

Westpac Group Plan

Investments

1 April 2023

Defined Benefit SuperSave accounts

The information in this booklet forms part of the Product Disclosure Statements for the Westpac Group Plan – Defined Benefit Members in the Corporate Superannuation Division in the Mercer Super Trust, dated 1 April 2023.



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About this booklet

This *Investments* booklet (Booklet) provides important information about the investment options available for your SuperSave account in the Defined Benefits section of the Westpac Group Plan in the Corporate Superannuation Division (CSD) in the Mercer Super Trust. This Booklet forms part of the following Product Disclosure Statements (PDSs), dated 1 April 2023:

- *Westpac Group Plan – Defined Benefit Members (former Westpac Staff Superannuation Plan members)*
- *Westpac Group Plan – Defined Benefit Members (former St George Plan members).*

You should consider the information in this Booklet, with the other booklets that are part of the PDS, before making any decision about your super.

This Booklet contains general information only and does not take into account your individual objectives, financial situation or needs. Before acting on any of this information, you should consider whether it is appropriate to your objectives, financial situation and needs. You should get financial advice tailored to your personal circumstances.

Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533 Australian Financial Services Licence (AFSL) 235906 is the trustee of the Mercer Super Trust. In this Booklet, MSAL is called trustee, we, our or us.

The trustee has appointed Mercer Investments (Australia) Limited (MIAL) ABN 66 008 612 397 AFSL 244385 as an implemented consultant to provide investment strategy advice, portfolio management and implementation services including investment manager selection and monitoring. MIAL is also the Responsible Entity of the Mercer Funds and the Mercer Investments Funds, in which the Mercer Super Trust invests. MIAL is named in this Booklet and has consented to being so named.

Advance Asset Management Limited (AAML) ABN 98 002 538 329 AFSL 240902 is the Responsible Entity for the Advance Funds. AAML is named in this Booklet and has consented to being so named.

MSAL, MIAL and AAML are wholly owned subsidiaries of Mercer (Australia) Pty Ltd (Mercer) ABN 32 005 315 917.

Your Employer means Westpac Banking Corporation ABN 33 007 457 141.

References to 'your Plan' throughout the PDS and this Booklet mean the Defined Benefit section of the Westpac Group Plan in the CSD in the Mercer Super Trust.

See the Glossary at the end of this Booklet for clarification on capitalised terms used in this booklet.

MSAL is responsible for the contents of this Booklet and is the issuer of this Booklet. MIAL, AAML, Mercer or your Employer are not responsible for the issue of, or any statements in this Booklet, the PDS or any of the other important information booklets referred to in this Booklet or the PDS. They do not make any recommendation or provide any opinion regarding your Plan in the Mercer Super Trust or an investment in it.

The value of the investments in your Plan may rise and fall. MSAL, MIAL, AAML, Mercer and your Employer do not guarantee the investment performance, earnings, or the return of any capital invested in your Plan.

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

Updated information

The information in this Booklet, the PDS and other booklets that are part of the PDS may change.

You can obtain updated information that is not materially adverse at mercersuper.com.au/westpacgroupplan or call the Defined Benefit Helpline to request a copy of the information free of charge. Changes that are materially adverse will be advised to you as required by law.

How to contact us

Helpline

Call the Helpline for the Defined Benefits section of your Plan on **1800 227 262** from 8.30am to 5.30pm (AEST/AEDT) Monday to Friday.

Online

mercersuper.com.au/westpacgroupplan

With your personal login, you can access information about your super in the Mercer Super Trust.

Our website is available 24 hours per day, seven days per week; however, the website may not be available when we need to carry out scheduled updates or maintenance.

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

On our website, you can also access other relevant information including annual reports.

Our online tools include:

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

By mail

General correspondence and forms

Westpac Group Plan – Defined Benefits

c/ Link Group

Locked Bag A4055

Sydney South NSW 1235

To write to the trustee

Mercer Superannuation (Australia) Limited

GPO Box 4303

Melbourne VIC 3001

Keep your contact details up to date

We can only send you information if we have your current contact details. You can update your details at **mercersuper.com.au/westpacgroupplan** (sign in using your personal login) or call the Defined Benefit Helpline.

We will send member communications to you by post (including member statements and significant event notices).

How to choose your investments

We give you the flexibility to tailor your investment strategy for your SuperSave account by offering a range of investment options that you can choose from.

As a defined benefit member of your Plan, you can select up to 8 investment options from our investment menu for your SuperSave account balance (for future contributions, see next paragraphs).

If you decide not to make an investment selection, we will automatically invest your super in the default investment option for your Plan, which is the Mercer Growth investment option.

For more details about our investment options see the 'Investment menu' and 'Investment options in detail' sections later in this Booklet.

Making an investment choice

You can select your investment options online at mercersuper.com.au/westpacgroupplan or by calling the Defined Benefit Helpline.

You should seek advice from a licensed, or appropriately authorised, financial adviser before you choose investment options. It is important to review your investment selection regularly.

Investment strategy for future contributions

Your investment strategy for future contributions will be the Mercer Growth investment option unless you select a different option(s).

Your investment strategy for future contributions will apply to all future contributions, including rollovers from other super funds and all other cashflows.

Changing (switching) investment options

You can change (switch) your investment option(s) at any time. A switch is a sale of units in one investment option and a purchase of units in another investment option.

If you switch options, it's important to specify whether the change will apply to:

- your current super account balance,
- your investment strategy for future contributions, or
- both of the above.

You can make a switch online at mercersuper.com.au/westpacgroupplan (sign in using your personal login) or call the Defined Benefit Helpline.

See 'Units and unit pricing' for details on which unit price applies when changing or switching investment options.

Important information

On 1 April 2023, some of the Mercer investment options received transitioned assets, primarily in the form of units in funds for which AAML is the responsible entity, and also some unit holdings in funds managed by third party investment managers. The transitioned assets were received as part of a successor fund transfer process when BT Super transitioned into the Mercer Super Trust.

As part of the transition process, where relevant, the investment managers for the Advance Funds have been instructed to comply with Mercer's Exclusion Criteria as outlined in the *Sustainable Investments Information* booklet. At the date of this booklet, the Advance Funds are in the process of implementing those instructions as market conditions allow and in the best interests of investors.

Investment options menu

The following table summarises the investment options available to you. More information is provided in the 'Investment options in detail' section later in this Booklet. You can also find out more about how Mercer's sustainable investment approach is implemented within the Mercer investment options in the *Sustainable Investments Information* booklet at mercersuper.com.au/westpacgroupplan.

The trustee may add, remove or alter investment options. We will advise you of any changes.

Ready-made options	Select-your-own options	
	Mercer Sustainable Plus option	Mercer Sector options
<p>These options provide access to a combination of asset classes to target a specific investment objective.</p> <ul style="list-style-type: none"> • Mercer High Growth • Mercer Growth¹ • Mercer Conservative Growth 	<p>Within this option, some asset classes incorporate additional sustainability criteria.²</p> <ul style="list-style-type: none"> • Mercer Sustainable Plus Growth 	<p>These options offer exposure to mainly one major asset class.</p> <ul style="list-style-type: none"> • Mercer Heritage Australian Shares³ • Mercer International Shares • Mercer Fixed Interest • Mercer Cash

1 The default investment option.

2 We recommend you read the *Sustainable Investments Information* booklet before making an investment decision.

3 The Mercer Heritage Australian Shares investment option is closed and only available to members currently invested in this option.

Ready-made investment options

The Ready-made investment options combine a mix of asset classes and management styles to target a stated investment objective.

The trustee chooses and monitors the investment managers and decides how to allocate across the different asset classes, which may be growth or defensive oriented, or a mix of both.

The Ready-made investment options are:

- Mercer High Growth
- Mercer Growth
- Mercer Conservative Growth

Select-your-own investment options

Mercer Sustainable Plus

The Sustainable Plus option uses a multi-manager investment approach, with different investment managers selected to implement investment strategies in each asset class that support the option's objective.

We recommend you read the *Sustainable Investments Information* booklet for your Plan at mercersuper.com.au/westpacgroupplan before making an investment decision.

Mercer Sector

These options offer exposure mainly to one major asset class. They are designed for investors who want to invest in a particular asset class, or multiple asset classes, to tailor their own portfolio.

No guarantees

There are no guarantees that investment returns will be positive or you will be able to maintain the value of original capital. Your SuperSave account balance is dependent on movements in the value of the underlying investments in your investment option(s).

You should see a licensed, or appropriately authorised, financial adviser if you are unsure about your investment choices.

Low or negative investment returns will affect your super balance and benefit. That means your SuperSave benefit may be less than the amount of contributions paid into your super account if you leave the Mercer Super Trust. Tax, fees and charges will also reduce your benefit.

You can obtain up to date returns for your Plan's Ready-made and Select-your-own investment options online at mercersuper.com.au/westpacgroupplan (sign in using your personal login).

Refer to the 'Understanding investment risks' section in this Booklet for more information.

How we invest your super

Your super can be invested in various asset classes, depending on your investment option(s). An explanation of the asset classes is provided in the table below.

Asset Class	Description
Australian Shares	Investments in Australian companies listed on the Australian Stock Exchange (ASX) or equity based trusts, derivatives or unlisted Australian based equity type investments. It may include a small exposure to companies listed outside the ASX.
International Shares	<p>Investments in companies listed on securities exchanges around the world. These investments may be hedged or unhedged to manage movements in exchange rates, which can have an impact on the value of investments (up or down).</p> <p>Investments in international shares may be in:</p> <ul style="list-style-type: none">• Developed markets, which are countries that have sophisticated economies and a middle to high income per person.• Emerging markets, which includes countries that are less developed and have low to middle income per person.
Real Assets	<p>Real assets include investments in property, infrastructure and natural resources such as timber. These assets may be Australian or international and listed or unlisted.</p> <p>Property investments include, but are not limited to, office buildings, shopping centres, and industrial estates.</p> <p>Infrastructure investments are investments in long-term assets required for major economic and social needs such as airports, tunnels, bridges, toll roads, pipelines and utilities.</p>
Alternative Assets	Alternative assets comprise of investments that do not fit within other asset classes. They may include investments in hedge funds, private equity, mezzanine debt and insurance linked strategies. Alternative investments may have growth and/or defensive characteristics.
Growth Fixed Interest	Growth fixed interest investments target a higher return by investing in issuers that may carry a higher degree of credit risk or illiquidity relative to defensive fixed interest and cash investments. Generally the exposures will include private debt, non-investment grade corporate bond issuers, or sovereign bond issuers in emerging markets, which may also carry emerging market currency risks.
Defensive Fixed Interest and Cash	<p>Defensive fixed interest investments generally provide a regular income stream with the repayment of capital expected at the end of the term. These investments are generally considered defensive as they are predominantly invested in highly rated sovereign bond issuers in developed markets or highly rated investment grade corporate issuers.</p> <p>Cash includes short-term interest bearing investments and fixed term interest bearing investments.</p>

For more information on:

- asset allocations (the asset classes each investment option invests in) and their percentage of growth investments and defensive investments, see the 'Investment options in detail' later in this Booklet
- Growth and Defensive investments are explained in the 'Glossary of key terms' later in this Booklet.
- Mercer's sustainable investment approach, refer to the *Sustainable Investments Information* booklet for your Plan.

Investment philosophy and approach

Investment objectives and strategy

Each investment option has a specific investment objective and investment strategy that we believe is reasonably likely to enable the option to meet their objectives; however, there is no guarantee that a particular objective will be met over a particular time period.

The investment strategy includes the selection of a blend of investments that support the option's objectives. We may change the investment objective and strategy for each investment option, as required, to ensure that the objectives continue to have a reasonable probability of being attained. The actual asset allocation may fall outside the stated ranges for an option during certain times such as extreme market conditions, mergers and transitions.

We use formal quarterly analysis to monitor the performance of investment options against their objectives and an annual investment health check to help us assess whether we need to make any changes. We will provide you with information about any significant changes to the features of the investment options.

Manager research and selection

The trustee has appointed MIAL as an implemented consultant. MIAL provides services to MSAL on the selection, appointment, replacement and evaluation of investment managers under an implemented consulting arrangement.

Mercer's significant scale in researching investment managers globally provides us with access to some of the best ideas from more than 7,700 investment managers around the world. MIAL leverages a global research network to seek to establish a combination of specialist managers for each asset class, selecting managers for their strength in idea generation, portfolio construction, implementation and business management.

The Ready-made investment options and many of the Select-Your-Own investment options adopt an actively managed, multi-manager approach. This involves selecting combinations of asset classes and underlying investment managers to achieve exposure to a range of investment management styles.

The trustee, in certain circumstances, may remove, replace, or appoint investment managers for the investment options at its discretion at any time.

How the Mercer Super Trust's assets are invested

The trustee may invest the Mercer Super Trust's assets in:

- funds managed by investment managers
- a range of investments such as securities, derivatives and cash managed via mandates held with investment managers
- funds managed by MIAL, including but not limited to the Mercer Funds and the Mercer Investment Funds (MIFs)
- funds or investment vehicles managed by other Mercer related entities
- funds managed by AAML.

MIAL is the responsible entity of the Mercer Funds and MIFs and appoints investment managers to manage the assets of the Mercer Funds and MIFs, either directly or via external Collective Investment Vehicles (CIV).

AAML is the responsible entity of the Advance Funds and appoints investment managers to manage the assets of the Advance Funds, either directly or via external CIVs.

The investments for the Mercer Super Trust are generally held by an external custodian or directly by MIAL or MSAL.

Units and unit pricing

What are units?

You are allocated a number of units, which represent the assets of each investment option. The assets of each investment option are divided into units of equal value. Each unit has a regularly changing price allocated to it.

The unit price of a whole unit (one unit) reflects the asset value of the investment option divided by the number of units on issue for that investment option at the relevant time. We make allowances for any transaction costs (see 'Transaction costs' in the 'Additional explanation of fees and costs' section of the PDS for more details).

Each time there is a contribution to your SuperSave account, the trustee allocates units in the relevant option at the entry price. Similarly, when there are payments made, the trustee redeems units from the relevant investment option at the exit price. Payments include super benefits, fees, insurance premiums or tax.

The entry price for contributions, rollovers or transfers will generally be calculated after your transaction is received and validated, which may be different to the last available unit price at the time of your transaction. The exit price used for super benefits, fees, premiums, tax and expenses is generally the price available at the time the relevant transaction is processed.

Units are not transferrable. You can see the number of units you hold in your investment options by using your personal login at mercersuper.com.au/westpacgroupplan or by checking your statements.

We allocate units after we receive all the necessary information to invest.

The issue (or redemption) of units may be suspended if the trustee believes the entry (or exit) price of the units cannot be calculated in a manner fair to all members holding those units. Also the redemption of units may be suspended if we are unable to realise sufficient funds to satisfy a redemption request from the sale of the underlying assets.

What is unit pricing?

Each unit has a regularly changing price allocated to it, which is generally calculated daily (except on weekends and Melbourne public holidays). Unit prices may rise or fall depending on fluctuations in the underlying value of investments in each investment option.

Investment returns based on unit prices are likely to differ from the underlying manager's actual return due to timing differences and differences in fees and costs.

Unit pricing and changes to investment options

If you change investment options, the unit price for the switch will generally be calculated after your request is received and validated, which may be different to the last available unit price at the time of your transaction.

How assets are valued

Unless the trustee determines otherwise, the value of the underlying assets of the investment options will be based on market values determined by an external custodian or investment manager.

When valuing assets, we make an estimate of the tax liability due that has not yet been paid on investment income and capital gains, both realised and unrealised.

Mercer's sustainable investment approach

The *Sustainable Investments Information* booklet for your Plan contains information on our sustainable investment approach and how sustainability-related factors are incorporated into the investment decisions, including information on how exclusions are applied within the investment options, and additional criteria that apply to the Sustainable Plus investment option. This booklet can be found at mercersuper.com.au/westpacgroupplan.

Understanding investment risks

All investments, including super, carry some risks. Investment options each have different levels and types of risks, depending on the assets they invest in. Generally, assets with the highest long-term return also carry the highest level of risk. Returns for each investment option will vary and future returns may be different to past returns. Your investment could rise or fall in value or produce a return that is less than expected. Rises and falls in value can happen quickly and for many reasons.

Investment risk generally describes the risk of an investor getting back less than they put in. Taxes, expenses and low or negative investment returns can also have an impact on investment risk in super.

You can help manage risk by choosing investment options that are diversified across different asset classes, regions and investment managers.

The types of investment risks that may affect investments in your Plan include:

- **Counterparty risk** – the risk that a counterparty does not meet its contractual obligations. Counterparty risk may arise from structured finance arrangements, derivative contracts, securities lending activities, debt or loan instruments.
- **Credit risk** – the risk that a debt issuer will default on payment of interest or principal.
- **Currency risk** – the risk that overseas investments lose value as a result of currency movements.
- **Derivatives risk** – the risk that derivatives exposure magnifies losses relative to physically holding an underlying asset or group of assets.
- **ESG risk** – the risk of loss resulting from ESG factors and other related sustainable investment considerations. This includes the risk of loss that may result from climate-related factors or social factors, such as a public health crisis.
- **Exclusions risk** – the risk of reduced returns or loss from exclusions on, for example, certain industries, sectors or countries. There may be differences in performance outcomes compared to a benchmark or comparable option where those exclusions are not applied.
- **Inflation risk** – the risk that money may not maintain its purchasing power due to increases in the price of goods and services.
- **Interest rate risk** – the risk of loss resulting from changes in interest rates and bond yields.
- **Liquidity risk** – the risk that members may be unable to redeem their investment at their chosen time without adverse impact on the price. Under certain market conditions, some normally liquid assets may become illiquid, restricting an option's ability to make payments to members without a significant delay.
- **Market and economic risk** – the risk of loss resulting from adverse changes in market prices, or changes in the economic environment, including economic growth, fiscal or monetary policy or employment levels.
- **Operational and cybersecurity risk** – the risk of fraud, business disruption, data loss or damage within Mercer or at an external service provider which may result in a disruption of services, including our ability to process application and redemption requests.
- **Political risk** – the risk that political events can impact an investment. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policy makers, or military control.
- **Taxation risk** – the risks that taxation laws and their interpretation may change in the future, as well as any change in the eligibility of a fund to qualify as an Attribution Managed Investment Trust (AMIT) in a particular income year.

Managing risks

The trustee aims to appropriately manage investment risks using a number of approaches. This includes offering you a diverse range of investment options and allowing you to select an option, or combination of options, to suit the time you expect to hold your investment in your Plan. If you don't make an investment choice, the Mercer Growth default will provide you with diversification across asset classes, investment managers and investment styles.

The trustee and its implemented consultants have considered investment risks in constructing the investment options and aim to help manage those risks primarily through diversification and by using some or all of the following strategies, as applicable to each option or Plan:

- Investing across different asset classes to reduce market risk, inflation risk and liquidity risk.
- Investing across different countries to reduce political risk, inflation risk, interest rate risk, liquidity risk and currency risk.
- Investing in a number of individual assets within each asset class to reduce liquidity risk, interest rate risk and credit risk.
- Where appropriate, utilising currency hedging to manage currency risk.
- For the Ready-made options, market risks are monitored and managed as part of our dynamic asset allocation process.
- Establishing parameters on the quality, exposure and collateralisation of counterparty exposures.
- Monitoring and managing operational and cyber security risks as part of our overall risk management program.
- Monitoring taxation developments as they arise to ensure that the options comply with their taxation requirements, including eligibility under the Attribution Managed Investment Trust (AMIT) regime.

We strongly recommend you speak to a licensed, or appropriately authorised, financial adviser before making an investment decision.

Use of derivatives

The trustee allows the use of derivatives to help manage risk or generate return (e.g. to hedge all or part of a foreign currency exposure). Derivatives, such as futures or options, are investment products whose value is derived from one or more underlying assets. The value of a share option, for example, is linked to the value of the underlying share. Derivatives may be used to assist in the efficient management of the portfolios (e.g. to quickly and effectively adjust asset class exposures and for rebalancing purposes) and to manage risk or enhance return (e.g. for currency hedging). Losses from derivatives can occur (e.g. due to market movements).

Standard Risk Measure

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

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

You should check you are comfortable with the risks and potential losses associated with your chosen investment option(s). The seven risk labels of a standard risk measure are listed below.

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

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

Investment options in detail

Ready-made investment options

	Mercer High Growth	Mercer Growth	Mercer Conservative Growth			
Description	Invests across most asset classes but mainly in growth assets. It is designed for members who want exposure to mainly growth assets and can tolerate a high level of risk over ten years.	Invests across most asset classes but mainly growth assets. It is designed for members who want exposure to mainly growth assets and can tolerate a medium to high level of risk over seven years.	Invests across most asset classes but mostly in defensive assets. It is designed for members who want exposure to mainly defensive assets and can tolerate a low to medium level of risk over five years.			
Objectives	To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.5% per annum over rolling ten year periods.	To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3% per annum over rolling seven year periods.	To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 1.0% per annum over rolling five year periods.			
Standard Risk Measure	High	Medium to high	Low to medium			
Minimum Suggested Timeframe	Ten years	Seven years	Five years			
Asset Allocation	Growth	Defensive	Growth	Defensive	Growth	Defensive
Asset Allocation Ranges %	65-100	0-35	55-95	5-45	20-60	40-80
Total Asset Allocation %	87	13	75	25	39	61
Asset Class	Range %	SAA %	Range %	SAA %	Range %	SAA %
Australian Shares	20-50	34	15-45	27.5	0-25	10
International Shares	25-55	41	20-50	32.5	0-25	12
Real Assets	0-35	16	0-40	17.5	0-35	16.5
Alternative Assets	0-10	1	0-10	1	0-10	1
Growth Fixed Interest	0-15	6	0-20	12	5-25	13.5
Defensive Fixed Interest & Cash	0-15	2	0-25	9.5	30-60	47

Select-your-own investment options

	Mercer Sustainable Plus Growth ¹	Mercer Heritage Australian Shares ²	Mercer International Shares			
Description	Invests across most asset classes but mainly in growth assets. It is designed for members who want exposure to growth assets and can tolerate a medium to high level of risk over seven years. Within this option, a portion of some asset classes incorporate additional sustainability criteria. ¹	Invests mainly in Australian Shares. It is designed for members who want significant exposure to growth assets and can tolerate a high level of risk over ten years.	Invests mainly in International Shares in developed markets but may also have some exposure in Emerging Markets. International currency exposure is generally unhedged. It is designed for members who want exposure to growth assets and can tolerate a high level of risk over ten years.			
Objectives	To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.0% per annum over rolling seven year periods.	To exceed the benchmark, before management costs, over the medium to long term.	To exceed the benchmark, after investment fees, over the medium to long term.			
Standard Risk Measure	Medium to high	High	High			
Minimum Suggested Timeframe	Seven years	Ten years	Ten years			
Asset Allocation	Growth	Defensive	Growth	Defensive	Growth	Defensive
Asset Allocation Ranges %	55-95	5-45	80-100	0-20	90-100	0-10
Total Asset Allocation %	75	25	100	0	100	0
Asset Class	Range %	SAA %	Range %	SAA %	Range %	SAA %
Australian Shares	15-45	27.5	85-100	100		
International Shares	20-50	32.5	0-15	0	90-100	100
Real Assets	0-40	17.5	0-20	0		
Alternative Assets	0-15	4	0-10	0		
Growth Fixed Interest	0-15	6.5	0-10	0		
Defensive Fixed Interest & Cash	0-25	12	0-15	0		
Cash					0-10	0

1 We recommend you read the *Sustainable Investments Information* booklet for your Plan before making an investment decision.

2 The Mercer Heritage Australian Shares investment option is closed and only available to members currently invested in this option.

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	Mercer Fixed Interest	Mercer Cash		
Description	Invests mainly in Fixed Interest. International currency exposure is generally hedged. It is designed for members who want exposure to mainly defensive assets and can tolerate a medium to high level of risk over three years.	Invests mainly in cash. It is designed for members who want no exposure to growth assets and can tolerate a low level of risk over one year or less.		
Objectives	To exceed the benchmark, after investment fees, over the medium term.	To maintain the invested capital and to achieve a return above that available on bank bills as measured by the Bloomberg AusBond Bank Bill Index on an annual basis.		
Standard Risk Measure	Medium to high	Low		
Minimum Suggested Timeframe	Three years	One year or less		
Asset Allocation	Growth	Defensive	Growth	Defensive
Asset Allocation Ranges %	0-10	90-100	n/a	n/a
Total Asset Allocation %	0	100	0	100
Asset Class	Range %	SAA %	Range %	SAA %
Growth Fixed Interest	0-10	0		
Defensive Fixed Interest & Cash				
Defensive Fixed Interest	70-100	100		
Cash	0-30	0	n/a	100

Glossary of key terms

Active investment approach

Managers of investment options with an active approach aim to perform better than the market overall.

Advance Funds

The investment funds for which Advance Asset Management Limited (AAML) acts as the responsible entity or trustee.

Asset allocation

The allocation between the various asset classes (e.g. shares, fixed interest and property) of an investment option. It also includes the growth/defensive target allocation of the investment option.

Asset class

Type of asset that share common features, predominantly its potential return and volatility. The main asset classes are Australian Shares, International Shares, Real Assets, Alternative Assets, Growth Fixed Interest, Defensive Fixed Interest and Cash.

Capital markets

The part of the financial markets concerned with raising capital by dealing in shares, bonds and other long term investments.

Consumer Price Index (CPI)

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

Corporate bonds

A corporate bond is a debt security issued by a corporation. Corporate bonds are typically classified into two main groups, investment grade and non-investment grade depending on their credit rating and likely risk of default. Non-investment grade corporate bonds have a lower credit rating than investment grade bonds and as such are considered to be of higher risk than investment grade bonds.

Defensive investments

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

- Cash and Defensive fixed interest
- Growth fixed interest - 50% of any allocation is classified as a defensive investment
- Real assets – the following percentages of the allocations are classified as a defensive investment:
 - Direct (unlisted) property – 50%
 - Unlisted infrastructure – 50%
 - Natural resources – 50%
- Alternatives assets, including:
 - Hedge funds and diversified growth funds - 50% of any allocation is classified as a defensive investment
 - Sustainable opportunities - 25% of any allocation is classified as a defensive investment.

Exclusion criteria

Refer to the *Sustainable Investments Information* booklet for your Plan, Section 2 Exclusions, for further information.

Futures

Contracts for assets (especially commodities, bonds or shares) bought at agreed prices but delivered and paid for later.

Growth investments

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

- Australian shares
- International shares
- Listed Property
- Listed Infrastructure

- Real Assets - the following percentages of the allocation are classified as growth investment:
 - Direct (unlisted) property - 50%
 - Unlisted infrastructure - 50%
 - Natural Resources - 50%
- Growth fixed interest - 50% of any allocation to growth fixed interest is classified as a growth investment
- Alternative assets, including:
 - Private equity
 - Hedge funds and diversified growth funds - 50% of any allocation is classified as a growth investment
 - Sustainable opportunities - 75% of any allocation is classified as a growth investment.

Hedging

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

International

Investments predominantly in countries other than Australia.

Minimum suggested timeframe

The minimum time you should consider holding your investment in an investment option. This is a guide only.

Multi-manager investment approach

More than one specialist manager may be appointed to manage assets in each asset class, sector or investment style within the investment options.

Objectives

These identify the type of return the option aims to achieve for investors. The objectives are sometimes stated in terms of a particular named index, e.g. the Bloomberg AusBond Bank Bill

Index, or a target that relates to the Consumer Price Index (CPI).

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

Objective time horizon

The time horizons used in the investment objectives for particular options:

- Short term – Less than three years
- Medium term – Three to seven years
- Long term – Greater than seven years.

Ranges

The range in which the strategic asset allocation can vary. Factors such as market movements or active management decisions may cause the strategic asset allocation mix to vary but it will generally stay within the asset allocation ranges. The actual asset allocation may fall outside the stated ranges for an option during certain times such as extreme market conditions, mergers and transitions.

RBA Cash Rate

The rate of interest which the Reserve Bank of Australia (RBA) charges on overnight loans to commercial banks.

Shares

A share is an investment that represents part ownership of a company.

Sovereign bonds

A sovereign bond is a debt security issued by a national government.

Strategic Asset Allocation (SAA)

The strategic asset allocation is the longer term target allocation for the relevant asset classes in which an investment option invests. The strategic asset allocation is designed having regard to the type of option, investment objectives, risk profile and suggested time horizon.

If you have any questions about your super, please contact us

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