

Annual Outcomes Assessment

Macquarie Group Super Plan

Financial year ending 30 June 2023

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
Macquarie Group Super Plan (the Product)	Mercer Superannuation (Australia) Ltd (MSAL or Trustee)	Mercer Super Trust (MST)	MySuper and 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 22 February 2024 and is based on information for the year ended 30 June 2023, 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 MySuper products and 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	Members' financial interests are mostly promoted.
Investment returns	N/A
Investment risk	Members' financial interests are promoted.
Section Two	
Options, benefits and facilities	Members' financial interests are promoted.
Investment strategy	Members' financial interests are promoted.
Insurance strategy	Members' financial interests are promoted.
Insurance fees	Members' financial interests are promoted.
Scale	Members' financial interests are promoted.
Operating costs	Members' financial interests are promoted.
Basis for setting fees	Members' financial interests are mostly 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)	
Bottom 50% to 25% of Products (Below Median) (Q3)	
Top 50% to 75% of Products (Above Median) (Q2)	
Top 25% of Products (Top Quartile) (Q1)	

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 mostly promoted	MySuper - Macquarie Balanced Growth achieved a Quartile 3 ranking relative to all MySuper products for the year to 30 June 2023 based on an assessment of fees and costs.
	Choice - The Choice fees and costs are mid-market or better for most options. The \$50,000 and \$100,000 balance comparisons have one option ranked at Quartile 3 with the rest being Quartile 1.

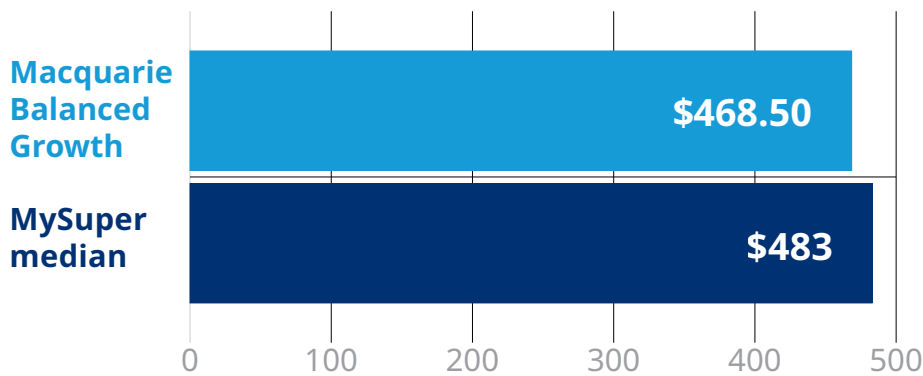
Effective 1 April 2023, the Trustee:

- Reduced the asset-based administration fees and removed the dollar-based administration fee for most members.
- Reduced the estimated costs associated with product and strategic services from 0.036% per annum of MST assets to 0.017% per annum.

As demonstrated by the transition of members through the BT Successor Fund Transfer (SFT), the Trustee has a continued strategic focus on building scale within the MST, with the aim of passing benefits to members by way of providing lower fees.

MySuper

Table 1 - Macquarie Balanced Growth MySuper annual fee comparison compared to the APRA MySuper median¹



Choice

Table 2 – Choice fees and costs competitor rankings for \$50,000 balance.

For \$50,000 balance					
Fee category	Investment option	Administration fees and costs	Total fee	Rank	Quartile
High Growth	Mercer High Growth	0.16%	0.79%	8 / 76	Q1
Growth	Mercer Select Growth	0.16%	1.29%	45 / 77	Q3
Balanced	Mercer Moderate Growth	0.16%	0.72%	3 / 62	Q1
Conservative	Mercer Conservative Growth	0.16%	0.63%	6 / 74	Q1

Table 3 – Choice fees and costs competitor rankings for \$100,000 balance.

For \$100,000 balance					
Fee category	Investment option	Administration fees and costs	Total fee	Rank	Quartile
High Growth	Mercer High Growth	0.16%	0.79%	10 / 76	Q1
Growth	Mercer Select Growth	0.16%	1.29%	46 / 77	Q3
Balanced	Mercer Moderate Growth	0.16%	0.72%	6 / 62	Q1
Conservative	Mercer Conservative Growth	0.16%	0.63%	12 / 74	Q1

¹ Source: APRA Quarterly MySuper Statistics Tables 2a and 2b SRF 700.0 – Item 4 (30 June 2023) and based on a balance of \$50k.

2. Investment returns

Determination	Assessment
N/A	With an inception date in December 2022, there is insufficient Mercer performance history to assess the Macquarie Balanced Growth or Choice option returns over the 1-year period to 30 June 2023.

MySuper

Under the Government's Your Future, Your Super reforms, which came into effect on 1 July 2021, APRA is required to conduct an Annual Performance Assessment (**APA**) for MySuper products. There is insufficient Mercer performance history to assess the Macquarie Balanced Growth option return over the 1-year period to 30 June 2023. However, as performance stitching has been applied for purposes of the APA, the Macquarie Balanced Growth option has sufficient performance history to be assessed in APRA's 30 June 2023 APA, which it passed.

Choice

Investment returns will vary according to the asset class or level of risk taken for each Choice investment option. There is insufficient Mercer performance history to assess the performance of the Macquarie choice options over the 1-year period to 30 June 2023.

3. Investment risk

Determination	Assessment
Members' financial interests are promoted	<p>MySuper -The Macquarie Balanced Growth option is positioned in Quartile 1 relative to all other MySuper products with the same risk label.</p> <p>Choice - 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 2023 the Trustee confirmed that it was comfortable with the level of investment risk in each choice investment option.</p>

MySuper

The level of investment risk for MySuper products has been measured using the methodology set out in *APRA Reporting Standard SRS 700.0 Product Dashboard*.

Table 4 – Macquarie Balanced Growth ranking against other MySuper products with the same risk label

Investment option	Estimated number of negative net investment returns over a 20-year period	Rank amongst all products with the same SRM ²
Macquarie Balanced Growth	4.20	2

Choice

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 2023 the Trustee confirmed that it was comfortable with the level of investment risk in each Choice investment option.

² The APRA Quarterly MySuper Statistics included 38 single diversified MySuper options as at 30 June 2023. There are 20 options with the same risk label as the Macquarie Balanced Growth option.

Section Two: Summary of the assessment factors

The Trustee's assessment of the Product as at 30 June 2023 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 Macquarie Group Super Plan members having regard to the financial interests of beneficiaries in this product.</p> <p>The MST offers access to a broad range of investment options from lifecycle to choice and direct investing options. Insurance coverage is across approximately half the membership with excellent ratings across all offerings by external ratings houses such as Chant West and SuperRatings. The Trustee is focused on continuing to uplift the member and digital member experience, as well as enhancing the advice offering that supports our members' journey into and in retirement.</p>
Investment strategy	<p>Members' financial interests are promoted</p> <p>The last annual investment strategy review was completed for the Macquarie Balanced Growth and choice options in November 2023.</p> <p>The review identified that for each cohort the probability of achieving the relevant stated investment objective remains satisfactory. Changes to asset allocations have been approved or are under investigation which are expected to improve investment diversification and member outcomes.</p>
Insurance strategy	<p>Members' financial interests are promoted</p> <p>A comprehensive independent review of the Insurance Management Framework (IMF), including insurance strategy, occurred in September 2023. The outcomes of the review concluded that the IMF and insurance strategy are operating effectively in members' best financial interests.</p> <p>The Trustee's insurance strategy underpins a strong insurance offer, making a range of insurance benefits available to members (i.e. Death and Total and Permanent Disablement). The nature of the insurance offer reflects the differing needs of members. Where default cover is provided on an automatic basis members can adjust or cancel their cover at any time to ensure the types and amounts of 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>
Insurance fees	<p>Members' financial interests are promoted</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 Macquarie Group Super Plan the cost of insurance provided to members on an automatic basis does not generally exceed 1% of an estimated salary.</p> <p>On balance, insurance fees for members are broadly aligned with the financial interests and needs of beneficiaries. However, for some members, an opportunity exists to improve the competitiveness of insurance fees. The Trustee continues to focus on ensuring affordability of insurance premiums and that these do not unduly erode member retirement balances.</p>

Factor	Determination
Scale	<p>Members' financial interests are promoted</p> <p>Scale has increased significantly with the BT Successor Fund Transfer (SFT) and other SFTs throughout the year. The number of member accounts across MST increased to 740,000 with funds under management of \$65 billion.</p> <p>Macquarie Group Super Plan and MST both have sufficient scale to be sustainable. Although this Annual Outcomes Assessment is for Macquarie Group Super Plan specifically, the product benefits from the full scale of the Trustee's operations and therefore the comparison has been completed at the most comparable level for the Trustee which is Registrable Superannuation Entity 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 Macquarie Group Super Plan. 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 Macquarie Group Super Plan beneficiaries, and continues to enhance policies.</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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