

2018 SUPPLEMENTARY ANNUAL REPORT

Mercer Super Trust James Hardie Australia Superannuation Plan (your plan)

Issued December 2018

Your 2018 Mercer Super Trust Annual Report is made up of two parts:

- **Part one** - (your Mercer Super Trust - Annual Report 2018) contains a general update on how the fund has performed and information on changes that may have impacted on your super for the year ended 30 June 2018.
- **Part two** - (this 2018 Supplementary Annual Report) contains updated information specific to your plan for the year ended 30 June 2018.

Both parts should be read in conjunction with each other. Where we refer to the annual report, we're referring to both parts collectively.

ABOUT YOUR PLAN

Membership numbers	
At 30 June 2018	347
Plan assets	
As at 30 June 2018 [^]	\$58,341,429

[^] This figure is prepared on a cash basis. This means that it does not allow for any accruals such as outstanding contributions or benefits due as at 30 June 2018.

YOUR PLAN STYLE

Your plan provides members with accumulation and/or defined benefit style super.

For members with accumulation style super, your super relates to the amounts contributed by you or in respect of you and by your employer, the investment returns (which may be positive or negative) of the investment options in which your super is invested less deductions for fees, taxes and any insurance premiums.

For members with defined benefit style super, generally some or all of your super relates to salary and years of membership/service.

EMPLOYER SUPERANNUATION GUARANTEE CONTRIBUTIONS

By law, your employer is generally required to provide a minimum level of super for its employees - the Superannuation Guarantee (SG). There may be some circumstances where your employer is not required to meet the SG. The SG is the amount the employer must provide for each employee, not a minimum amount to be contributed to each fund. Your employer may provide the SG through more than one fund. The SG rates are set out below:

Period	SG - % of Ordinary Time Earnings (OTE*)
1 July 2017 to 30 June 2018	9.50%
1 July 2018 to 30 June 2019	9.50%

* OTE refers to your remuneration, which generally includes your regular salary or wage, any over-award payments, shift allowances, bonuses and commissions. It generally does not include overtime payments or benefits subject to fringe benefits tax.

An employer is only required to provide SG on OTE up to the maximum contribution base, which is \$52,760 per quarter for the year ending 30 June 2018 (\$54,030 per quarter for the year ending 30 June 2018) and is indexed on 1 July each year.

For members with only accumulation style super, your employer will generally be required to make super contributions at least equal to the SG amount.

For employees who are members with defined benefit style super, the benefits paid by the plan must be equal to or greater than a minimum level specified by your plan's actuary which is deemed to be equivalent to an employer contribution equal to the SG amount. Please see 'Financial position of the plan' for more information about employer contributions and the financial position of the plan generally.

FINANCIAL POSITION OF THE PLAN

For members with defined benefit style super, the amount your employer contributes varies depending on the advice of an actuary. At least every three years, the plan's actuary prepares an investigation report that states how much your employer needs to contribute so that plan assets are expected (on the actuary's assumptions) to be sufficient to meet any super payouts now and in the future. For members with only accumulation style super, your employer will generally be required to make super contributions at least equal to the SG amount.

As at 30 June 2018, the value of the plan's assets was 100% of (i.e. equal to) the sum of all members' super payouts assuming all employed members ceased employment at that date. This means, the plan was in a satisfactory financial position at that date, as defined by superannuation legislation.

Since the last actuarial investigation, 30 June 2016, your employer has contributed in line with the contributions recommended by the plan's actuary.

In the event of your plan being wound up while the value of the plan's assets is lower than the sum of all members' super payouts assuming all employed members ceased employment at that date, your actual super payout may be less than your leaving service payout i.e. your leaving service payout may be reduced. Benefit entitlements of lifetime pensioners and former employees with retained benefits may also be reduced. However, your employer may choose to make an additional contribution at that time to make up the difference.

Note that the trustee has not been advised of any intention to wind up the plan at the date of this report - the above is provided for information purposes only.

*Note: A reference to members in the above section includes defined benefit members, accumulation members and lifetime pensioners of the plan.

ACCRUED BENEFITS CALCULATION

As at 30 June 2018, the value of the plan's assets was 100% of (i.e. greater than) the plan's accrued benefits. As at 30 June 2018, the plan's accrued benefits amounted to \$58,377,928.

The plan's accrued benefits are:

- For accumulation members, the sum of their super payout assuming they ceased employment at that date, plus
- For defined benefit members the actuarial present value at the valuation date of the amount required to meet the proportion of future benefit payments attributed to membership completed at the valuation date.
- For pensioners, the present value of their future pension payments.

The main assumptions used to determine the value of accrued benefits for defined benefit members and pensioners are shown below.

The plan's Actuary considers the following movements in the assumptions used to calculate the accrued benefits are reasonably possible for the reporting period:

Assumption	Rate used at 30 June 2018	Reasonably possible change	Amount of increase in accrued benefits	Amount of decrease in accrued benefits
Discount rate (or Investment earning rate)	5.60%	+1%		\$48,565
		-1%	\$56,924	
Salary adjustment rate	3.50%	+1%	\$41,893	
		-1%		\$36,763
Pension Indexation rate	2.25%	+0.5%	\$4,433	
		-0.5%		\$4,319

POLICY COMMITTEE

Your plan has a policy committee made up of two member and two employer representatives. This policy committee has been set up with members' interests in mind.

As at 30 June 2018 your representatives were:

Member elected	<ul style="list-style-type: none">• Mat Skembes• Grant Overton
Employer-appointed	<ul style="list-style-type: none">• Bruce Potts• Dennis Loduwick

From 22 August 2018 your representatives were:

Member elected	<ul style="list-style-type: none">• Vacant• Vacant
Employer-appointed	<ul style="list-style-type: none">• Daniel James• Alex Petrie

Appointment and removal of policy committee members

Member representatives are elected by the members.

Employer representatives are appointed by your employer.

- Member representatives generally serve for a term of three years. The term of office for the current member representatives expires on 30 June 2021. A new election will be held shortly before this date. You're entitled to see a copy of the election rules for the Mercer Super Trust. Call the Helpline on **1800 682 525** for more details.

Member representatives will cease to hold office sooner if they:

- cease to be a member of the plan;
- become ineligible under the law;
- resign as a member representative; or
- are removed by a notice in writing to the trustee signed by a majority of members.

Filling casual vacancies

If there is a casual vacancy for a member representative the remaining member representatives on the policy committee may be asked to assist the trustee in determining how the vacancy will be filled in accordance with the election rules.

CHANGE IN NET ASSETS IN YOUR PLAN TO 30 JUNE 2018

Net assets at 1 July 2017	\$55,635,928
Plus	
Net investment revenue	\$5,271,179
Employer contributions*	\$3,872,734
Member contributions	\$297,737
Government co-contributions	\$860
Transfers^	-\$3,379,890
Insurance proceeds	\$0
Total revenue	\$6,062,620
Less	
Benefits paid	\$2,537,045
Administration fees	\$105,617
Group insurance premiums	\$147,650
Contributions and surcharge tax	\$566,807
Total expenses	\$3,357,119
Equals	
Net assets at 30 June 2018	\$58,341,429

* The amounts shown as employer contributions include any pre-tax or salary sacrifice member contributions.

^ Transfers includes: transfers in from other plans and net transfers from and to other MST plans.

This information has been prepared on a cash basis.

The financial information contained in this Supplementary Annual Report for your plan has not been audited. This information does form part of the full financial accounts for the Mercer Super Trust in which your plan participates. You can request a copy of the Mercer Super Trust full audited accounts and the auditor's report by contacting the Helpline.

This supplementary annual report has been issued by Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533, Australian Financial Services Licence #235906, the trustee of the Mercer Super Trust ABN 19 905 422 981. Mercer is a registered trademark of Mercer (Australia) Pty Ltd (Mercer) ABN 32 005 315 917.

The information contained in this Supplementary Annual Report includes general product advice which has been prepared without taking into account the personal objectives, financial situation or needs of individual members. Before making any decisions about your super, you should consider the information in light of your own objectives, financial situation and needs and read and consider the current Product Disclosure Statement (PDS) and/or other member materials specific to your plan. Copies of these documents are available at mercersuper.com or by calling the Helpline on **1800 682 525**.

It is also recommended that you obtain advice from a licensed, or appropriately authorised, financial adviser.

You should be aware that the value of an investment in the Mercer Super Trust may rise and fall. Neither MSAL, Mercer nor any of the investment managers guarantees the investment performance, earnings or return of capital invested in the Mercer Super Trust. © 2018, Mercer LLC. All rights reserved.

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STATEMENT OF FINANCIAL POSITION OF YOUR PLAN AT 30 JUNE 2018

Assets (investment options)

Ready-made investment options	
Mercer SmartPath	\$37,939,727
Mercer Diversified Shares	\$4,162,289
Mercer High Growth	\$3,831,773
Mercer Growth	\$6,226,909
Mercer Moderate Growth	\$2,564,738
Mercer Conservative Growth	\$1,156,286
Mercer Cash	\$551,207
Select-your-Own investment options	
Mercer Australian Shares	\$79,188
Mercer Australian Small Companies	\$189,106
Mercer Overseas Shares (Unhedged)	\$69,842
Mercer Hedged Overseas Shares	\$55,464
Mercer Overseas Small Companies	\$229,343
Mercer Australian Listed Property	\$240,200
Mercer Global Listed Infrastructure	\$17,722
Mercer Fixed Interest	\$558,484
Mercer Australian Sovereign Bonds	\$194,808
Mercer Overseas Sovereign Bonds	\$158,893
Indexed Diversified Shares	\$2,391
Indexed Australian Shares	\$108,263
Indexed Overseas Shares	\$1,520
Non Mercer Growth – Multi-Manager Style	\$3,274
Total	\$58,341,429