Financial Services Group	Cash	100.00%
INCOME PLUS		
High Yield Debt		30.00%
Loomis, Sayles & Company	Rotational Alternative Debt	14.00%
Principal Global Investors	Global credit income strategies	16.00%
Fixed Interest and Cash		25.00%
Challenger Financial Services Group	Cash	5.00%
Dimensional Fund Advisors Australia	Defensive cash plus	10.00%
Colonial First State Global Asset Management	Global credit	10.00%
Alternative Assets		15.00%
Mercer Australia	Multi-manager (as per Alternatives)	15.00%
Australian Direct Property		9.00%
Goodman Funds Management	Industrial	0.50%
Investa Property Group	Commercial	4.25%
Lend Lease Investment Management	Retail	4.25%
Australian Listed Property		6.00%
Macquarie Investment Management	Passive	6.00%
Infrastructure		9.00%
Colonial First State Investments	Infrastructure income, unlisted	3.00%
Lazard Asset Management	Value, fundamental	6.00%
Australian Shares		6.00%
Vanguard Investments Australia	Enhanced indexed, high yield	6.00%

1. Manager not applicable to "Plus" funds
2. Manager not applicable to the Mercer Emerging Markets Fund or to diversified portfolio "Plus" funds
3. manager applicable to Mercer Emerging Markets Funds an diversified portfolio "Plus" funds
4. Manager not applicable to the Mercer Listed property Fund or to "Plus" funds
5. Manager not applicable to the Mercer Listed Infrastructure Fund or to "Plus" funds.

Changes to the Investment Managers in the 12 months to 30 June 2012

Manager(s) appointed	Manager(s) terminated
Australian Shares	
<ul style="list-style-type: none"> • Intrinsic Investment Management Limited • Perennial Investment Partners Limited (Socially Responsible options only) 	<ul style="list-style-type: none"> • AMP Capital Investors Limited (Socially Responsible options only)
Overseas Shares	
<ul style="list-style-type: none"> • Acadian Asset Management (Plus options only) • Arrowstreet Capital • First Eagle Investment Management (Plus options only) • Veritas Asset Management (Plus options only) 	<ul style="list-style-type: none"> • Martin Currie Investment Management Limited • State Street Global Advisors, Australia, Limited
Overseas Fixed Interest	
<ul style="list-style-type: none"> • Goldman Sachs Asset Management • Investec Asset Management • J.P. Morgan Asset Management • Stone Harbor Investment Partners • AQR Capital Management 	
Alternative Assets	
<ul style="list-style-type: none"> • AQR Capital Management 	

Largest share holdings

The tables below show the top ten Australian and overseas shares held in aggregate by the Mercer Super Investment Trust as at 30 June 2012 within the Australian shares and overseas shares asset classes respectively across the investment options. For example, BHP Billiton Limited represents 10.3% of the total Australian shares component of all investment options.

Company Holding	% of Australian shares portfolio
BHP Billiton	10.3
ANZ Banking Group	7.0
Commonwealth Bank Of Australia	6.5
National Australia Bank	6.3
Westpac Banking Corporation	6.2
Telstra Corporation	4.8
Rio Tinto	4.1
Wesfarmers	3.1
Woodside Petroleum	2.7
CSL	2.0

Company Holding	% of overseas shares portfolio
Apple	1.7
Microsoft Corporation	1.5
Google	1.1
Unilever	1.0
Amazon	1.0
Abbott Laboratories	0.9
Pfizer Inc	0.9
Cisco Systems	0.9
Vodafone Group	0.9
Wal-Mart Stores	0.9

Some terms explained

Information about each of the Mercer Super Investment Trust investment options as at 30 June 2012 is set out in 'The Mercer Super Investment Trust investment options' section. But first let us explain some of the terms used in this Annual Report.

Alternative assets

Alternative assets generally comprise investments which do not fit within the traditional broad asset classes (such as shares, property, fixed interest and cash). Examples may include absolute return funds (e.g. hedge funds), private equity, commodities and various structured products.

Alternative assets may include exposure to overseas investments which may have foreign currency exposure hedged to Australian dollars.

Asset class

Asset classes are the names given to the different financial categories in which your money may be invested. The major asset classes include shares, property, fixed interest, cash and alternative assets. These asset classes can be broken down further for example to include Australian or overseas shares, Australian or overseas fixed interest, direct or listed property investments. All asset classes have different risk and return characteristics.

Benchmark and ranges

The benchmark is the targeted long-term mix of investments. Factors such as the Trustee's assessment of market valuations may cause the actual mix to vary from this benchmark, but it will generally stay within the allocation ranges.

Cash

Cash includes short-term interest bearing investments. Generally, the likelihood of losing the initial investment in cash is minimal. While volatility (the chance of ups and downs) in cash is low, the returns are also likely to be lower than those available from fixed interest, property and shares over the long term.

Consumer Price Index (CPI)

The CPI is used to measure the rate of inflation. In Australia it is based on a selection of household goods and services.

Defensive investments

Defensive investments are types of investments used when trying to protect an investment from the chance of a negative return (in other words the value of the investment falls). Defensive investments tend to produce lower long term but more stable returns than growth investments.

Fixed interest

Fixed interest investments (which include inflation linked bonds) are issued to investors by Australian and overseas governments, semigovernment authorities and companies in return for cash.

Interest is paid to the investors over the life of the investment, usually at a fixed rate. These investments can generally be bought or sold before they mature, potentially resulting in capital gains or losses. Overseas fixed interest investments are normally hedged to remove the effect of currency movements. Fixed interest investments are likely to be less volatile than shares and property but with a lower expected return in the long-term.

The Australian fixed interest asset class may include some investments sourced from overseas as a substitute for Australian investments. For Australian fixed interest investments sourced from overseas as a substitute for Australian bonds, foreign currency exposure is normally substantially or fully hedged to Australian dollars.

For overseas fixed interest investments, foreign currency exposure is normally substantially or fully hedged to Australian dollars.

Growth investments

Growth investments are types of investments that 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.

Hedging

Hedging refers to the process of protecting investments against, or reducing the risk of, a loss. For example, in the context of currency, the value of overseas investments is affected by rises or falls in the value of the Australian dollar (e.g. if the Australian dollar rises in value, then overseas investments in Australian dollar terms will reduce in value).

Investment managers can use various techniques to minimise the effect of currency movements on overseas investments – this is currency hedging.

Real Assets

Real assets generally include property, infrastructure, and natural resources (more detail on each of these asset classes is provided below). Within these asset classes exposure can be through listed or unlisted investments both in Australia and overseas. Exposure to overseas investments will generally be hedged back to Australian dollars. Exposure to 'real assets' is another means of aiming to generate growth oriented returns, with the potential for lower volatility than share investments. Real assets are generally considered to exhibit less than 100% correlation with share markets over the longer term.

Property

Investing directly in office buildings, shopping centres, industrial estates and other similar property investments is known as direct property investment. Investors can also buy units in property trusts, which invest in a variety of properties and property related companies. These trusts and companies may be listed on the Australian Stock Exchange, an overseas exchange or they may be unlisted. Like shares, a property investment is suitable for long-term investment as it has the expectation of some ups and downs in the short-term. For overseas property investments, foreign currency exposure is normally substantially or fully hedged to Australian dollars.

Infrastructure

Infrastructure investments are investments made in capital intensive, long term assets required to fulfil major economic and social needs. Characteristics that can be assigned to infrastructure investments include the relatively stable nature of the underlying assets and predictable cash flows which are often linked to inflation in some form. Investors can gain exposure to infrastructure assets through direct investments, unlisted or listed funds or companies with the underlying assets themselves being in Australia or overseas.

Examples of infrastructure assets may include airports, toll roads, pipelines, utilities and social infrastructure. The Infrastructure asset class may include exposure to overseas investments which may have foreign currency exposure hedged to Australian dollars.

Natural Resources

Natural Resources cover a range of investments in both traditional (commodity futures and timber) and emerging (water, agricultural land) natural resources sectors. Investors can gain exposure to natural resources assets through direct investments, unlisted or listed funds or companies with the underlying assets themselves being in Australia or overseas.

The Natural Resources asset class may include exposure to overseas investments which may have foreign currency exposure hedged to Australian dollars.

Investment options

Investment options are made up of different mixes of asset classes. Each investment option has its own investment strategy and objectives. They are designed to offer a range of risk and return options to investors.

Investment option objectives

These identify the type of return the investment option aims to achieve for investors. This is often stated in relation to a relevant index such as CPI.

The objectives of any particular investment option should not be treated, or relied upon as a forecast, indicator or guarantee of any future returns or performance for that investment option. The value of each option may rise and fall.

Level of risk

For each investment option we've included the average expected likelihood of the option giving a negative return (in other words, falling in value). In this context:

- a 'high' level of risk means that a negative return is expected, on average, approximately one year in every three to five years.
- a 'moderately high' level of risk means that a negative return is expected, on average, approximately one year in every five to six years.
- a 'moderate' level of risk means that a negative return is expected, on average, approximately one year in every six to seven years.
- a 'moderately low' level of risk means that a negative return is expected, on average less than approximately one year in every seven to nine years.
- a 'low' level of risk means that a negative return is expected, on average, less than approximately one year in every nine years.
- a 'very low' level of risk means that a positive return is expected over rolling twelve month periods.

These statements are based on historical data and should not be considered to be a guarantee or forecast that a negative return in one year will be followed by a positive return the next year.

Mix of investments

This refers to the asset allocation of an investment option. The actual mix of investments for the investment options can be found in "**The Mercer Super Investment Trust's investment options**" section. Where an investment option was available to investors but no funds were invested as at 30 June 2012 a benchmark mix of investments (being the targeted long-term mix of investments) has been included for information purposes.

Multi-manager investment approach

An investment option structure in which more than one manager may be appointed to manage assets in each asset class, sector or investment style within the investment options.

Performance

Single year and compound returns are calculated assuming that \$1 is invested at the start of the relevant period and that no further amounts are invested over the period. They are based on exit prices and allow for the deduction of investment management fees. Compound returns are calculated as the average of annual returns. For example, if returns are 5%, 6% and 7% over three consecutive years, the compound return is 6% per annum, as the same result could be achieved by earning a return of 6% in each of the three years.

When considering investment decisions, please remember that investment returns over a short time frame (one or two years) should not be considered in isolation. Time frames of five years or longer will provide a more accurate indication of the overall long-term performance of an investment option. In addition, different options may have different levels of risk (see the **Mercer Super Investment Trust's investment options section**), which may lead to different investment returns for each option.

Finally, don't forget that the value of investments can go up and down and past performance should not be relied upon as an indicator of future performance. The performance information contained in this Annual Report is up to date at the time of its preparation. In future you can obtain updated performance information by calling 1300 728 928 or on the internet at the www.multimanager.mercer.com.au website. We can send you a copy of the updated information, free of charge, on request. Performance is also reported in the monthly and quarterly investment updates.

Socially responsible investment approach

Socially responsible investment involves making an investment decision based on principles of social responsibility in addition to the usual investment criteria. See '**Socially responsible investing**' earlier in this report for further details.

Shares

When buying a share, an investor is actually buying a portion of a company; literally a "share" of it. The investment return will depend on how the company performs over time and on economic factors. Over the long-term, returns from shares have historically tended to be higher than those achieved by property, fixed interest and cash. However, in the short-term, performance tends to have more ups and downs; that is, to experience higher "volatility." The Australian shares and Australian small companies asset classes may actually include some investments in overseas shares as a substitute for investments in Australian shares. An investment in overseas shares provides exposure to different economies, which may assist in reducing overall volatility via

increased diversification. But overseas share investments are subject to currency movements that can add to, or take away from, the share market return. For example, if the Australian dollar falls in value relative to other currencies, then overseas share investments will generally be worth more in Australian dollar terms. However, a stronger Australian dollar may take away some of the value of overseas share investments.

"Hedging" overseas share investments to the Australian dollar can help to even out some of the ups and downs caused by currency movements around the world.

For the diversified (including diversified 'Plus') investment options, the overseas shares asset class foreign currency exposure is normally partially hedged to Australian dollars. In the case

of the overseas shares sector options, the Mercer Hedged Overseas Shares option is normally substantially or fully hedged to Australian dollars. Only in the Mercer Overseas Shares option, the Mercer Overseas Shares Plus option, the Mercer Emerging Markets option and the Mercer Overseas Small Companies option is the foreign currency exposure not normally hedged to Australian dollars. With the exception of the Mercer Overseas Small Companies option, these options include exposure to emerging markets.

The Trustee may add new investment options, close existing investment options or alter the terms of any investment option from time to time. You'll be kept informed of any significant changes to the features of the investment option/s in which you are invested.

MSIT investment Options

The following section provides the investment objectives, investment approach, level of risk, mix of investments and (if applicable) performance for each of the Mercer Super Investment Trust investment options as at 30 June, 2012. Please refer to the current Mercer Super Investment Trust Product Disclosure Statement for further information.

Mercer Cash

Objectives

- To maintain the invested capital and achieve a return (before tax and investment management fees) above that available on bank bills as measured by the UBSWA Bank Bill Index.

Investment strategy

The investment option invests in cash and short-term investment bearing investments.

Level of risk

Very low

Mix of investments

Growth/ Defensive Exposure	as at 30 June 2012 %	as at 30 June 2011 %
Growth investments	0	0
Defensive investments	100	100

	Benchmark %	Benchmark %
Cash	100	100

Mercer Conservative Growth

Objectives

- to achieve a return (after tax and investment management fees) that exceeds CPI increases by at least 2.0% per annum over rolling three year periods;
- to achieve a return (over the medium to longer term) which is competitive with comparable funds that have a similar allocation to growth assets and similar risk characteristics.

Investment strategy

The investment option invests in a mix of investments using a multimanager investment approach.

Level of risk

Low

Mix of investments

Growth/ Defensive Exposure	as at 30 June 2012 %	as at 30 June 2011 %
Growth investments	30	30
Defensive investments	70	70

	Benchmark %	Benchmark %
Shares	16.50	18.50
Australian shares	7.50	9.50
Australian Small companies	0.00	0.00
Overseas shares	7.50	8.00
Overseas small companies	0.00	0.00
Emerging markets	1.50	1.00
Real assets	10.00	8.75
Listed property	1.50	2.75
Direct property	3.00	3.00
Listed infrastructure	1.50	1.50
Unlisted infrastructure	3.00	1.00
Natural resources	1.00	0.50
Alternative assets	3.00	4.00
Fixed interest	42.50	35.00
Australian sovereign bonds	20.00	8.25
Overseas sovereign bonds	7.50	8.25
Inflation linked bonds	6.00	10.00
Global credit	6.50	8.50
Emerging market debt	2.50	0.00
Cash	28.00	33.75

The aims and asset allocations stated in this annual report are those that applied at 30 June 2012. These details may have changed subsequent to that date.

Mercer Moderate Growth

Objectives

- to achieve a return (after tax and investment management fees) that exceeds CPI increases by at least 2.5% per annum over rolling four year periods;
- to achieve a return (over the medium to longer term) which is competitive with comparable funds that have a similar allocation to growth assets and similar risk characteristics.

Investment strategy

The investment option invests in a mix of investments using a multimanager investment approach.

Level of risk

Moderately Low

Mix of investments

Growth/ Defensive Exposure	as at 30 June 2012 %	as at 30 June 2011 %
Growth investments	50	50
Defensive investments	50	50

	Benchmark %	Benchmark %
Shares	36.50	34.00
Australian shares	15.50	15.00
Australian Small companies	0.50	0.50
Overseas shares	15.50	15.00
Overseas small companies	0.50	0.50
Emerging markets	4.50	3.00
Real assets	13.00	15.00
Listed property	2.50	2.50
Direct property	3.50	4.00
Listed infrastructure	2.50	2.50
Unlisted infrastructure	3.50	4.00
Natural resources	1.00	2.00
Alternative assets	4.00	5.00
Fixed interest	46.50	46.00
Sovereign bonds	21.00	22
Inflation linked bonds	4.50	4.50
Global credit	6.00	4.50
Cash	15.00	15.00

Mercer Growth

Objectives

- to achieve a return (after tax and investment management fees) that exceeds CPI increases by at least 3.0% per annum over rolling five year periods;
- to achieve a return (over the medium to longer term) which is competitive with comparable funds that have a similar allocation to growth assets and similar risk characteristics.

Investment strategy

The investment option invests in a mix of investments using a multimanager investment approach.

Level of risk

Moderate

Mix of investments

Growth/ Defensive Exposure	as at 30 June 2012 %	as at 30 June 2011 %
Growth investments	70	70
Defensive investments	30	30

	Benchmark %	Benchmark %
Shares	52.00	53.5
Australian shares	23.50	25.50
Australian Small companies	1.00	1.25
Overseas shares	23.50	23.00
Overseas small companies	1.00	0.75
Emerging markets	3.00	3.00
Real assets	17.00	15.00
Listed property	3.00	4.00
Direct property	4.00	4.50
Listed infrastructure	3.00	3.00
Unlisted infrastructure	5.00	2.00
Natural resources	2.00	1.50
Alternative assets	5.00	5.00
Fixed interest	23.00	16.50
Sovereign bonds	15.00	6.00
Inflation linked bonds	3.00	4.50
Global credit	3.00	6.00
Emerging market debt	2.00	0.00
Cash	3.00	10.00

The aims and asset allocations stated in this annual report are those that applied at 30 June 2012. These details may have changed subsequent to that date.

Mercer Growth Plus

Objectives

- to achieve a return (after tax and investment management fees) that exceeds CPI increases by at least 3.5% per annum over rolling five year periods;
- to achieve a return (over the medium to longer term) which is competitive with comparable funds that have a similar allocation to growth assets and similar risk characteristics.

Investment strategy

The investment option invests in a mix of investments using a multimanager investment approach.

Level of risk

Moderate

Mix of investments

Growth/ Defensive Exposure	as at 30 June	as at 30 June
	2012 %	2011 %
Growth investments	70	70
Defensive investments	30	30

	Benchmark %	Benchmark %
Shares	56.60	50.00
Australian shares	21.60	20.00
Australian Small companies	3.00	2.00
Overseas shares	19.20	20.00
Overseas small companies	3.50	2.00
Emerging markets	9.30	6.00
Real assets	15.00	18.00
Listed property	2.50	3.00
Direct property	3.00	3.00
Listed infrastructure	2.50	3.00
Unlisted infrastructure	4.00	5.00
Natural resources	3.00	4.00
Alternative assets	5.00	10.00
Fixed interest	23.40	22.00
Sovereign bonds	20.40	22.00
Inflation linked bonds	0.00	0.00
Global credit	3.00	0.00
Cash	0.00	0.00

Mercer High Growth

Objectives

- to achieve a return (after tax and investment management fees) that exceeds CPI increases by at least 3.5% per annum over rolling six year periods;
- to achieve a return (over the medium to longer term) which is competitive with comparable funds that have a similar allocation to growth assets and similar risk characteristics.

Investment strategy

The investment option invests in a mix of investments using a multimanager investment approach.

Level of risk

Moderately high

Mix of investments

Growth/ Defensive Exposure	as at 30 June	as at 30 June
	2012 %	2011 %
Growth investments	70	70
Defensive investments	30	30

	Benchmark %	Benchmark %
Shares	64.50	69.50
Australian shares	28.00	33.50
Australian Small companies	1.50	1.50
Overseas shares	28.00	30.00
Overseas small companies	1.50	1.00
Emerging markets	5.50	3.50
Real assets	21.50	14.50
Listed property	3.50	4.00
Direct property	5.50	3.00
Listed infrastructure	3.50	3.50
Unlisted infrastructure	5.50	2.00
Natural resources	3.50	2.00
Alternative assets	6.00	5.00
Fixed interest	8.00	11.00
Sovereign bonds	6.50	4.00
Inflation linked bonds	0.00	2.50
Global credit	1.50	4.50
Cash	0.00	0.00

The aims and asset allocations stated in this annual report are those that applied at 30 June 2012. These details may have changed subsequent to that date.

Mercer High Growth Plus

Objectives

- to achieve a return (after tax and investment management fees) that exceeds CPI increases by at least 4% per annum over rolling six year periods;
- to achieve a return (over the medium to longer term) which is competitive with comparable funds that have a similar allocation to growth assets and similar risk characteristics.

Investment strategy

The investment option invests in a mix of investments using a multimanager investment approach.

Level of risk

Moderately High

Mix of investments

Growth/ Defensive Exposure	as at 30 June 2012 %	as at 30 June 2011 %
Growth investments	85	85
Defensive investments	15	15

	Benchmark %	Benchmark %
Shares	71.10	62.00
Australian shares	25.60	25.00
Australian Small companies	4.50	2.50
Overseas shares	26.40	25.00
Overseas small companies	4.20	2.50
Emerging markets	10.40	7.00
Real assets	16.00	22.00
Listed property	2.50	4.00
Direct property	3.00	4.00
Listed infrastructure	3.00	4.00
Unlisted infrastructure	4.00	6.00
Natural resources	3.50	4.00
Alternative assets	6.00	10.00
Fixed interest	6.90	6.00
Sovereign bonds	5.40	6.00
Inflation linked bonds	0.00	0.00
Global credit	1.50	0.00
Cash	0.00	0.00

Mercer Shares

Objectives

- to achieve a return (after tax and investment management fees) that exceeds CPI increases by at least 4% per annum over rolling seven year periods;

Investment strategy

The investment option invests in shares listed on the Australian and overseas stock exchange using a multi-manager approach.

Level of risk

High

Mix of investments

Growth/ Defensive Exposure	as at 30 June 2012 %	as at 30 June 2011 %
Growth investments	100	100
Defensive investments	0	0

	Benchmark %	Benchmark %
Shares	100.00	100.00
Australian shares	45.00	46.00
Australian Small companies	2.00	2.50
Overseas shares	45.00	46.00
Overseas small companies	2.00	1.25
Emerging markets	6.00	4.25
Cash	0.00	0.00

The aims and asset allocations stated in this annual report are those that applied at 30 June 2012. These details may have changed subsequent to that date.

Mercer Shares Plus

Objectives

- to achieve a return (after tax and investment management fees) that exceeds CPI increases by at least 4.5% per annum over rolling seven year periods;

Investment strategy

The investment option invests in shares listed on the Australian and overseas stock exchange using a multi-manager approach.

Level of risk

High

Mix of investments

Growth/ Defensive Exposure	as at 30 June 2012 %	as at 30 June 2011 %
Growth investments	100	100
Defensive investments	0	0

	Benchmark %	Benchmark %
Shares	100.00	100.00
Australian shares	40.00	42.50
Australian Small companies	7.00	7.50
Overseas shares	48.00	42.50
Overseas small companies	5.00	7.50
Cash & fixed interest	0.00	0.00

Mercer Socially Responsible Moderate Growth

Objectives

- to achieve a return (after tax and investment management fees) that exceeds CPI increases by at least 2.5% per annum over rolling four year periods;

Investment strategy

The investment option invests in a mix of investments using a socially responsible and multi-manager investment approach.

Level of risk

Moderately low

Mix of investments

Growth/ Defensive Exposure	as at 30 June 2012 %	as at 30 June 2011 %
Growth investments	50	50
Defensive investments	50	50

	Benchmark %	Benchmark %
Australian shares	22.00	22.00
Australian Small companies	0.00	0.00
Overseas shares	18.00	18.00
Overseas small companies	0.00	0.00
Australian property	7.00	7.00
Overseas property	3.00	3.00
Australian fixed interest	10.00	10.00
Overseas fixed interest	10.00	10.00
Cash	20.00	20.00
Alternative assets	10.00	10.00

The aims and asset allocations stated in this annual report are those that applied at 30 June 2012. These details may have changed subsequent to that date.

Mercer Socially Responsible Growth

Objectives

- to achieve a return (after tax and investment management fees) that exceeds CPI increases by at least 3% per annum over rolling five year periods;

Investment strategy

The investment option invests in a mix of investments using a socially responsible and multi-manager investment approach.

Level of risk

Moderate

Mix of investments

Growth/ Defensive Exposure	as at 30 June 2012 %	as at 30 June 2011 %
Growth investments	70.00	70.00
Defensive investments	30.00	30.00

	Benchmark %	Benchmark %
Shares	54.00	54.00
Australian shares	27.00	27.00
Australian Small companies	0.00	0.00
Overseas shares	27.00	27.00
Overseas small companies	0.00	0.00
Emerging markets	0.00	0.00
Real assets	14.00	15.00
Listed property	4.00	4.00
Direct property	3.00	3.00
Listed infrastructure	3.00	3.00
Unlisted infrastructure	2.00	2.00
Natural resources	2.00	2.00
Alternative assets	6.00	6.00
Fixed interest	16.00	16.00
Sovereign bonds	6.00	6.00
Inflation linked bonds	4.00	4.00
Global credit	6.00	6.00
Emerging market debt	0.00	0.00
Cash	10.00	10.00

Mercer Socially Responsible Shares

Objectives

- to achieve a return (after tax and investment management fees) that exceeds CPI increases by at least 4% per annum over rolling seven year periods;

Investment strategy

The investment option invests in a mix of investments using a socially responsible and multi-manager investment approach.

Level of risk

High

Mix of investments

Growth/ Defensive Exposure	as at 30 June 2012 %	as at 30 June 2011 %
Growth investments	100	100
Defensive investments	0	0

	Benchmark %	Benchmark %
Australian shares	50.00	50.00
Australian Small companies	0.00	0.00
Overseas shares	50.00	50.00
Overseas small companies	0.00	0.00
Cash & fixed interest	0.00	0.00

The aims and asset allocations stated in this annual report are those that applied at 30 June 2012. These details may have changed subsequent to that date.

Mercer Australian Shares

Objectives

- Achieve a return (over the medium to longer term) which is competitive with comparable funds that have similar risk characteristics
- Outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Investment strategy

The investment option invests in Australian shares using a multi-manager approach.

Level of risk

High

Mix of investments

Growth/ Defensive Exposure	as at 30 June	as at 30 June
	2012 %	2011 %
Growth investments	97	97
Defensive investments	3	3

	Benchmark %	Benchmark %
Australian shares	97	97
Cash & fixed interest	3	3

Mercer Australian Shares Plus

Objectives

- Achieve a return (over the medium to longer term) which is competitive with comparable funds that have similar risk characteristics
- Outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Investment strategy

The investment option invests in Australian shares using a multi-manager approach by using investment managers who take advantage of innovation and higher return seeking investment strategies.

Level of risk

High

Mix of investments

Growth/ Defensive Exposure	as at 30 June	as at 30 June
	2012 %	2011 %
Growth investments	100	100
Defensive investments	0	0

	Benchmark %	Benchmark %
Australian shares	85	85
Australian small companies	15	15
Cash & fixed interest	0	0

The aims and asset allocations stated in this annual report are those that applied at 30 June 2012. These details may have changed subsequent to that date.

Mercer Australian Small Companies

Objectives

- Achieve a return (over the medium to longer term) which is competitive with comparable funds that have similar risk characteristics
- Outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Investment strategy

The investment option invests in Australian shares using a multi-manager approach.

Level of risk

High

Mix of investments

Growth/ Defensive Exposure	as at 30 June	as at 30 June
	2012 %	2011 %
Growth investments	96	96
Defensive investments	4	4

	Benchmark %	Benchmark %
Australian small companies shares	96	96
Cash	4	4

Mercer Overseas Shares

Objectives

- Achieve a return (over the medium to longer term) which is competitive with comparable funds that have similar risk characteristics
- Outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Investment strategy

The investment option invests in overseas shares using a multi-manager approach.

Level of risk

High

Mix of investments

Growth/ Defensive Exposure	as at 30 June	as at 30 June
	2012 %	2011 %
Growth investments	98	98
Defensive investments	2	2

	Benchmark %	Benchmark %
Overseas shares	98	98
Cash & fixed interest	2	2

The aims and asset allocations stated in this annual report are those that applied at 30 June 2012. These details may have changed subsequent to that date.

Mercer Overseas Shares Plus

Objectives

- Achieve a return (over the medium to longer term) which is competitive with comparable funds that have similar risk characteristics
- Outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Investment strategy

The investment option invests in overseas shares using a multi-manager approach by using investment managers who take advantage of innovative and higher return strategies.

Level of risk

High

Mix of investments

Growth/ Defensive Exposure	as at 30 June	as at 30 June
	2012 %	2011 %
Growth investments	100	100
Defensive investments	0	0

	Benchmark %	Benchmark %
Australian small companies shares	100	100
Cash	0	0

Mercer Hedged Overseas Shares

Objectives

- Achieve a return (over the medium to longer term) which is competitive with comparable funds that have similar risk characteristics
- Outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

Investment strategy

The investment option invests in overseas shares using a multi-manager approach. Returns are hedged back to Australian dollars.

Level of risk

High

Mix of investments

Growth/ Defensive Exposure	as at 30 June	as at 30 June
	2012 %	2011 %
Growth investments	97	97
Defensive investments	3	3

	Benchmark %	Benchmark %
Overseas shares	97	97
Cash & fixed interest	3	3

The aims and asset allocations stated in this annual report are those that applied at 30 June 2012. These details may have changed subsequent to that date.

Mercer Overseas Small Companies

Objectives

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

Investment strategy

The investment option invests in overseas shares using a multi-manager approach.

Level of risk

High

Mix of investments

Growth/ Defensive Exposure	as at 30 June	as at 30 June
	2012 %	2011 %
Growth investments	98	98
Defensive investments	2	2

	Benchmark %	Benchmark %
Overseas small companies shares	98	98
Cash	2	2

Mercer Emerging Markets

Objectives

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

Investment strategy

The investment option invests in emerging markets shares using a multi-manager approach.

Level of risk

High

Mix of investments

Growth/ Defensive Exposure	as at 30 June	as at 30 June
	2012 %	2011 %
Growth investments	95	95
Defensive investments	5	5

	Benchmark %	Benchmark %
Overseas shares	95	95
Cash & fixed interest	5	5

The aims and asset allocations stated in this annual report are those that applied at 30 June 2012. These details may have changed subsequent to that date.

Mercer Property*

Objectives

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

Investment strategy

The investment option invests in Australian and overseas listed property securities using a multi-manager approach.

Level of risk

High

Mix of investments

Growth/ Defensive Exposure	as at 30 June	as at 30 June
	2012 %	2011 %
Growth investments	88	88
Defensive investments	12	12

	Benchmark %	Benchmark %
Listed property	70.00	70.00
Unlisted property	30.00	30.00
Cash	0.00	0.00

Mercer Listed Property

Objectives

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

Investment strategy

The investment option invests in overseas listed property securities using a multi-manager approach.

Level of risk

High

Mix of investments

Growth/ Defensive Exposure	as at 30 June	as at 30 June
	2012 %	2011 %
Growth investments	96	96
Defensive investments	4	4

	Benchmark %	Benchmark %
Overseas listed property	96	96
Cash & fixed interest	4	4

* The Mercer Property option is closed to new investors.

The aims and asset allocations stated in this annual report are those that applied at 30 June 2012. These details may have changed subsequent to that date.

Mercer Diversified Alternatives

Objectives

- To achieve a return before tax and investment management fees) of at least 3.5% per annum above the return on bank bills as measured by the UBSWA Bank Bill Index over rolling five year periods.

Investment strategy

The investment option invests in alternative assets using a multi-manager approach.

Level of risk

Moderately low

Mix of investments

Growth/ Defensive Exposure	as at 30 June 2012 %	as at 30 June 2011 %
Growth investments	50	50
Defensive investments	50	50

	Benchmark %	Benchmark %
Alternative assets	99	99
Cash & fixed interest	1	1

Who manages the Mercer Super Investment Trust?

How is the Mercer Super Investment Trust managed?

The Mercer Super Investment Trust is operated by Mercer Investment (Australia) Limited (MIAL), according to its governing rules and to applicable law. MIAL holds an Australian Financial Services License and a Registrable Superannuation Entities license.

The Trustee has not incurred any penalties under any relevant legislation during the year ended 30 June 2012.

The directors of MIAL are:

- David John Anderson
- Stephen John Roberts
- Stephen 'Graeme' Mather
- Brian Garfield Bengier
- Peter John Promnitz

Registered office:

Level 16, 33 Exhibition Street
Melbourne VIC 3000

Insurance protection

The Directors of MIAL are provided with protection against any honest mistakes that may occur in running the Mercer Super Investment Trust under a professional indemnity insurance policy.

Service providers to the Mercer Super Investment Trust

The Trustee appoints service providers to assist it in running the Mercer Super Investment Trust. The main service providers to the Trustee are the fund manager and the custodian and unit registry administrator, details of which are set out below:

Fund manager

The Trustee has appointed Mercer (Australia) Pty Ltd (Mercer) to be fund manager to the Mercer Super Investment Trust.

Mercer provides the following services for the Trustee including:

- designing investment option objectives;
- recommending mix of investments and investment managers to manage the underlying assets in each investment option;
- implementing investment decisions that are approved by the Trustee; and
- the ongoing review and monitoring of the functions above.

Custodian and unit registry administrator

The Trustee has appointed National Australia Bank Limited ABN 12 004 044 937 to act as custodian and unit registry administrator for the Trust.

Amendments to the governing documents

From time to time, the governing documents of the Mercer Super Investment Trust need to be amended. There were no amendments to the governing documents between 1 July 2011 and 30 June 2012.

Fees

It is important to understand how fees and costs apply in the Mercer Super Investment Trust. The fees and costs may be deducted from your investment account balance, from the returns on your investment or from the Trust assets as a whole.

The overall management costs for each investment option comprise of an investment management fee, a performance fee (if applicable) and an expense allowance (where applicable).

In addition, for some investment options the issue price of units may differ from the withdrawal price of those units. The difference between the issue and withdrawal price

represents an allowance for transaction and operational costs. This is commonly referred to as the buy / sell spread.

Details of the investment management fee and performance fees (if any) and expense allowance[^] (where applicable) charged on your account balance for the year ended 30 June 2012 in respect to each investment option is set out in the accompanying table. The buy/sell spread applicable to an investment option is also set out.

Further details of the fees and costs applicable for the Mercer Super Investment Trust are set out in the Product Disclosure Statement. To obtain a copy of the current Mercer Super Investment Trust Product Disclosure Statement contact us on 1300 728 928.

Investment option		Investment Management Fee* (% p.a.)	Performance Fee (% p.a.)	Expense allowance [^] (% p.a.)	Estimated Buy / Sell Spread (%)
Shares	Mercer Australian Shares	0.90	-	0.027	0.50
	Mercer Australian Shares Plus	1.05	-	-	0.60
	Mercer Australian Small Companies	1.00	-	-	0.80
	Mercer Overseas Shares	0.98	-	-	0.60
	Mercer Hedged Overseas Shares	1.00	-	-	0.60
	Mercer Overseas Shares Plus	1.05	-	-	0.60
	Mercer Overseas Small Companies	1.30	-	-	0.80
	Mercer Emerging Markets	1.40	-	-	1.00
	Mercer Shares	0.95	0.01	0.027	0.60
	Mercer Shares Plus	1.05	-	-	0.60
Real Assets	Mercer Listed Property	1.05	-	-	0.70
	Mercer Property	0.90	0.05	0.027	1.20
Alternatives	Mercer Diversified Alternatives	1.50	0.20	0.027	0.30
Cash	Mercer Cash	0.30	N/A	0.027	0.00
Diversified	Mercer Socially Responsible Shares	1.00	-	-	0.70
	Mercer Conservative Growth	0.75	0.02	0.027	0.20
	Mercer Moderate Growth	0.80	0.03	0.027	0.40
	Mercer Socially Responsible Moderate Growth	0.95	-	-	0.40
	Mercer Growth	0.85	0.05	0.027	0.50
	Mercer Socially Responsible Growth	1.00	-	-	0.60
	Mercer Growth Plus	0.95	-	-	0.50
	Mercer High Growth	0.90	0.05	0.027	0.50
	Mercer High Growth Plus	1.00	-	-	0.60

* The investment management fees that apply to you may be lower than those referred to above where a reduced fee has been negotiated direct with the trustee.

Costs of running the Mercer Super Investment Trust

The costs of running the Mercer Super Investment Trust are managed carefully by the Trustee. When setting the unit price of each investment option the Trustee allows for the investment management fees, performance fees, and expense allowance paid by the Mercer Super Investment Trust (over and above those fees (if any) which may be charged directly to you) as referred to in this Annual Report and your annual investor statement.

Privacy

The Trust holds personal information about you. Typically this includes your name, address and date of birth. This information is needed to invest your funds. Your personal information is collected from you at the time you make an investment and may be disclosed to the Trust's administrator, professional advisers, government bodies and other parties as required.

By investing in the Trust, it is assumed that you consent to this handling of your personal information. If you don't provide the Trustee with your personal information, we may not be able to invest your funds. Your personal information also may be used for marketing and research (unless you have requested not to do so by contacting your Account Manager).

You can usually see any personal information held and correct it if it's inaccurate. However, there are some circumstances where this isn't possible.

We follow the National Privacy Principles as described in the Privacy Act 1988 (Cth) and have a Privacy Policy which describes in detail the way we handle investors' personal information. If you'd like a copy of the Privacy Policy please call your Account Manager.

Enquiries, complaints & communication

Enquiries and complaints procedures

The Trustee has a process in place for dealing with any enquiries or complaints you may have. If you have any enquiries or complaints you can write to :

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

Or call on 1300 728 928.

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

If you do have a complaint and you're not satisfied with the response, you can request that the Complaints Officer pass on your complaint to the Trustee's Complaints Manager for a formal reconsideration. While you can expect a decision from the Complaints Manager within a further 28 days, again sometimes a longer period is required.

The Trustee always seeks to resolve any complaints to the satisfaction of all concerned and in the best interests of all the investors of the Trust. However, if you've followed the steps outlined above and are not satisfied with the outcome, or you don't wish to refer the matter to the Complaints Committee, you may be able to take your complaint to the Financial Ombudsman Service (FOS). FOS is an external dispute resolution system that covers certain complaints by investors in superannuation

schemes. For more information, you can contact FOS at:

Telephone: 1300 78 08 08

Facsimile: (03) 9613 6399

Website: www.fos.org.au

Email: info@fos.org.au

Mail: GPO Box 3, Melbourne, Victoria, 3001

Other information available on request

Investors are entitled to inspect the governing rules and copies of certain accounts, annual reports and returns. Certain other information is also available on request. You can arrange to see these documents during business hours free of charge by lodging a written request with the Trustee.

Keeping you up-to-date

As an investor in the Mercer Super Investment Trust you will receive:

- a transaction advice confirming every investment, withdrawal or investment strategy alteration to your existing investments;
- a monthly advice confirming the value of your investments;
- a concise monthly investment report (available via www.multimanager.mercer.com.au);
- a detailed quarterly investment report (available via www.multimanager.mercer.com.au);
- a periodic statement; and - this annual report which provides statutory and other useful information.

Changes to the Mercer Super Investment Trust

The following section details the changes that affect the Mercer Super Investment Trust for the financial year ending 30 June 2012.

Amendment to the governing documents

There were no amendments to the governing documents during the 2011/2012 financial year.

Licensing restructure

As a result of licensing and legal entity structural changes, in January 2012, the trustee of the Mercer Super Investment Trust changed from Mercer Investment Nominees Limited ABN 79 004 717 533 to Mercer Investments (Australia) Limited ABN 66 008 612 397.

These changes were made with the view to improve the management of risk and ensure a robust governance structure.

Financial Information

This information is a summary of the Mercer Super Investment Trust's audited accounts for the year ended 30 June 2012. The full audited accounts and auditors report are available and you can request them by contacting us.

Statement of net assets as at 30 June 2012

	2012 %	2012 \$'000	2011 \$'000
Assets			
Cash and cash equivalents	0.2	1,009	1,557
Receivables			
Unsettled sales	-	-	75
Accrued income	3.3	13,863	30,290
GST Claimable	-	118	136
Other receivables	0.8	3,269	-
Unlisted units in managed investment schemes - Unrelated			
Lend Lease Core Plus Fund active & passive units	0.6	2,433	2,428
Unlisted units in managed investment schemes – Related			
AP#1 Trust	2.5	10,342	10,308
Mercer ASSC Trust	-	-	3,915
Mercer CP Trust	-	-	39,109
Mercer DG (ex p) Trust	14.6	60,862	76,337
Mercer DS Trust	0.8	3,204	2,961
Mercer HYFI Trust	-	-	7,355
Mercer OSS Trust	6.0	25,196	42,865
Mercer OSSH#1 Trust	7.5	31,175	25,087
TAA#2 Trust	2.8	11,494	9,975
MIF Alternative Assets #1 Trust	5.7	23,760	23,457
MIF Australian Fixed Interest Trust	-	-	17,627
MIF Australian Shares Plus Trust	7.9	33,115	25,720
MIF Global Listed Property Trust	5.3	22,240	30,513
MIF Emerging Markets Trust	3.6	15,107	13,623
MIF Overseas Shares Trust	8.6	35,665	22,712
Mercer Tailored #1 Trust	3.6	14,948	13,710
TAL#2 Trust	1.7	6,898	4,733
Mercer Australian Linked Bonds Fund	1.0	4,239	8,065
Mercer Australian Sovereign Bond Fund	6.8	28,136	11,608
Mercer Overseas Inflation Linked Fund	0.9	3,647	4,248
Mercer Cash Fund	6.0	24,796	-
Mercer Overseas Sovereign Bond Fund	2.2	9,306	-
Mercer Global Credit Fund	2.7	11,027	-
Mercer Australian Small Companies Fund	0.8	3,516	-
Mercer Emerging Markets Debt Fund	1.8	7,683	-
Life Insurance policies	0.9	3,887	3,624
Deferred tax asset	1.4	5,923	5,363
Total Assets	100.0	416,858	437,401

	2012 \$'000	2011 \$'000
Liabilities		
Payables	3,636	594
Current Tax Liabilities	520	2,093
Total Liabilities	4,156	2,687
Net assets	412,702	434,714
Total equity attributable to unitholders	412,702	434,714

Statement of financial performance for the year ended 30 June 2012

	2012 \$'000	2011 \$'000
Investment Income		
Interest Income	23	63
Trust distributions	19,410	37,198
Net gains/(losses) on financial instruments held at fair value through profit or loss	(18,025)	8,693
Other income	147	6
Total investment income/(loss)	1,555	45,960
Expenses		
Trustee's Fees	2,809	3,075
Other operating expenses	121	152
Total expenses	2,930	3,227
Profit/(loss) before tax expense/(income)	(1,375)	42,733
Tax Expense/(Income)	(40)	3,272
Profit/(loss) before for the reporting period after tax expense/(income) attributable to unit holders	(1,335)	39,461
Other comprehensive income for the reporting period attributable to unit holders	-	-
Total comprehensive income for the reporting period attributable to unit holders	(1,335)	39,461

Contact us

If you need help call us on 1300 728 928 or you can visit our website at www.multimanager.mercer.com.au

Directory

Trustee

Mercer Investments (Australia) Limited

Registered Office

Level 16, 33 Exhibition Street
Melbourne, Victoria 3000

Auditor to the Trustee

Deloitte Touche Tohmatsu
180 Lonsdale Street,
Melbourne Victoria 3000

Auditor to the Mercer Super Investment Trust

In respect of the audit for the financial year ended 30 June 2012:

KPMG

147 Collins Street
Melbourne, Victoria 3000

In respect of the audit for the financial year commencing 1 July 2012:

PricewaterhouseCoopers,
Freshwater Place
2 Southbank Boulevard,
Southbank, Victoria 3006

Fund Manager

Mercer Investments (Australia) Pty Ltd
Level 16, 33 Exhibition Street
Melbourne, Victoria 3000

Custodian and unit registry administrator

National Australia Bank Limited ("NAB")
GPO Box 1406
Melbourne, Victoria 3001

Any enquiries or complaints should be directed to:

The Enquiries and Complaints Officer
Mercer Super Investment Trust
GPO Box 9946
Melbourne Vic 3001
(03)9623 5555

