

MERCER SUPER TRUST

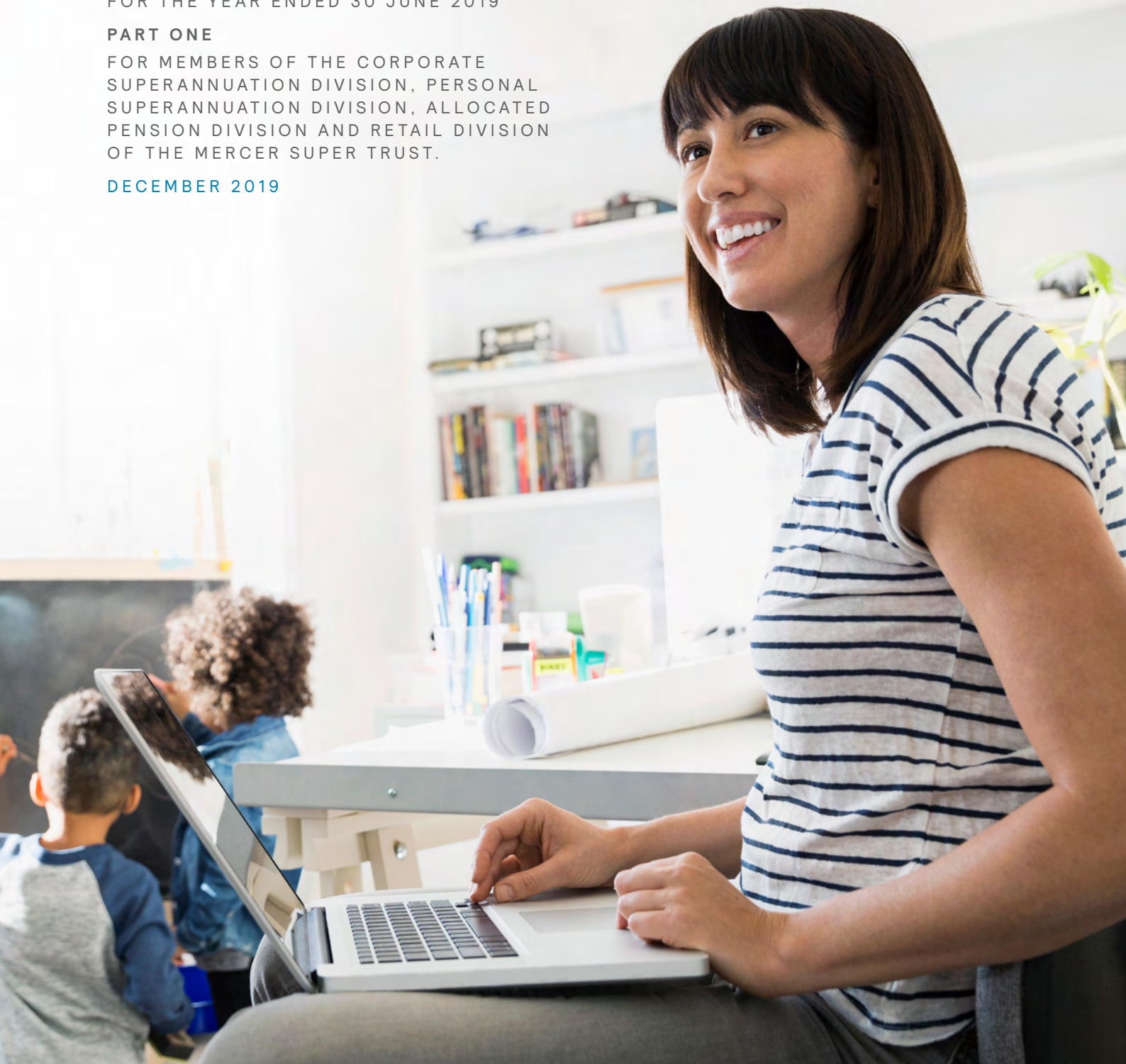
2019 ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

PART ONE

FOR MEMBERS OF THE CORPORATE
SUPERANNUATION DIVISION, PERSONAL
SUPERANNUATION DIVISION, ALLOCATED
PENSION DIVISION AND RETAIL DIVISION
OF THE MERCER SUPER TRUST.

DECEMBER 2019



Your Annual Report from the Mercer Super Trust consists of up to three parts:

Part one – This Mercer Super Trust 2019 Annual Report – which contains a general update on the Mercer Super Trust and tells you about the changes that have been made to the Mercer Super Trust during the year to 30 June 2019. These changes may have an impact on your super now and in the future so it's important that you carefully read the section entitled 'Changes to the Mercer Super Trust' to see how this applies to you.

Part two – The Investment Options Details booklet – which contains information relating to the investment options available in the Corporate Superannuation Division (CSD), Personal Superannuation Division (PSD) and Allocated Pension Division (APD). This includes investment performance, asset allocation and Indirect Cost Ratios for these investment options for the year ended 30 June 2019.

Part three – A 2019 Supplementary Annual Report – which is supplied to members where there is additional information specific to their plan which is required to be reported for the year ended 30 June 2019.

All parts should be read in conjunction and kept together for future reference. A reference to this Annual Report means parts one, two and three collectively unless the context requires otherwise.

The Mercer Super Trust comprises a CSD, PSD, APD and a Retail Division.

For members of the Retail Division, not all sections of this Annual Report may be relevant to you. In particular, there are no investment options available in TAL Super and the investment options in Virgin Money Super and Mercer Easy – Newcastle are different to those referred to in the Investment Options Details booklet. Members of Virgin Money Super and Mercer Easy – Newcastle should also refer to their 2019 Supplementary Annual Report for specific details about their plan, including investment options.

Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533 Australian Financial Services Licence #235906 is the trustee of the Mercer Super Trust ABN 19 905 422 981. MSAL is responsible for the contents of this Annual Report and is the issuer of this Annual Report. In this Annual Report, MSAL is called trustee, we or us.

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MESSAGE FROM OUR CHAIR

A challenging year

It's been a challenging year for our industry. The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry has resulted in significant regulatory changes and heightened customer expectations.

We have read the Commission's report and recommendations with keen interest and remain deeply committed to improving how we serve and engage with our members. Our focus is to continue delivering better outcomes for our industry, our members and the wider community.

We're passionate about helping our members get the most out of their super, so it's pleasing our campaign explaining the Protecting Your Super legislation was well received. I encourage all of our members to read their communications from us and check that their level of insurance cover continues to meet their individual needs.

Creating better lives

Over the next 12 months we will work hard to build an even stronger culture of governance to ensure we continue to meet the high expectations of our members and the community.

We will simplify our processes to make it easier and more meaningful for members to interact with us. We have made good progress on this front with our new streamlined complaints process and from 1 January 2020 we will simplify our products and fee structures. Moving forward, we will continue to actively seek to reduce complexity where we can.

We will also continue to invest in our people. Our management team is committed to creating a culture where staff feel empowered to speak up and make decisions that deliver exceptional member outcomes. I am proud our efforts to create a healthy, safe and supportive workplace were recognised in the 2018 AIA Healthiest Workplace Survey.

Please note:

Past performance is no guarantee of future performance.

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

Continuing strong performance

I'm delighted to report our members benefited from strong investment performance over the 2019 financial year, as we successfully navigated volatile markets. For example, members in the CSD Mercer SmartPath® investment option – path Born after 1969 achieved top quartile outcomes over the past three and five years when compared to the SuperRatings Fund Crediting Rate Survey (My Super Default Options) results.

It's no wonder our performance was praised at this year's Chant West and SelectingSuper industry awards.

It was also pleasing to see Mercer named as a leading responsible Investment Manager in the Australian Responsible Investment Benchmarking Report for 2019. We believe a sustainable investment approach is more likely to deliver competitive returns for members.

Thank you

I thank the Board for its guidance and thank you, our members and employers, for your ongoing support. It's our privilege to partner with you.

Warm regards,

Jan Swinhoe

Chairman, Mercer Superannuation (Australia) Limited
trustee of the Mercer Super Trust

MAKING A DIFFERENCE

At the Mercer Super Trust, we offer a different kind of super fund management.

We know our members expect more from their super funds, especially with the superannuation industry facing serious change with new regulations and other government-driven reforms.

The trustee of the Mercer Super Trust is Mercer Superannuation (Australia) Limited (MSAL). The trustee board are on top of these new developments, and we're working hard to improve outcomes for our members.

We bring a forward-looking mind-set, backed up by a collective 150+ years of financial industry experience and a range of specialist knowledge.

Our board reflects Mercer's commitment to gender equality, and is committed to responsible investment, with a focus on sustainability.

Your board is responsible for making sure:

- your rights and interests as a member are protected
- your super payout is managed efficiently and addresses the rules applying to your plan
- your assets are invested properly, and
- the Mercer Super Trust is operated effectively, and complies with applicable laws and governing documents

Further information on the directors can be accessed [here](#).

The current directors of MSAL are as follows:



Jan Swinhoe
Chairman
Non-executive director



Brian Benger
Non-executive director



Sue O'Connor
Non-executive director



Pauline Vamos
Non-executive director



Darren Wickham
Non-executive director



Ben Walsh
Executive director

SOCIAL RESPONSIBILITY HIGHLIGHTS 2018-19

Below are some of the highlights of the many Corporate Social Responsibility activities undertaken by employees of Mercer in Australia during 2018-2019.

We also have a strongly aligned sustainable investment policy (Environmental, Social & Corporate Governance), which you can read more about in the Investment Update section on page 9.

Mercer SuperCycle

In 2019 our charity bike ride Mercer SuperCycle raised \$191,210 for The Hospital Research Foundation, an Adelaide-based charity, which is using funds raised to help build a new 'Under our Roof' house.

Under our Roof homes provide free accommodation for rural cancer patients and their families to stay in while receiving treatment at hospitals in Adelaide.

More information: <https://www.hospitalresearch.com.au/how-we-help/under-our-roof> and <https://supercycle.org.au/>

Envision Hands

Envision Hands is a 3D-printing project in Victoria that creates prosthetic hands for kids in Australia and overseas, using material from recycled plastic bottle tops.

Mercer staff in the Melbourne office started collecting bottle tops for Envision Hands in February 2019 and inspired other local businesses to do the same. Envision Hands now has a surplus of bottle caps, so the next step is to speed up manufacture of the hands. Mercer will help raise funds for this production phase of the project.

More information: <https://envision.org.au/envision-hands/>

Mercer Cares

The Mercer Cares program has a wide reach but a grassroots focus, with volunteers helping out in their local communities across a range of causes including education and literacy, health and wellness, and homelessness and hunger.

In May 2019 Mercer Cares encouraged 1,900 Mercer employees in 110 cities worldwide to participate in the Global Volunteer month and employees of Mercer in Australia logged the third-highest number of volunteer hours internationally.

More information: <https://www.mercer.com/mercercareers/mercercares.html>

CHANGES TO THE MERCER SUPER TRUST

The following section includes details about the changes that were made to the Mercer Super Trust since 1 July 2018.

CHANGES THAT AFFECT ALL DIVISIONS EXCEPT THE RETAIL DIVISION

New investment options

Two socially responsible investment options were introduced on 1 January 2019.

- Mercer Socially Responsible Australian Shares
- Mercer Socially Responsible Global Shares (Unhedged)

These options are not available in the Transition to Retirement Allocated Pension. If you have limited or no investment choice in your plan, then these investment options may not apply to you.

Closure of investment options

The following investment options have closed. New investors could not invest in these investment options from 1 December 2018:

- Mercer Australian Shares Plus[^]
- Mercer Overseas Shares Plus (Unhedged)
- Mercer Australian Core Shares
- Mercer Australian Growth Shares
- Mercer Australian Value Shares
- Mercer Global Low Volatility Shares
- Non Mercer Growth-Multi-Manger Style[^]
- Non Mercer Balanced-Multi-Manger Style[^]
- Non Mercer Balanced-Core Style[^]
- Non Mercer Balanced-Value Style
- Non Mercer Conservative[^]

[^]These options were not available in the APD at the time of closure.

Investment changes

From 1 December 2018, the Mercer Australian Listed Property investment option was renamed to Indexed Australian Listed Property and its investment fee was reduced.

From 1 January 2019, some of the investment options available through the Mercer Super Trust had changes to some or all of their objective, asset allocations, standard risk measure, risk summary or minimum suggested timeframe.

Indexation of standard fees from 1 January 2020

The trustee is entitled to increase all dollar based fees from 1 January 2020 in line with increases in Average Weekly Ordinary Times Earnings for the year to the previous May.

You should refer to the PDS you received when you became a member and/or other member materials for your plan for all the fees that apply to your super. These documents are available at mercersuper.com (sign in using your personal log-in) or by calling the Helpline.

Updated fees that may apply to you:

Fee	From 1 January 2018 to 31 December 2018	From 1 January 2019 to 31 December 2019	From 1 January 2020
Dollar Based Administration Fee* (per month)	\$7.06	\$7.26	\$7.48
Family Law Fee	\$501	\$514	\$530
Portfolio Administration Fee (for Mercer Direct Investments) [^]	\$205	\$210	\$220

* This fee applies to CSD members only. For CSD members, different fees may apply in respect of your plan, in which case they will be set out in your Supplementary Annual Report (if applicable).

[^] This fee does not apply to the PSD.

Exit fees were removed from 1 July 2019 due to the Protecting Your Super legislation, for more info see "Legislation Related Changes: Protecting your superannuation package" on page 6.

ADDITIONAL CHANGES AFFECTING THE CORPORATE SUPERANNUATION DIVISION:

Mercer SmartPath

From 1 January 2019, Mercer SmartPath had increases to the asset allocation to growth assets for all Paths Born 1954 to 1958 onwards.

Partial withdrawals

All CSD members can now make more than one partial withdrawal each plan year.

ADDITIONAL CHANGES AFFECTING THE ALLOCATED PENSION DIVISION:

Fee changes

Most members of the APD had various fee changes during 2019.

AMENDMENT TO GOVERNING RULES ALL DIVISIONS

The Mercer Master Fund Deed was amended in order to establish Mercer Tailored Super – myChoice, a new plan in the CSD.

LEGISLATION RELATED CHANGES:

New superannuation complaints body

The government has established a new External Dispute Resolution (EDR) body – the Australian Financial Complaints Authority (AFCA) – to deal with all financial disputes from 1 November 2018.

Disputes that can be heard by the body include superannuation complaints where the member is not satisfied with the fund's response. AFCA has replaced three existing EDR bodies in the financial system – the Financial Ombudsman Service, the Credit and Investments Ombudsman and the Superannuation Complaints Tribunal (SCT) – and operates under an ombudsman model. The SCT will continue to deal with complaints lodged up to 31 October 2018. All new complaints from 1 November 2018 will be dealt with by AFCA.

For more detail about how we handle complaints go to the Enquiries and Complaints section of this booklet.

Limited legacy complaints window

Following the Financial Services Royal Commission, AFCA has been authorised to accept certain legacy complaints dating back to 1 January 2008. AFCA can accept eligible complaints up to 30 June 2020. Exclusions include complaints previously dealt with by the SCT and complaints relating to superannuation death benefits. See afca.org.au for more information.

Transition-to-retirement pensions

The Government has updated super legislation to always allow a reversionary transition-to-retirement pension to automatically transfer to eligible dependants on the death of the primary recipient.

Protecting your superannuation package

The Government's 'Protecting Your Super' legislation package included these changes from 1 July 2019:

- A 3% fee cap on accounts with balances less than \$6,000. If your super account balance is less than \$6,000 at 30 June of any year, the total combined amount of administration fees, investments fees and indirect costs charged to you for the prior year is capped at 3% of your super account balance. Any amount charged in excess of that cap must be refunded.
- Removal of exit fees.
- Super funds are required to cancel insurance on inactive accounts (accounts that have not received a contribution or rollover for 16 months), unless the member elects to keep the insurance.
- A new Australian Tax Office (ATO)-based consolidation process requiring 6-monthly transfers to the ATO of all inactive accounts that meet various conditions including having a balance below \$6,000 and not having insurance. The ATO has been given powers to reunite ATO-held accounts with an active account for the member (if the combined balance would be over \$6,000).

FINANCIAL SUMMARY FOR THE MERCER SUPER TRUST

This is abridged financial information for the Mercer Super Trust for the year ended 30 June 2019. You can request a copy of the full audited accounts and auditor's report for the Mercer Super Trust by contacting the Helpline.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	2019 (\$'000)	2018 (\$'000)
Assets		
Cash and cash equivalents	258,205	217,040
Investments	24,532,077	23,441,480
Derivative assets	17	13
Receivables		
Interest receivable	165	178
Investment income receivable	611,878	708,358
Sundry debtors	2,517	1,739
Unsettled trades receivable	1,847	2,684
Other Assets		
Deferred tax asset	2,441	2,444
Total Assets	25,409,147	24,373,936
Liabilities		
Unsettled trades payable	1,308	145
Payables	22,204	19,178
Current tax liabilities	101,510	179,349
Deferred tax liabilities	236,708	160,848
Total Liabilities (excluding member liabilities)	361,730	359,520
Net Assets Available to Pay Benefits	25,047,417	24,014,416

STATEMENT OF CHANGES IN NET ASSETS

	2019 (\$'000)	2018 (\$'000)
Investment Revenue		
Distributions and dividends	971,000	1,011,501
Interest	2,508	1,899
Movement in fair value of investments	820,443	1,177,970
Investment management fee rebates	1,416	2,051
	1,795,367	2,193,421
Contribution Revenue		
Employer contributions	1,211,892	1,194,273
Member contributions	81,162	73,339
Transfers from Other Funds	636,978	812,626
	1,930,032	2,080,238
Other Revenue		
Other revenue	72	135
Total Revenue	3,725,471	4,273,794
Expenses		
Net asset administration and trustee expenses	79,809	85,145
Other expenses	1,648	1,209
Benefit payments	2,310,953	2,113,646
Net insurance costs	121,162	108,310
Tax on contributions	151,567	152,168
Tax on investment income	27,332	119,789
Other taxes	-1	4
Total Expenses	2,692,470	2,580,271
Net Change in Net Assets	1,033,001	1,693,523
Net Assets at Start of Year	24,014,416	22,320,893
Net Assets at End of Year	25,047,417	24,014,416

INVESTMENT UPDATE



Kylie Willment
Chief Investment Officer

Investment markets in 2018/19 were strong across the vast majority of major asset classes, albeit with a number of volatility events occurring over the course of the year. Sectors that performed particularly well included Australian and international shares, Australian listed property and global listed infrastructure. Continuing trade tensions between the US and China, and uncertainty on the future direction of interest rates in major economies such as the US, Australia and Europe, presented headwinds at times. However central bank willingness to keep interest rates low in order to support global growth buoyed the markets in the second half of the financial year. In addition, the Australian Federal Government election result provided a boost to local markets prior to the end of the financial year.

While the investment options available to you may vary depending on your particular plan and division with the Mercer Super Trust, the primary objective of the Mercer Super Trust is to enable you to build long-term savings for your retirement. For each investment option, we aim to maximise investment returns over longer periods, within a suitable risk and liquidity profile. Information on the investment performance and asset allocation for each investment option is provided in the Investment Option Details booklet and (if applicable) your 2019 Supplementary Annual Report.

Strong returns for members

The Mercer SmartPath offering continues to perform strongly. In particular, the CSD Mercer SmartPath returns for members born after 1969, over three and five years to 30 June 2019, were top quartile (in the best 25%) when compared to the super funds within the SuperRatings Fund Crediting Rate Survey – My Super Default Options.

The Mercer Ready-made options, where available, also generally performed positively against peers over the year to 30 June 2019. For these options, we continue to implement medium-term asset allocation changes in response to changing market conditions, where we believe such changes can improve investment returns and/or manage risks.

Continued focus on sustainable investment

This year we have continued to build on our already strong focus on sustainable investment, including the consideration of environmental, social and governance (ESG) factors throughout our investment process. Particular areas of focus include:

- Climate change – We've tested our portfolios to ensure they are resilient and ready for a transition to a low carbon future.
- Modern Slavery – In light of the new Commonwealth Modern Slavery Act, we've established a Modern Slavery Working Group to assess our investments for exposure to modern slavery. We will publish a Modern Slavery statement by December 2020.
- Enhanced exclusions – Further to our commitment to exclude investments in tobacco and controversial weapons, and following on from the massacre in Christchurch, New Zealand, we have expanded this to exclude companies involved in the production and retailing of automatic and semi-automatic civilian weapons.
- New Socially Responsible options – we've designed three more socially responsible investment options, which will be available to CSD members from 1 January 2020. These options consider a wider range of ethical issues in addition to ESG factors, and have a greater focus on impact investments aligned with achieving the UN Sustainable Development Goals.

Subdued economic outlook

Looking ahead, we believe economic growth in major markets will continue to be slow and investment returns for many asset class types are likely to be lower than in recent years. This low interest rate environment particularly affects defensive investments. We will continue to monitor and adjust the investment options and review the underlying investment managers we appoint on your behalf – to ensure your super is working hard for your retirement.

INVESTMENT MANAGERS

AS AT 30 JUNE 2019

The majority of the assets of the Mercer Super Trust, are invested in funds managed by Mercer Investments (Australia) Limited (MIAL), which in turn have investments with underlying investment managers. The underlying investment managers for the Mercer Super Trust as at 30 June 2019 are listed below.

Members of Virgin Money Super & Mercer Easy - Newcastle in the Retail division and members of Ford Employees Superannuation Plan, Ford Management Superannuation Plan, Mercer Tailored Super Plan, Mercer Tailored Super - myChoice in the CSD have different or additional underlying investment managers to those set out in the table below. Members of those plans should refer to 2019 Supplementary Annual report for information specific to their plan.

Asset Class	Investment Manager Name
Australian Shares	Acadian Asset Management (Socially Responsible Options Only)
	Ausbil Investment Management
	CITI Global Markets (CITI is appointed as a transition manager tracking the index)
	Colonial First State
	Fidelity
	Firetrail
	Greencape
	IFM Investors
	Pendal Group Limited (Socially Responsible Options Only)
	Perennial Value Management
	Perpetual Investment Management (Socially Responsible Options Only)
	Plato
	State Street Global Advisors (SSgA)
	Vinva Investment Management
	WaveStone Capital
Yarra Capital Management	
International Shares	Acadian
	AQR Small Cap
	Arrowstreet (Overseas Large Capital Active Shares)
	Arrowstreet (Overseas Small Capital Shares)
	Baillie Gifford (Overseas Large Capital Active Shares)
	Baillie Gifford (Overseas Small Capital Shares)
	BlackRock Investment Management
	Lazard Asset Management
	LGIM
	LSV Asset Management (Overseas Large Capital Active Shares)
	LSV Asset Management (Overseas Small Capital Shares)
	Macquarie Investment Management (Alternative Indexation)
	Macquarie Investment Management
	Schroder Investment Management
	Schroders (Socially Responsible options only)
	Stewart (Socially Responsible options only)
	Wellington (Overseas Large Capital Active Shares)
	Wellington (Socially Responsible options only)
William Blair	

INVESTMENT MANAGERS AS AT 30 JUNE 2019 (CONTINUED)

Asset Class	Investment Manager Name
Real Assets	AMP Capital Shopping Centre Fund
	Brookfield Investment Management
	Charter Hall Industrial
	Charter Hall Retail
	Dexus Wholesale Property Fund
	Goodman Funds Management
	Investa Property Group
	Investa SPV
	Lend Lease Investment Management (APPF Retail)
	Macquarie Investment Management
	Principal Global Investors
	Axium Infrastructure
	Colonial First State Global Asset Management (Global Listed Infrastructure)
	Colonial First State Global Asset Management (Global Unlisted Infrastructure)
	IFM Investors
	KKR
	Macquarie Asia Infrastructure Fund
	Macquarie Investment Management
	Macquarie Specialised Asset Management
	Magellan Asset Management
Stonepeak Infrastructure Partners	
Alternatives	Aviva Investors
	Invesco Asset Management
	Mercer Select Alternatives Strategies
	New Forests Asset Management
Growth Fixed Interest	Apollo Global Management
	Audax Group
	Beach Point Capital Management
	BlackRock Investment Management
	Colchester Global Investors
	CQS
	Intermediate Capital Group
	KKR
	Metrics Credit Partners
	Nomura Asset Management
	Oak Hill Advisors
	Wellington Management (Emerging Markets Debt)
	Wellington Management (Global High Yield)
	Westbourne Capital

INVESTMENT MANAGERS AS AT 30 JUNE 2019 (CONTINUED)

Asset Class	Investment Manager Name
Defensive Fixed Interest	Ardea Investment Management
	Aviva Investors
	AXA Investment Managers
	Challenger (Australian Sovereign Bonds)
	Challenger (Australian Inflation Plus)
	Colchester Global Investors
	H2O Asset Management (Global Absolute Return Bonds)
	H2O Asset Management (Global Sovereign Bonds)
	LGIM
	Macquarie Investment Management
	Newton Investment Management
	Payden & Rygel (Global Absolute Return Bonds)
	Robeco
	T. Rowe Price
Wellington Management	
Cash	BlackRock
	Challenger

Use of derivatives

The investment managers appointed by the trustee may use derivatives to help manage risk (e.g. to hedge part of an international 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 are 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 (e.g. for currency hedging). Losses from derivatives can occur (e.g. due to market movements).

Derivative risk is managed in adherence to the Derivatives Policy for Mercer Funds.

The derivative charge ratio

The derivative charge ratio is the percentage of the total market value of the assets of the Mercer Super Trust (other than cash) that the trustee has charged as security for derivatives investments made by the trustee.

Based on information provided by the custodian and investment managers, the trustee is unaware of any period in the year when the derivative charge ratio exceeded 5.00%.

LARGEST SHARE HOLDINGS

The tables below show the top ten shares held by the Mercer Super Trust Ready-made options in Australian shares and international shares, as at 30 June 2019.

Members of Virgin Money Super should refer to their 2019 Supplementary Annual Report for the largest shareholdings specific to their Plan.

Australian Shares Stock	% of Fund	International Shares Stock	% of Fund
Commonwealth Bank	7.8	Microsoft Corp	1.3
BHP Group LTD	6.6	Alphabet Inc	1.2
CSL	5.4	Visa	1.1
Westpac Banking Corporation	4.8	Amazon	1.1
ANZ Banking Group	4.7	Roche	1.1
National Australia Bank	3.8	Mastercard	1.0
Woolworths Group Ltd	2.6	Apple	0.9
Rio Tinto	2.5	Novartis	0.8
Transurban Group	2.4	Merck & Co. Inc	0.8
Telstra Corporation	2.3	AIA Group Ltd	0.8

The investments of the Mercer Super Trust are either held by the trustee directly or are held by an independent custodian.

As at 30 June 2019, there was no investment (including a combination of investments through a single or group of associated enterprises) that have a combined value of more than 5% of the total assets of the Mercer Super Trust.

YOUR INVESTMENT OPTIONS

Please refer to the Investment Options Details booklet – part two of this Annual Report for information relating to the investment options available in the CSD, PSD and APD. This includes investment performance, asset allocation and the Indirect Costs Ratios for these investment options for the year ended 30 June 2019.

You can access the Investment Options Details booklet by clicking the link [here](#).

The following plans have different or additional investment options to those set out in the Investment Options Details booklet:

- Virgin Money Super
- Mercer Easy – Newcastle
- Fairfax Media *Super*
- Ford Employees Superannuation Plan
- Ford Management Superannuation Plan
- Mercer Tailored Super Plan
- Mercer Tailored Super – myChoice

Members of the plans listed above should refer to their 2019 Supplementary Annual report for specific details about their plans' investment options.

OTHER INFORMATION ABOUT YOUR SUPER

Eligible rollover fund

An Eligible Rollover Fund is a super fund that looks after small and lost or unclaimed super benefits transferred to it by other superannuation funds.

The Mercer Super Trust uses the SuperTrace Eligible Rollover Fund (SuperTrace).

SuperTrace Eligible Rollover Fund

ABN 73 703 878 235

Locked Bag 5429

Parramatta NSW 2124

Telephone: **1300 788 750**

Fax: **1300 700 353**

Website: www.supertrace.com.au

Email: SuperTrace.Member@cba.com.au

The trustee of SuperTrace is Equity Trustees Superannuation Limited (ABN 50 055 641 757 AFSL No.229757 RSE Licence L0001458) (ETSL). SuperTrace is administered by the Colonial Mutual Life Assurance Society Limited ABN 12 004 021 809 AFSL 235035 (CMLA).

Set out below is a summary of some of the more significant features of SuperTrace (current as at the date of this report):

- All assets of SuperTrace are invested in the investment policy (Policy) issued to ETSL by CMLA. The Policy is currently invested solely in the Capital Stable Fund in the CMLA No. 2L Statutory Fund. The Capital Stable Fund and the CMLA No. 2L Statutory Fund invest in assets that can fluctuate in value. There is no investment choice available to members;
- The investment objective is to invest in a diversified portfolio of assets expected to generate a mix of income and long-term capital growth with an emphasis on stable returns and a reasonably high level of security;
- Investment returns are credited to members' accounts as an annual crediting rate effective 30 June;
- An ongoing fee is calculated as a percentage of your share of assets of SuperTrace (net of tax), which is deducted before the crediting rate is applied. For the current fee refer to the SuperTrace PDS;
- SuperTrace is unable to accept contributions from members or their employers; however rollovers from other superannuation funds are permitted; and
- SuperTrace does not provide insurance cover.

For more information, contact a SuperTrace Customer Service Representative on **1300 788 750** between 8.30am and 6pm AEST Monday to Friday or go to www.supertrace.com.au for their latest PDS.

Your super may be transferred to SuperTrace if the following conditions arise.

For CSD members if:

- you leave your employer or you choose another fund for your Superannuation Guarantee contributions (Exercise Choice), and
- your account balance is less than \$500, and
- you don't inform the trustee how and where you want your super paid within 30 days of leaving your employer or Exercising Choice.

For PSD members, members of the Individual Section of the Mercer SmartSuper Plan, members of Virgin Money Super and members of Mercer Easy – Newcastle if:

- your account balance falls below \$500, and
- you have been asked to tell the trustee how and where you want your super paid, and
- you don't inform the trustee within 30 days.

For APD members if:

- your account balance falls below \$2,400
- you have been asked to tell the trustee how and where you want your super paid, and
- you don't inform the trustee within 30 days.

For TAL Super members if:

- a disability benefit becomes payable, and you do not meet an appropriate condition of release, and
- you haven't told us how and where you want your benefit paid.

Your payout may also be transferred to SuperTrace if:

- you're under age 65, and
- you haven't told us how and where you'd like your super paid, and
- we have written to you twice and both times the mail has been returned unclaimed.

If your super is paid to SuperTrace, then you will no longer be a member of the Mercer Super Trust and any insurance cover you had in the Mercer Super Trust will cease.

Once your account is transferred you should contact SuperTrace for further details.

Unclaimed money

We will consider your payout as unclaimed money and send it to the ATO if:

- you are over age 65, we have received no contributions or rollovers for more than two years, and;
- we have been unable to contact you for a period of five years.

We may also be required to transfer your account to the ATO if;

- no contributions or rollovers have been received for more than 12 months, and
- we have not been able to contact you and your payout is less than \$6,000, or
- we do not have enough information to properly identify you.

You can approach the ATO to claim any such money directly.

There are also other circumstances under which we may be required by law to transfer your payout to the ATO. Refer to the ATO website at ato.gov.au for more information.

Superannuation surcharge tax

Although this surcharge has been abolished, Mercer Super Trust may still receive surcharge assessment notices from the ATO relating to a period where a surcharge applied. If we receive a notice in relation to a member's account, the amount assessed will be deducted from the member's account and paid to the ATO.

If we receive a surcharge assessment for a member that has left the Mercer Super Trust it will generally be forwarded to the fund to which the benefit was paid or to the individual if the benefit was paid directly to them.

Paying your super if you leave Australia

You may be eligible to access your super and have it paid directly to you after you have left Australia, as long as:

- you entered Australia on a temporary visa
- your temporary visa has expired or been cancelled, and
- you are not an Australian or New Zealand citizen or an Australian permanent resident.

The trustee may be required to transfer your super to the ATO if at least six months has passed since the expiry or cancellation of your temporary visa and you have left Australia and have not claimed your super.

If this happens, you will need to contact the ATO to claim your super, which will be paid to you subject to the deduction of tax. The ATO will provide the trustee with details of the members who can have their super transferred in these circumstances.

Tax rates on super payouts to a temporary resident who has left Australia are higher than those which apply to permanent residents or Australian or New Zealand citizens.

Interest (or investment earnings) in respect of super for temporary residents is not paid on amounts paid by the ATO (except in certain limited circumstances)

The transfer to the ATO can be required even if you are still employed by your Australian employer.

In most cases, the trustee is required to provide a member with an exit statement when their benefit has been paid out of the fund. However, the Australian Securities and Investments Commission has provided trustees with relief from this requirement where benefits are paid to the ATO. This relief has been granted because most temporary residents do not advise the trustee of their overseas address details. The trustee intends to rely on this relief. This means that the trustee is not obliged to notify or give an exit statement to a non-resident where a benefit has been transferred to the ATO.

Members should call the Helpline or Customer Care for more information on:

- how to make an application to the trustee for the release of your super for the reasons listed above, and
- what will happen to your super if you make such an application, and if your benefit has been transferred to the ATO and you need help to prove to the ATO that you are entitled to that benefit.

Reserves for the Mercer Super Trust

The trustee has created a reserve which is held as an Operational Risk Reserve (ORR) in the Mercer Super Trust.

The ORR was funded through the Operational Risk Financial Requirement (ORFR) levy which was charged to members of CSD, PSD and APD in the Mercer Super Trust. From 1 July 2016, the ORFR levy ceased to be charged to members of the Mercer Super Trust.

The ORR can be used to provide funding towards the cost of compensating Mercer Super Trust members for any operational incident which adversely affects their benefits. The ORR is complemented by a capital holding held by the trustee outside of the Mercer Super Trust.

The ORR in the Mercer Super Trust over the last four years was:

At 30 June

2019	2018	2017	2016
\$38.053m	\$35.440m	\$32.458m	\$29.612m

The ORR is invested in Mercer Growth as at 30 June 2019.

In addition, for the CSD only, the Mercer Super Trust had a reserve amount of \$749,662 as at 30 June 2019. This reserve amount only applies in respect of some employer plans in the CSD. If this applies in respect of your plan, details of the reserve will be set out in your *Supplementary Annual Report* (as applicable).

Service providers to the trustee

The trustee appoints a number of service providers to assist it in running the Mercer Super Trust. The main service providers to the trustee are the administrator, the investment consultant, the custodian and where applicable, the insurer. Details of the administrator, the investment consultant, the custodian and the insurer are set out below.

Administrators

The trustee has appointed Mercer Outsourcing (Australia) Pty Ltd (ABN 83 068 908 912) to be the administrator to the Mercer Super Trust, except for TAL Super whose administrator is TAL Services Limited (ACN 076 105 130).

Investment Consultant

The trustee has appointed Mercer Investments (Australia) Limited (ABN 66 008 612 397) as the primary adviser to advise on the selection, appointment, replacement and ongoing evaluation of investment managers through an implemented consulting arrangement.

Custodian

The trustee has appointed The Northern Trust Company ABN 62 126 279 918 to act as the main custodian of the Mercer Super Trust.

Insurer

For plans in the CSD that are insured through the trustee's umbrella insurance policy, the PSD and Mercer Easy - Newcastle, the trustee has appointed AIA Australia Limited ABN 79 004 837 861 Australian Financial Services Licence #230043 to provide insurance cover.

For plans in the CSD that are not insured under the trustee's umbrella insurance policy, details of the insurer (if any) for your plan will be set out in the Plan Guide or other member materials (as applicable) for your plan.

For Virgin Money Super the trustee has appointed One Path Life Limited ABN 33 009 657 176, Australian Financial Services Licence #238341 to provide insurance cover.

For TAL Super the trustee has appointed TAL Life Limited ABN 70 050 109 450 Australian Financial Services Licence #237848 to provide insurance cover.

Indemnity insurance

The Directors of MSAL have professional indemnity insurance to protect them against any honest mistakes that may occur in running the Mercer Super Trust.

Trustee Penalties

The trustee has not incurred any penalties under section 38A of SIS during the year ended 30 June 2019.

Enquiries and complaints handling

The trustee of the Mercer Super Trust has a process in place for dealing with member enquiries and complaints. To make an enquiry or complaint you can:

Members of CSD, PSD, APD and Mercer Easy - Newcastle can:

Call the Helpline **1800 682 525** or write to Mercer Super Trust's Enquiries and Complaints Officer.
Mercer Super Trust
GPO Box 4303
Melbourne VIC 3001

Members of Virgin Money Super can:

Call Customer Care **1300 652 770** or write to Mercer Super Trust's Enquiries and Complaints Officer.
Mercer Super Trust
GPO Box 4303
Melbourne VIC 3001

Members of TAL Super can:

Call the Helpline **1300 209 088** or write to Manager Complaints Resolution.
TAL Super plan in the Mercer Super Trust
GPO Box 5830
Sydney NSW 2001

The trustee tries to deal with all matters as soon as possible and generally replies to enquiries within 28 days. However, responses to some complaints may take longer although the trustee aims to respond within no more than 90 days.

The trustee always seeks to resolve any complaints to the satisfaction of all concerned and in the best interests of all members of the Mercer Super Trust. However, if you have made a complaint and are not satisfied with the outcome or after at least 90 days has passed, you may refer your complaint to the Australian Financial Complaints Authority (AFCA). AFCA provides a fair and independent complaint resolution service that is free to consumers.

Contact details for AFCA are as follows;

Mail:
Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Telephone: 1800 931 678
Website: afca.org.au
Email: info@afca.org.au

Some complaints must be lodged with AFCA within set timeframes or may be outside of AFCA's jurisdiction. Contact AFCA directly for more information about time limits and other requirements.

CONTACT US

Trustee

Mercer Superannuation (Australia) Limited
ABN 79 004 717 533

Corporate Superannuation Division

Helpline **1800 682 525**
Overseas **+61 3 8306 0900**
8am to 7pm AEST Monday to Friday

Personal Superannuation Division

Helpline **1800 810 558**
Overseas **+61 3 8306 0901**
8am to 7pm AEST Monday to Friday

Allocated Pension Division

Helpline **1800 671 369**
Overseas **+61 3 8306 0906**
8am to 7pm AEST Monday to Friday

Postal Address for CSD, PSD and APD

Mercer Super Trust
GPO Box 4303
Melbourne VIC 3001

Website for CSD, PSD and APD

mercersuper.com

TAL Super

Helpline **1300 209 088**
8am to 7pm AEST Monday to Friday
Mercer Super Trust
GPO Box 4303
Melbourne VIC 3001
Website tal.com.au/talsuper

Virgin Money Super

Customer Care **1300 652 770**
8am to 7pm AEST Monday to Friday
Virgin Money Super
GPO Box 4650
Melbourne VIC 3001
Website virginmoney.com.au/super

Mercer Easy - Newcastle

Helpline **1800 931 040**
8am to 7pm AEST Monday to Friday
Mercer Easy - Newcastle
Locked Bag 20065
Melbourne VIC 3001
Website mercersuper.com

KEEP YOUR CONTACT DETAILS UP TO DATE

We can only send you information if we have your current contact details.

Please use the secure sections of the website or call us.

PRIVACY

For information on privacy and the handling of your personal information please refer to the privacy policy that can be found at the websites provided in the Contact Us Section.

If you wish to speak to someone about the privacy policy or wish to request a copy of the policy, please call the Helpline or Customer Care as listed in your fund or division sub section of the Contact Us section.

If you wish to write to us, please use the addresses:

Mercer's Privacy Officer
Mercer Superannuation (Australia) Limited
GPO Box 4303, Melbourne VIC 3001

Virgin Money's Privacy Officer
Level 8, 126 Phillip Street
Sydney NSW 2000
Email: privacy@virginmoney.com.au

For TAL Super members refer to the TAL Privacy Policy available at tal.com.au/talsuper or contact the Helpline.

IMPORTANT INFORMATION AND DISCLAIMER

Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533, Australian Financial Services Licence #235906 is the trustee of the Mercer Super Trust ABN 19 905 422 981, the issuer of this *Annual Report*.

Mercer Outsourcing (Australia) Pty Ltd (MOAPL) ABN 83 068 908 912 Australian Financial Services Licence #411980, Mercer Investments (Australia) Limited (MIAL) ABN 66 008 612 397 Australian Financial Services Licence #244385, Mercer Financial Advice (Australia) Pty Ltd (MFAAPL) ABN 76 153 168 293 Australian Financial Services Licence #411766 and MSAL are wholly owned subsidiaries of Mercer (Australia) Pty Ltd (Mercer) ABN 32 005 315 917.

None of MSAL, MOAPL, MIAL, MFAAPL, Mercer, your employer or any of the investment managers guarantees the investment performance, earnings or return of capital invested in any of the Mercer Super Trust investment options.

The information contained in this report is given in good faith and has been derived from sources believed to be reliable and accurate. No warranty as to the accuracy or completeness of this information is given and no responsibility is accepted by Mercer Super Trust or its employees for any loss or damage arising from reliance on the information provided.

The information in this *Annual Report* includes some general product advice that does not take into account your financial situation, objectives or needs.

Before making any decisions, you should consider your own objectives, financial needs and the PDS you received upon joining and/or other member material specific to your membership plan or division.

HELP IN MAKING DECISIONS

We also recommend seeking advice from a licensed, or appropriately authorised, financial adviser.

There are helpful tools and further information available online, including:

- up to date information on investment options (where applicable)
- information from our wealth education experts, and
- financial planning tools.

All of this information relevant to your superannuation can be found on the websites listed within the 'Contact Us' section.



