

Annual Outcomes Assessment

Mercer SmartRetirement Income (MSRI)

Financial year ending 30 June 2024

The information is published in accordance with the requirements of s52(9) of the Superannuation Industry (Supervision) Act 1993 ('legislation').

Product	Trustee	Super Fund	Category
Mercer SmartRetirement Income (the Product)	Mercer Superannuation (Australia) Limited (MSAL or Trustee)	Mercer Super Trust (MST)	Choice

Purpose

As required by legislation, this document contains:

- the Trustee's determination as to whether the financial interests of the beneficiaries holding the Product are being promoted by the Trustee having regard to the assessments and comparisons prescribed by legislation; and
- a summary of the assessments and comparisons upon which the Trustee's determination is based. The Trustee's determination is as of 27 February 2025 and is based on information for the year ended 30 June 2024, as well as changes to the Product made after that date.

Overall Determination

The Trustee has determined that the financial interests of the beneficiaries holding the Product are **being promoted**.

This is based on the assessments and comparisons summarised below. In doing so, the Trustee compared the Product against other Choice investment options offered by regulated superannuation funds.

Summary of the Trustee's assessment

When carrying out the assessment, the Trustee considered a number of factors including, fees and costs, investment performance and options, insurance fees and options, and the overall size and scale of the Mercer Super Trust.

The assessment consists of two Sections. The table below provides a summary of the factors considered for each Section.

Factor	Rating
Section One	
Fees and costs	
Investment returns	
Investment risk	
Section Two	
Options, benefits and facilities	
Investment strategy	
Insurance strategy	N/A – Mercer SmartRetirement Income does not offer insurance.
Insurance fees	N/A – Mercer SmartRetirement Income does not offer insurance.
Scale	
Operating costs	
Basis for setting fees	

Determination	Colour Rating
Members' financial interests are promoted	
Members' financial interests are mostly promoted	
Members' financial interests are not promoted	

Section One: Summary of our performance assessment

Guide to reading this section

Comparison Table Key

Quartile	Colour Rating
Bottom 25% of Products (Bottom Quartile) (Q4)	Red
Bottom 50% to 25% of Products (Below Median) (Q3)	Yellow
Top 50% to 75% of Products (Above Median) (Q2)	Green
Top 25% of Products (Top Quartile) (Q1)	Dark Green

For Fees and costs, Above Median refers to the fees being less expensive than the median. Below Median refers to the fees being more expensive than the median.

For Investment returns, Above Median refers to the returns being higher than the median. Below Median refers to the returns being lower than the median.

This section provides the outcome of the Trustee’s assessment of Fees and costs, Investment returns and Investment risk compared to peers and benchmarks.

1. Fees and costs

Determination	Assessment
Members’ financial interests are promoted	The fees and costs are mid-market or better (Quartile 1 or Quartile 2) for most options. The \$100,000 and \$250,000 balance comparisons have one option ranked at Q1 and the remaining options ranked at Quartile 2.

The Trustee remains committed to delivering products and investment options that promote member outcomes and foster growth to enable benefits of increased scale to be passed onto members.

Table 1 – Choice fees and costs competitor rankings for \$100,000 balance

Fee category	Investment option	Administr ation fees and costs	For \$100,000 balance		
			Total fees and costs	Rank	Quartile
High Growth	Mercer High Growth	0.22%	0.96%	20 / 53	Q2
Growth	Mercer Growth	0.22%	0.84%	13 / 62	Q1
Balanced	Mercer Moderate Growth	0.22%	0.92%	23 / 55	Q2
Conservative	Mercer Conservative Growth	0.22%	0.84%	26 / 64	Q2

Table 2 – Choice fees and costs competitor rankings for \$250,000 balance

Fee category	Investment option	For \$250,000 balance			
		Administration fees and costs	Total fees and costs	Rank	Quartile
High Growth	Mercer High Growth	0.22%	0.96%	23 / 53	Q2
Growth	Mercer Growth	0.22%	0.84%	18 / 62	Q2
Balanced	Mercer Moderate Growth	0.22%	0.92%	24 / 55	Q2
Conservative	Mercer Conservative Growth	0.22%	0.84%	32 / 64	Q2

2. Investment returns

Determination	Assessment
Members' financial interests are promoted	For the 1 year period, two of the four largest Choice investment options (by number of members) achieved Quartile 2 performance for the year to 30 June 2024. For 3 and 5 year periods, two of the three ranked options achieved Quartile 2 performance.

Table 3 – Choice investment return rankings against comparable investment options¹

Investment option	Peer group	1 Year		3 Years		5 Years	
		Rank	Quartile	Rank	Quartile	Rank	Quartile
Mercer Growth	Balanced	32/91	Q2	N/A	N/A	N/A	N/A
Mercer Cash	Cash	45/55	Q4	39/54	Q3	36/54	Q3
Mercer Conservative Growth	Capital Stable	37/64	Q3	28/58	Q2	26/58	Q2
Mercer Moderate Growth	Conservative Balanced	23/50	Q2	17/43	Q2	14/42	Q2

Investment returns will vary according to the level of risk taken for each Choice investment option. Most MSRI Choice investment options are in a comfortable position relative to APRA's Annual Performance Assessment benchmarks, based on monthly monitoring.

¹ The options surveyed include the four largest options by number of members. The rankings are sourced from the SuperRatings FCRS Survey as at 30 June 2024.

3. Investment risk

Determination	Assessment
<p>Members' financial interests are promoted</p>	<p>The Trustee ensures that it has a range of options available for members to choose from, with different risk characteristics and investment objectives. During the last review in 2024 the Trustee confirmed that it was comfortable with the level of investment risk in each MSRI Choice investment option.</p>

There is no publicly available information which provides a breakdown of the level of investment risk for each Choice product and therefore it is difficult to make reasonable comparisons against the industry. However, the assessment of net returns implicitly takes into account a comparison of investment risk.

The Trustee performs an annual review of each Choice investment option to understand the level of investment risk inherent in each option and whether that would be in line with the expectations of the members who are invested in that option. The Trustee maintains oversight of the Investment Risk levels for all investment options to ensure their appropriateness. No material changes are expected in FY2025.

Section Two: Summary of the assessment factors

The Trustee's assessment of the Product as at 30 June 2024 is based on the following criteria specified by the legislation.

Factor	Determination
Options, benefits and facilities	<p>Members' financial interests are promoted</p> <p>The options, benefits and facilities are appropriate for MSRI members having regard to the financial interests of beneficiaries in this product.</p> <p>The Trustee maintains its focus to improve member experience and engagement. Significant initiatives aim to enhance customer experience and engagement, including advancements in Digital Experience, Service Transformation, and Product Simplification.</p>
Investment strategy	<p>Members' financial interests are promoted</p> <p>The last annual investment strategy review of the MSRI Choice options was completed and approved in November 2024. The review confirmed the investment strategy for the MSRI Choice options remains appropriate.</p> <p>Changes to asset allocation have been approved for the Mercer Enhanced Passive options which are expected to reduce volatility and downside risk.</p>
Insurance strategy	N/A – Mercer SmartRetirement Income does not offer insurance
Insurance fees	N/A – Mercer SmartRetirement Income does not offer insurance
Scale	<p>Members' financial interests are promoted</p> <p>Scale has grown for the Product and the overall MST over the year. The number of member accounts across MST increased by ~148,000 and FUM increased by \$1.2billion. MSRI and MST both have sufficient scale to be sustainable. Although this Annual Outcomes Assessment is for MSRI specifically, the product benefits from the full scale of the Trustee's operations and therefore the comparison has been completed at the MST level.</p>
Operating costs	<p>Members' financial interests are promoted</p> <p>The Trustee incurs operating costs in ensuring the efficient and effective operation of the MST, including MSRI. Both current and projected operating costs per member are reasonable with the net operating income per account remaining stable and sustainable.</p>
Basis for setting fees	<p>Members' financial interests are mostly promoted</p> <p>One of the Trustee's strategic objectives is to deliver competitive products and services. The Trustee recognises that the manner in which fees are charged to MST members is a material consideration in assessing the promotion of members' financial interests.</p> <p>The Trustee annually assesses the appropriateness of the fees charged to MSRI beneficiaries. The basis for setting fees continues to be suitable for the Product, recognising that the Trustee is continuing to enhance and improve its policies and procedures.</p>

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 Super').

Any advice provided is of a general nature and does not take into account your objectives, financial situation or needs. Before acting on any advice we recommend you obtain your own financial advice and consider the Product Disclosure Statement available at mercersuper.com.au. The product Target Market Determination can be found at mercersuper.com.au/tmd.

Past performance is not a reliable indicator of future performance. The value of an investment in Mercer Super may rise and fall from time to time. The investment performance, earnings or return of capital invested are not guaranteed.

Ratings are likely to change and are only one factor to be taken into account when deciding to invest in a product.

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