



As Income Stream accounts operate slightly differently to superannuation accounts, the Fund has produced this Supplement to provide Members with Income Stream accounts some information that is more specific to their needs and may not be covered in the Annual Report. It is important however, that the information contained in this Supplement is read in conjunction with the Fund's Annual Report, as the structure of the Fund, and how members' money is invested for each Investment Option is common to all Mercy Super Accounts.

In terms of the Annual Report, the main reporting difference relating to Income Stream accounts lies in how the Income Stream investment returns are calculated. The difference can be seen if the returns for Income Stream accounts and superannuation accounts on page 12 of the 2010 Annual Report are compared.

WHY ARE INCOME STREAM RETURNS DIFFERENT?

The reason for the difference is that the investment earnings of Income Stream members are not subject to taxation.

What this means is that when investment earnings are positive, Income Stream members will generally benefit from a higher crediting rate – as has been the case for the 2009/2010 year.

When returns are negative, crediting rates for Income Stream members will be lower because there is no ability to claim taxation credits for losses incurred.

WHAT ARE INVESTMENT RETURNS?

Investment returns are simply the dollar value of the crediting rate that is applied to your account. The crediting rate is determined as a result of returns earned on investments after any applicable fees and taxes have been deducted. Crediting rates can be either positive or negative, as can the resulting investment return.

It is important to note that these investment returns of course have to be calculated and provided for a specified period. Like most superannuation funds, Mercy Super reports returns for financial years (in other words, from 1 July to the next 30 June). If returns were provided for a different period, for example calendar years, on a short-term basis they may look very different. Over the long term, the returns allocated to members' accounts will be the same.

RETURNS FOR 2009/10

This year, the Fund is pleased to be able to post positive investment returns for all investment options. In the context of the Global Financial Crisis and the still fluctuating (but settling) global markets, this represents great news for Mercy Super members.

The following table shows the investment returns for each investment option allocated to members receiving an Income Stream for the year to 30 June 2010. It also shows the average compound returns to 30 June 2010 for the last five years.

What becomes quite obvious from this table when you compare the one and five year returns is the effect that the Global Financial Crisis has had on investment returns. As many of our members will well remember, during the GFC there were two reporting periods that had negative returns. While we cannot predict the future, most pundits are predicting a period of more consistent positive returns now the economic climate has settled. Of course, we will continue to keep members informed of any significant market movements, or changes that may affect the performance of investments.

Investment Option	1 Year Return	5 year Compound Average Annual Return
Balanced Growth (default)	11.60%	4.23%
Balanced	10.50%	4.98%
Cash	5.80%	5.65%
Shares	13.00%	3.61%
Socially Responsible	9.30%	N/A

Note 1. The Socially Responsible investment option was introduced on 1 December 2007. As such, a five year annualised return is not available.



IS NOW THE TIME FOR SOME FINANCIAL ADVICE?

We understand that some of the concepts relating to superannuation, retirement planning and investments are quite complicated, or that you may consider making some changes to your Income Stream account from time to time as your personal circumstances change.

Sometimes, just a little advice can make a world of difference.

To assist our members make informed decisions about their finances, Mercy Super has partnered with Industry Fund Financial Planning (IFFP) to provide access to quality, independent, low cost financial advice.

If you feel you need some financial advice, or could benefit from a financial plan, please contact IFFP Financial Planner Cheryl Haines through Mercy Super on 1300 368 891 and make an appointment.



As a member of Mercy Super you have access to personalised, expert and easy to understand financial advice through Industry Fund Financial Planning.

Cheryl Haines is the Industry Fund Financial Planning representative for all Mercy Super members, and can assist you with a range of advice in financial related matters including:

- > Retirement planning
- > Transition to Retirement strategies (TTR) to build super after age 55
- > Salary packaging
- > Superannuation
- > Investing outside super and debt reduction
- > Centrelink benefits, tax strategies and redundancy

Whether you just have a quick question or need comprehensive advice, Cheryl can work with you to help you reach your financial goals.



**Industry Fund
Financial Planning**

1300 368 891 | iffp.com.au

Industry Fund Financial Planning is a division of Industry Fund Services Pty Ltd. ABN 54 007 016 195 AFSL No. 232514. IFS is a wholly owned subsidiary of Industry Super Holdings Pty Ltd (ISH). ISH is owned by a number of leading industry funds. For a list of shareholders go to ifs.net.au

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FOR MORE INFORMATION

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PLEASE NOTE

This Report is a supplement to, and should be read in conjunction with the Mercy Super ABN 11 789 425 178, Annual Report to members for the year to 30 June 2010. The Trustee of the Fund is Mercy Super Pty Ltd, 98 056 147 324. Mercy Super is Corporate Authorised Representative No. 268897 and is authorised to provide general financial product advice in relation to superannuation under AFSLNo. 238507, and is a Registered Superannuation Entity (RSE Licence No L0001359 and RSE registration No R1004311).

This Supplement contains general information and advice, but does not take into account your personal objectives, financial situation or needs. Before deciding whether to act on any information provided in this document, it is important that you consider the appropriate Member Booklet (also known as a product Disclosure Statement), having regard to your own particular situation. Please contact the Fund if you wish to obtain a copy of the Member Booklet.