

# Annual Outcomes Assessment

## Mercer MyChoice

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 MyChoice (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
<b>Section One</b>	
Fees and costs	Green
Investment returns	N/A <sup>1</sup>
Investment risk	Green
<b>Section Two</b>	
Options, benefits and facilities	Green
Investment strategy	Green
Insurance strategy	Green
Insurance fees	Yellow
Scale	Green
Operating costs	Green
Basis for setting fees	Yellow

Determination	Colour Rating
Members' financial interests are promoted	Green
Members' financial interests are mostly promoted	Yellow
Members' financial interests are not promoted	Red

<sup>1</sup> With an inception date in September 2023, there is insufficient performance history to assess the Mercer MyChoice investment option returns over the relevant periods to 30 June 2024.

# 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
<b>Members' financial interests are promoted</b>	The fees and costs are mid-market or better (Quartile 1 or Quartile 2) for most options. The \$25,000 and \$50,000 balance comparisons have one option ranked at Quartile 2 with the remainder Quartile 1.

Table 1 – Choice fees and costs competitor rankings for \$25,000 balance<sup>2</sup>

Fee category	Investment option	For \$25,000 balance			
		Administration fees and costs	Total fees and costs	Rank	Quartile
<b>High Growth</b>	Mercer High Growth	0.33%	0.98%	10 / 59	Q1
<b>Growth</b>	Mercer Growth	0.33%	0.90%	10 / 67	Q1
<b>Balanced</b>	Mercer Moderate Growth	0.33%	0.94%	13 / 56	Q1
<b>Conservative</b>	N/A	N/A	N/A	N/A	N/A

<sup>2</sup> Mercer MyChoice does not have any investment options that fall under the asset allocation for Conservative.

Table 2 – Choice fees and costs competitor rankings for \$50,000 balance<sup>3</sup>

Fee category	Investment option	For \$50,000 balance			
		Administration fees and costs	Total fees and costs	Rank	Quartile
High Growth	Mercer High Growth	0.26%	0.91%	12 / 59	Q1
Growth	Mercer Growth	0.26%	0.83%	9 / 67	Q1
Balanced	Mercer Moderate Growth	0.26%	0.87%	18 / 56	Q2
Conservative	N/A	N/A	N/A	N/A	N/A

The Trustee remains committed to delivering products and investment options that promote member outcomes and foster growth to enable the benefits of scale to be passed onto members by way of low administration fees.

## 2. Investment returns

Determination	Assessment
N/A	With an inception date in September 2023, there is insufficient performance history to assess the Mercer MyChoice investment option returns over the relevant periods to 30 June 2024.

## 3. Investment risk

Determination	Assessment
Members' financial interests are promoted	The Trustee ensures 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 Choice investment option.

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 net returns assessment above 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. During the last review in 2024 the Trustee confirmed that it was comfortable with the level of investment risk in each Choice investment option.

<sup>3</sup> Mercer MyChoice does not have any investment options that fall under the asset allocation for Growth and Balanced.

# 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
<p><b>Options, benefits and facilities</b></p>	<p><b>Members’ financial interests are promoted</b></p> <p>The options, benefits and facilities are appropriate for Mercer MyChoice members having regard to the financial interests of beneficiaries in this product.</p> <p>Mercer MyChoice offers access to a range of ready-made and select your own Choice investment options. Insurance coverage is across approximately 18% of the membership with excellent ratings across all offerings by external ratings houses such as Chant West and SuperRatings. The Trustee is focused on improving member experience and engagement, including advancements in Digital Experience, Service Transformation and Product Simplification, as well as enhancing the advice offering that supports our members’ journey into and in retirement.</p>
<p><b>Investment strategy</b></p>	<p><b>Members’ financial interests are promoted</b></p> <p>The last annual investment strategy review was completed for the Mercer MyChoice options in November 2024.</p> <p>The review identified that the investment strategy for the Mercer MyChoice options remains appropriate.</p>
<p><b>Insurance strategy</b></p>	<p><b>Members’ financial interests are promoted</b></p> <p>The most recent triennial review of the Insurance Management Framework (IMF) conducted in September 2023 determined that the IMF and insurance strategy are operating effectively in members’ best financial interests. The next independent review is scheduled for 2026.</p> <p>The IMF also undergoes an annual review to ensure that changes to MSAL’s business operations are appropriately reflected in the IMF. The IMF was last updated in September 2024, with most changes occurring within the Retail Division section of the document.</p> <p>The Trustee’s insurance strategy underpins a strong insurance offer, making a range of insurance benefits available to members. The nature of the insurance offer reflects the differing needs of members. In cases where default cover is provided on an automatic basis, most members can adjust or cancel their cover at any time to ensure that the cover they hold is appropriate and affordable for their circumstances.</p> <p>For insured members, there is a continuing focus to reduce frictions in the member servicing model and improving claims admittance rates and claims durations.</p>
<p><b>Insurance fees</b></p>	<p><b>Members’ financial interests are mostly promoted</b></p> <p>Ensuring that insurance fees charged in relation to a product are affordable and do not inappropriately erode the retirement income of beneficiaries is a key objective of the Trustee’s insurance strategy.</p> <p>The approach applied by the Trustee to meet this objective is that the cost of default cover provided to members on an automatic basis should not generally exceed 1% of a member’s estimated salary. For Mercer MyChoice members, the cost of insurance provided to members on an automatic basis does not generally exceed 1% of an estimated salary. Insurance fees for Mercer MyChoice members range from Q2-Q4 for cover types and collar ratings.</p>

	<p>Default insurance fees are more competitive for members in blue-collar occupations. As premiums for default cover are independent of collar rating, they appear more competitive when compared against the blue-collar market than the white-collar market. Premiums will continue to be monitored to ensure they remain reasonable and appropriate for members.</p>
<b>Scale</b>	<p><b>Members' financial interests are promoted</b></p> <p>Scale for Mercer MyChoice and the MST as a whole has grown over the year. The number of member accounts across MST increased by ~148,000 and FUM increased by \$1.2billion.</p> <p>Whilst Mercer MyChoice has relatively low membership/FUM given the age of the product, the MST as a whole has sufficient scale to be sustainable. Mercer MyChoice is able to leverage the scale of the MST and is therefore sustainable.</p> <p>The Trustee remains committed to offering and managing products and investment options that enhance member outcomes and foster growth, allowing the advantages of scale to be shared with members.</p>
<b>Operating costs</b>	<p><b>Members' financial interests are promoted</b></p> <p>The Trustee incurs operating costs in ensuring the efficient and effective operation of the MST, including Mercer MyChoice. Both current and projected operating costs per member are reasonable with the net operating income per account remaining stable and sustainable.</p>
<b>Basis for setting fees</b>	<p><b>Members' financial interests are mostly promoted</b></p> <p>The Trustee recognises that the manner in which fees are charged to MST members as a whole is a material consideration in assessing the promotion of members' financial interests.</p> <p>Analysis of the fund's fee structure and levels show they are appropriate, given the allocation of costs between products, options, and members.</p> <p>The Trustee annually assesses the appropriateness of the fees charged to Mercer MyChoice 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').

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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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