

Mercer Super Trust Annual Report

2020



Part one

For the year ended
30 June 2020

For members of the
Corporate Superannuation
Division, Allocated Pension
Division and Retail Division
of the Mercer Super Trust.

December 2020

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

Part one - This Mercer Super Trust 2020 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 2020. 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) 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 2020.

Part three – A 2020 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 2020.

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, 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, Kogan Super and Mercer Easy - Newcastle are different to those referred to in the Investment Options Details booklet. Members of Virgin Money Super, Kogan Super and Mercer Easy - Newcastle should also refer to their 2020 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 the chair

Reflection and clarity

Over the last 12 months, we have had to rapidly change the way we live, work and interact with others. But the change has demonstrated our resilience and agility as a super fund. For many of us, the announcement of a global pandemic and the forced closure of the economy has given us the gift of time to reflect on our lives, both personally and professionally.

We have used this time to reflect on what we want the future of the Mercer Super Trust to look like and understand what we can do better.

I am incredibly proud of the team's ability to respond to the changing needs of our members. We believe feedback is the best way to learn, so we are carefully listening to your feedback to understand what information you need from us to help you make the best decisions for your own personal circumstances.

This year, our dedication to members was acknowledged by the superannuation industry. We received multiple industry awards and recognition as one of the top 20 super funds in Australia*.

Welcome to our new CEO

In July, Mercer welcomed new Chief Executive Officer - Australia and Pacific, David Bryant. David brings over 28 years of financial service industry knowledge with him, with his most recent appointment as the Chief Executive for Wealth and Capital Markets and Chief Investment Officer at Australian Unity. David is looking forward to driving growth via innovative solutions and high-quality service.

After five years, we farewelled Ben Walsh. On behalf of the board, I would like to thank Ben for his contribution and leadership.

COVID-19 and your super

Although investment markets responded to the news of COVID-19 with an initial sharp decline, they have since rebounded and switched to recovery mode. The swift policy response from governments and central banks around the world have helped to stabilise financial markets and drive recovery during this challenging period.

To help reduce the impact of investment market fluctuations, your superannuation is typically diversified and invested across a range of asset classes including shares, property, infrastructure, alternatives, fixed income and cash.

Our global team of over 1,200 investment experts carefully monitor international and local markets to help to grow and protect your retirement savings. It is also important to remember superannuation is a long-term investment designed to weather short-term investment market corrections.

*The Mercer Super Trust ranks 20 largest in terms of total assets under management. Awards include: 2019 Roy Morgan customer satisfaction awards, 2020 SuperRatings platinum award for our MySuper product, Chant West five apples for highest quality fund, a triple A quality rating from Selecting Super and 2019 Heron awards for two of our corporate products.

A future-focused approach to investing

A lot has changed throughout the 2019-2020 financial year, but our commitment to sustainable investment remains unchanged.

As a super fund, I believe it is our responsibility to protect and maximise our members' super savings through investing responsibly towards a sustainable future.

This year we updated our Sustainable Investment Policy to strengthen our commitment to integrating environmental, social and governance (ESG) factors in investment decision making. For instance, we committed to engaging on UN Global Compact principles relating to human rights, labour, environment and corruption.

In addition, we were recognised by the Principles for Responsible Investment (PRI), the world's leading proponent of responsible investment, for a top-rated responsible investment strategy and governance. This is quite an achievement and something for all members of the Mercer Super Trust to be proud of.

Thank you

On behalf of the trustee Board, I would like to thank you for choosing our fund. While it has been a challenging year, we have demonstrated our commitment to delivering the best possible outcomes for our members, and I look forward to building on this in 2021.

Warm regards,



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



The role of the trustee Board

Our members are at the core of our fund and it is the trustee Board's responsibility to ensure your superannuation is managed efficiently. The trustee Board sets the fund's strategies, goals and plans to ensure we consistently act in the best interests of our members.

All Board members have extensive financial services industry and superannuation experience and are committed to fulfilling their roles and responsibilities.

We have adopted Mercer Australia's Diversity and Inclusion Policy and targets. The policy brings to life the belief that diversity in all its forms is critical for an energised, capable and effective Board.

We are committed to achieving diversity for our Board. While we have targets, all appointments are merit-based and seek to complement the skills, experience and attributes of the current Board members. This ensures alignment with the values and strategic focus of the Mercer Super Trust.

Further information on the directors of Mercer Superannuation (Australia) Limited (MSAL) 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

Social responsibility highlights 2019-20

Mercer harnesses the collective power of over 2,100 employees across Australia to give back to the community by volunteering and donating money to worthy causes.

The Mercer Cares team has been set up to create awareness internally about charitable initiatives, events, fundraising campaigns and volunteer days.

This year, through Mercer Cares, over 40% of Mercer's employees volunteered their time or donated money to the following areas:

Australia's 'Black Summer' bushfires

In response to the devastating 2019-2020 summer bushfires, the Mercer Cares team led a major campaign across Mercer and our broader parent company Marsh & McLennan Companies. The campaign resulted in 450 colleagues volunteering their time and \$150,000 raised for the Red Cross and other organisations supporting humanitarian care, bushfire fight, environmental protection and animal welfare. For every dollar raised by a Mercer employee, the business matched the donation.

Mercer SuperCycle

Mercer SuperCycle is a seven day, 1,000km cycling challenge around South Australia. Riders commit to individually raising a minimum \$4,000, which directly benefits The Hospital Research Foundation (THRF) and their 'Under Our Roof' project. Under Our Roof is the only subsidised accommodation available for country cancer patients near Adelaide's two largest cancer treating hospitals, the Royal Adelaide Hospital and the Queen Elizabeth Hospital.

Since 2013, Mercer SuperCycle has raised over \$1.9m, enabling the first two Under Our Roof homes to open in 2015. Construction for the third house is underway, and Mercer SuperCycle 2021 will be fundraising for a fourth house.

Elder Care

Social isolation amongst our society's ageing population can lead to depression, accelerating cognitive and physical decline. The Mercer Cares volunteering team partnered with aged care providers in Sydney, Melbourne, Illawarra, Southern Highlands and Perth to reconnect aged care residents socially, by visiting them in person, virtually or connecting through a pen pal program.

Red Cross Lifeblood

Lifeblood, formerly the Australian Red Cross Blood Service, supports Australian lives through blood and plasma donations, organ matching, tissue typing, donated breast milk and more. This year Mercer has been working with the team at Lifeblood to help generate awareness internally at Mercer about the need for blood products and to organise blood donation drives.

Clontarf Foundation Aboriginal Youth Schooling & Mentoring

Mercer has partnered with the Clontarf Foundation since 2019. The Clontarf Foundation works with young Aboriginal and Torres Strait Islander men to improve their education and self-esteem. This year's contribution consisted of a financial donation and virtual volunteering.

Organic Volunteering

Mercer Cares also encourages and supports individual passion for volunteering and giving through key areas of personal interest, including White Ribbon, Mothers Day Classic, Biggest Morning Tea and The Cherie Blair Foundation mentoring women in business program.

Changes to the Mercer Super Trust

The following section includes details about the changes made to the Mercer Super Trust since 1 July 2019.

Closure of the Personal Superannuation Division

We closed the Personal Superannuation Division of the Mercer Super Trust on 1 January 2020 and transferred members' accounts and balances into the Individual Section of the Mercer SmartSuper Plan in the CSD.

Changes that affect all divisions except the Retail Division

Closure of investment options

- Mercer Income Plus
- Mercer Australian Small Companies
- Mercer Overseas Small Companies
- Mercer Term Deposit
- Mercer Australian Sovereign Bonds
- Mercer Overseas Sovereign Bond
- Mercer Overseas Listed Property
- Mercer Emerging Markets
- Mercer Global Listed Infrastructure
- Mercer Diversified Alternatives
- Indexed Diversified Shares

We renamed some investment options

Old name to 31 December 2019	New name from 1 January 2020
Mercer Overseas Shares (Unhedged)	Mercer International Shares
Mercer Hedged Overseas Shares	Mercer International Shares - Hedged
Indexed Australian Shares	Mercer Passive Australian Shares
Indexed Overseas Shares	Mercer Passive International Shares
Indexed Australian Listed Property	Mercer Passive Australian Listed Property
Enhanced Indexed Growth	Mercer Enhanced Passive Growth
Enhanced Indexed Conservative Growth	Mercer Enhanced Passive Conservative Growth
Taxed Mercer Overseas Shares (Unhedged)*	Taxed Mercer International Shares*
Taxed Enhanced Indexed Growth*	Taxed Mercer Enhanced Passive Growth*

*These options apply to APD Transition to Retirement members only

Investment changes

From 1 January 2020, 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 2021

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

The AWOTE for the 12 months to May 2020 was higher than recent historical AWOTE figures. Given the changes arising from COVID-19 and its impact on the AWOTE measurement the trustee has decided to adopt a lower indexation rate more in line with historical averages and deferred the balance of the indexation until the composition of the workforce returns to more normal levels and the AWOTE trend is more clearly understood.

Therefore, the updated fees that may apply to you from 1 January 2021 are listed below.

You should refer to the PDS you received upon becoming 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.

Fee	From 1 January 2019 to 31 December 2019	From 1 January 2020 to 31 December 2020	From 1 January 2021
Dollar Based Administration Fee* (per month)	\$7.26	\$7.48	\$7.64
Family Law Fee	\$514	\$530	\$541
Portfolio Administration Fee (for Mercer Direct Investments)	\$210	\$220	\$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).

Exit fees were removed from 1 July 2019 due to the Protecting Your Super legislation.

Additional changes affecting the Corporate Superannuation Division (CSD)

New Socially Responsible Investment options

The following investments options were introduced from 1 January 2020

[Mercer Socially Responsible High Growth](#)

[Mercer Socially Responsible Moderate Growth](#)

[Mercer Socially Responsible Conservative Growth](#)

If you have limited or no investment choice in your plan, then these investment options may not apply to you.

Asset based administration fee changes

From 1 January 2020, there were some changes to the asset based administration fees for some CSD plans.

Please refer to the 'Important Changes to Your Account - Updates to Insurance and Investment Options' letter for more information about any changes to the fees in your plan.

Simplified insurance headings

From 1 January 2020, we simplified the headings of our definitions of Total and Permanent Disablement (TPD) for our umbrella insurance policy.

Old heading	New heading
Part (a) Unlikely to work	Part (a) Unlikely to do a suited occupation ever again
Part (b) Specific loss	Part (b) Loss of limbs and/or sight
Part (c) Future care	Part (c) Unable to look after yourself ever again
Part (d) Cognitive loss	Part (d) Permanent loss of intellectual capacity

Cancellation of insurance cover

From 1 January 2020 we allowed 14 calendar days for cancellation of cover provided under automatic acceptance.

Please refer to the 'Important Changes to Your Account - Updates to Insurance and Investment Options' letter for more information about any changes to the insurance in your plan.

Income Protection holders

If you have Income Protection cover (including Salary Continuance Insurance (SCI) or Total but Temporary Disablement (TTD)) with our umbrella insurance policy, from 1 January 2020 you are eligible to make a claim if you incur an injury or illness during a period of employer approved Leave Without Pay (LWOP) subject to meeting certain conditions.

Please refer to the 'Important Changes to Your Account - Updates to Insurance and Investment Options' letter for more information about any changes to the insurance in your plan.

Premium rates changes

From 1 July 2020, most plans' insurance premiums with our umbrella insurance policy changed. There was a general increase in premium rates applying to Death, Total and Permanent Disablement (TPD) cover and TTD cover where applicable. There was no change to SCI cover.

Please refer to the 'Important Changes to Your Account - Updates to Insurance and Investment Options' letter for more information about any changes to the insurance in your plan.

Changes to insurance terms and conditions

From 1 July 2020, changes to certain terms and conditions applied to some plans insured with our umbrella insurance policy, including the Mercer SmartSuper Plan - Individual Section in the CSD.

Policy term	New arrangements from 1 July 2020
Casual Employees	Casual employees will continue to have Death and TPD cover, regardless of whether or not they have worked for their employer in the last 12 months.
Salary Definition	'Salary' may now include employer superannuation contributions (SG).
Benefit Offsets	We've clarified how your benefit payments for total or partial disablement benefit can be reduced (or offset).
Australian Resident	Death, TPD and TTD/SCI cover will continue for non-residents. Certain conditions apply.
Medical Practitioner definition	Definition of medical practitioner was updated.
War Definition	No benefit will be payable if caused by an act of war.

Please refer to the 'Important Changes to Your Account - Updates to Insurance and Investment Options' letter for more information about any changes to the insurance in your plan.

Amendment to governing rules all divisions

There were no amendments to the governing rules of the fund or any of the divisions in the financial year 2019/2020.

Legislation related changes

Putting Members Interest First (PMIF)

From 1 April 2020 insurance is only permitted for accounts of less than \$6,000 and for new super members under the age of 25 if the member opts-in or another exception applies (e.g. for defined benefit members or where the employer pays the cost of cover).

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).

More flexible contribution rules for over 64s

Effective from 1 July 2020:

- the age at which the work test begins to apply for voluntary super contributions has increased from 65 to 67
- the age limit for spouse contributions has increased from 69 to 74.

A related announced change – increasing the maximum age for bring-forward of non-concessional contributions – was yet to be legislated at the time of preparation of this report.

Contribute to super in the first year of retirement

Those aged between 65 (67 from 1 July 2020) and 74, who hold less than \$300,000 in their super account (at the end of the previous financial year), can now make voluntary contributions to their super in the financial year following retirement without needing to satisfy the work test.

This opportunity is only available in the year immediately following the year in which you last met the work test and can only be used once.

Government measures during COVID-19 pandemic

Application for early release of up to \$10,000 from super accounts

From 20 April 2020, individuals are allowed early withdrawal of up to \$10,000 from their super on special coronavirus compassionate grounds, in each of 2019/2020 and 2020/2021 financial years, subject to certain eligibility criteria and applications being made within prescribed periods. At time of publication, 2020/2021 applications close 31 December 2020.

Reduced minimum drawdown rates for retirees

A temporary reduction in the minimum drawdown requirements for the 2019/2020 and 2020/2021 financial years was introduced for pension accounts.

More information on both of these temporary measures can be found at ato.gov.au/coronavirus.

Financial summary for the Mercer Super Trust

This is abridged financial information for the Mercer Super Trust for the year ended 30 June 2020. 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 2020

	2020 (\$'000)	2019 (\$'000)
Assets		
Cash and cash equivalents	333,475	258,205
Investments	23,660,296	24,532,077
Derivative assets	-	17
Receivables		
Interest receivable	68	165
Investment income receivable	822,028	611,878
Sundry debtors	2,543	2,517
Unsettled trades receivable	10,340	1,847
Other Assets		
Deferred tax asset	2,074	2,441
Total Assets	24,830,824	25,409,147
Liabilities		
Derivative liabilities	3	-
Unsettled trades payable	1,282	1,308
Payables	20,504	22,204
Current tax liabilities	211,399	101,510
Deferred tax liabilities	89,206	236,708
Total Liabilities (excluding member liabilities)	322,394	361,730
Net Assets Available to Pay Benefits	24,508,430	25,047,417

Statement of changes in net assets

	2020 (\$'000)	2019 (\$'000)
Investment Revenue		
Distributions and dividends	1,300,106	971,000
Interest	1,294	2,508
Movement in fair value of investments	-1,563,805	820,443
Investment management fee rebates	1,361	1,416
	-261,044	1,795,367
Contribution Revenue		
Employer contributions	1,188,866	1,211,892
Member contributions	71,887	81,162
Transfers from Other Funds	1,470,659	636,978
	2,731,412	1,930,032
Other Revenue		
Other revenue	62	72
Total Revenue	2,470,430	3,725,471
Expenses		
Net asset administration and trustee expenses	64,952	79,809
Other expenses	2,042	1,648
Benefit payments	2,759,811	2,310,953
Net insurance costs	124,388	121,162
Tax on contributions	146,525	151,567
Tax on investment income	-88,301	27,332
Other taxes	-	-1
Total Expenses	3,009,417	2,692,470
Net Change in Net Assets	-538,987	1,033,001
Net Assets at Start of Year	25,047,417	24,014,416
Net Assets at End of Year	24,508,430	25,047,417

Investment update



Kylie Willment
Chief Investment Officer

Extreme market conditions and your super

Investment markets began 2019/2020 strongly, then the spread of COVID-19 around the world created high levels of uncertainty and initially led to significant falls in the global investment markets.

Our swift response to the extreme market conditions, plus the dramatic recovery in markets towards the end of the financial year, meant results for members weren't as affected by COVID-19 as anticipated. In response to market volatility, and the Australian government's decision to expand the conditions of early withdrawal of super, we worked closely with our investment managers and administrator to ensure we could make the payments in a timely fashion for members, with minimal disruption to investment performance.

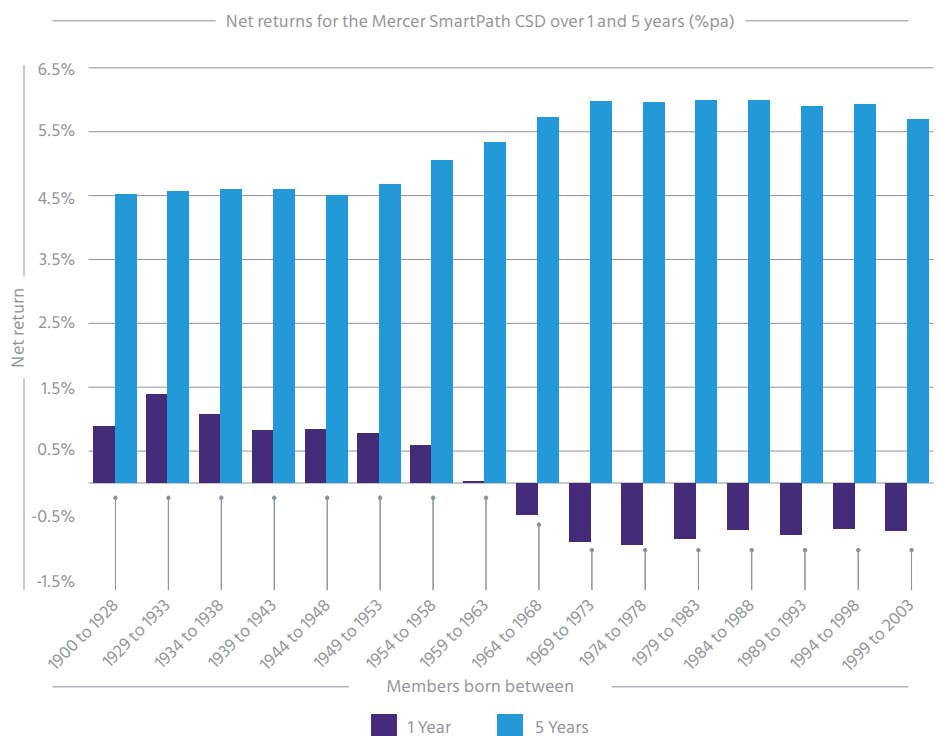
Mercer SmartPath continues to deliver for members

Mercer SmartPath provides protection for our older members from a falling market due to lower allocation to growth assets, like shares and property, whereas our younger members are more exposed to growth assets.

Mercer SmartPath is our default lifecycle investment option in the Corporate Superannuation Division (CSD) and Allocated Pension Division (APD), specifically designed to cater for members of all ages. Mercer SmartPath continued to perform in 2019/2020 as intended for all members by providing higher long term returns for younger members and protection from market falls for older members.

Members born before 1964 in the CSD Mercer SmartPath had a positive return for the 2019/2020 year.

Members born after 1963 in the same division experienced a negative return for the year; however, they have had higher performance than the older members over the past five years.



Net return is the investment return minus fees and tax.
Past performance should not be relied upon as an indicator of future performance.

Mercer Ready-made Investment options perform strongly

The returns for the Mercer Ready-made options in the CSD were generally higher for those investment options with lower allocations to growth assets. Most of the Mercer Ready-made options performed strongly compared to similar options in other super funds, in particular the:







- CSD Mercer Select Growth achieved a net return of 1.1%³, compared to its peer group median of -0.8%¹
- CSD Mercer Conservative Growth achieved a net return of 1.9%³, compared to its peer group median of 0.4%²

Investing responsibly for the long-term

Our responsible approach to investing allows us to ensure we are managing your super in a way that is sustainable for the economy, environment and society, while also delivering investment returns for members.

Our commitment to Environmental, Social and Governance (ESG) integration was externally recognised by the Principles of Responsible Investment (PRI) in their 2020 assessment report, where Mercer received an A+ rating for Strategy & Governance and an A rating for all asset classes.

During the year we continued to build on our already strong focus on sustainable investment through key activities, including:

	Sustainable Investment Policy	We strengthened our commitment to active ownership, Sustainable Development Goals (SDG) and UN Global Compact in our Policy.
	ESG Integration	We continued to target improvements in the ESG ratings of our investment managers and sustainability themed exposures in our portfolios. For instance, 17% of our unlisted infrastructure portfolio is in sustainability themed assets like renewable energy and water.
	Voting	We redesigned our Proxy Voting program and closely linked it with engagement based on our view of the long-term interests of investors.
	Engagement	We initiated a portfolio wide engagement program for ESG priorities including but not limited to climate change, modern slavery, and diversity and inclusion.
	Climate Change	We actioned our commitment to Climate Change by undertaking an in-depth portfolio analysis for climate transition.
	Modern Slavery	Our Modern Slavery Working Group are continuing to develop a Modern Slavery Statement, which will reinforce our commitment to taking meaningful steps to ensure our investments and business are not contaminated with human exploitation.

¹ Based on the SuperRatings Balanced (60-76), sourced from SuperRatings Fund Crediting Rate Survey June 2020

² Based on the SuperRatings Capital Stable (20-40), sourced from SuperRatings Fund Crediting Rate Survey June 2020

³ Based on the SuperRatings Fund Crediting Rate Survey June 2020

Investment managers

As at 30 June 2020

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 2020 are listed below.

Members of Virgin Money Super, Kogan 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 their 2020 Supplementary Annual Report for information specific to their plan.

Asset Class	Investment Manager Name
Australian Shares	Alphinity Investment Management
	Acadian Asset Management [#]
	Ausbil Investment Management
	CITI Global Markets*
	Fidelity
	First Sentier Investors
	Firetrail
	Greencape
	IFM Investors
	Pendal Group Limited [#]
	Perennial Value Management
	Plato Investment Management
	State Street Global Advisors
	Vinva Investment Management
	WaveStone Capital
International Shares	Acadian
	AllianceBernstein
	AQR Small Cap
	Arrowstreet
	Baillie Gifford
	BlackRock Investment Management
	Impax
	KBI Global Investors
	Lazard Asset Management
	LGIM
	LSV Asset Management
	Macquarie Investment Management
	Mirova
	Schroder Investment Management
	SSGA
	Stewart
Wellington	
William Blair	

[#] Socially Responsible Options Only

*CITI is appointed as a transition manager tracking the index

Investment managers as at 30 June 2020 (Continued)

Asset Class	Investment Manager Name
Real Assets	AMP Capital Shopping Centre Fund
	Brookfield Investment Management
	Charter Hall Industrial
	Charter Hall Office
	Charter Hall Retail
	Dexus Wholesale Property Fund
	First Sentier Investors
	Goodman Funds Management
	GPT Wholesale Office Fund
	Investa Property Group
	Investa SPV
	I Squared Capital
	Lend Lease Investment Management
	Macquarie Investment Management
	New Forests Asset Management
	Principal Global Investors
	Axium Infrastructure
	IFM Investors
	KKR
	Macquarie Asia Infrastructure Fund
Macquarie Investment Management	
Macquarie Specialised Asset Management	
Magellan Asset Management	
Stonepeak Infrastructure Partners	
Alternatives	Invesco Asset Management
	Mercer Select Alternatives Strategies
	PineBridge Investment
Growth Fixed Interest	Audax Group
	BlackRock
	Colchester Global Investors
	Intermediate Capital Group
	Metrics Credit Partners
	Nomura Asset Management
	Northern Trust Collateral Account
	Wellington Management
Westbourne Capital	

Investment managers as at 30 June 2020 (Continued)

Asset Class	Investment Manager Name
Defensive Fixed Interest	Ardea Investment Management
	Aviva Investors
	AXA Investment Managers
	Challenger
	Colchester Global Investors
	H2O Asset Management
	LGIM
	Macquarie Investment Management
	Newton Investment Management
	Payden & Rygel
	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 for the 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 in aggregate within the Mercer Super Trust Ready-made options in Australian shares and international shares, as at 30 June 2020.

As at 30 June 2020, there was no investment (including a combination of investments through a single or group of associated enterprises) that have had a combined value of more than 5% of the total assets of the Mercer Super Trust.

Australian Shares Stock	% Allocation	International Shares Stock	% Allocation
CSL	7.3	Microsoft Corp	3.0
BHP Group LTD	6.3	Amazon	1.9
Commonwealth Bank	6.2	Alphabet Inc	1.8
National Australia Bank	4.4	Apple	1.5
ANZ Banking Group	3.2	Novartis	1.4
Woolworths Group Ltd	2.9	Facebook, Inc	1.4
Macquarie Group Ltd	2.6	American Tower Corp	1.1
Rio Tinto	2.4	Johnson & Johnson	1.1
Westpac Banking Corporation	2.4	Tesla Inc	0.9
Aristocrat Leisure Ltd	2.2	Tencent Holdings Ltd	0.9

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

Members of Virgin Money Super should refer to their 2020 Supplementary Annual Report for the largest shareholdings specific to their Plan.

Members of Kogan Super should refer to their 2020 Supplementary Annual report for the largest shareholdings specific to their plan.

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 and APD. This includes investment performance, asset allocation and the Indirect Costs Ratios for these investment options for the year ended 30 June 2020.

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
- Kogan Super
- Mercer Tailored Super Plan
- Mercer Tailored Super - myChoice

Members of the plans listed above should refer to their 2020 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.

*Refer to your plan's Product Disclosure Statement Documents to see if a different amount applies

For members of the Individual Section of the Mercer SmartSuper Plan, Virgin Money Super, Kogan Super and 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, Personal Super Division 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

2020	2019	2018	2017
\$37.112m	\$38.053m	\$35.440m	\$32.458m

The ORR is invested in Mercer Growth as at 30 June 2020.

In addition, some employer plans in the CSD may have a plan specific reserve. 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 Kogan Super 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 trustee has professional indemnity insurance to protect it and the fund 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 2020.

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:

Members of CSD, 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

Members of Kogan Super can:

Call the Helpline **1800 517 212** or write to Enquiries and Complaints Officer Kogan Super
GPO Box 20065
Melbourne VIC 3001

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

Allocated Pension Division

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

Postal Address for CSD and APD

Mercer Super Trust
GPO Box 4303
Melbourne VIC 3001

Website for CSD 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**

Kogan Super

Helpline **1800 517 212**
8am to 6pm AEST Monday to Friday
Kogan Super
Locked Bag 20065
Melbourne VIC 3001
Website **kogansuper.com.au**

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.

For Kogan Super members refer to the Kogan Privacy Policy available at **Kogan.com/au/privacy-policy** 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.

Additional tools and resources

Our priority is to keep you informed about the changing superannuation landscape. For up-to-date financial planning tools and investment option resources, visit the **Contact Us** page on the Mercer Super Trust website.

If you are considering making any changes to your superannuation, we recommend seeking advice from a licensed, or appropriately authorised financial adviser before taking action. As a Mercer Super member, you have access to limited financial advice over the phone, at no extra cost. We can help you navigate your investment options, contribution strategies and insurance cover. For more information call **1300 850 580**.



