

Mercer Super Trust Annual Report

# 2021



## Part one

For the year ended  
30 June 2021

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

December 2021



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

**Part one - This Mercer Super Trust 2021 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 2021. 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 2021.

**Part three - A 2021 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 2021.

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 of a CSD, an 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 2021 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

This has been another extraordinary year with the COVID-19 pandemic continuing to impact our daily lives. Additionally, our members continue to increase their interest in superannuation on the back of regulatory reforms and unprecedented investment returns.

## Our inaugural Annual Member Meeting

In February, the Mercer Super Trust delivered its first Annual Member Meeting. The event, held via webinar and livestream, was a great opportunity to showcase the strength of the Mercer Super Trust and answer a broad range of questions from members wanting to learn more about their super.

During the event, I suggested two simple, but very valuable things you can do at any age to engage with your super:

### 1. Check your super balance

Please take the time to check how much super you have and use our retirement income simulator tool to understand how much you might have when you finish working.

If you feel like you need to catch up your savings, there are lots of ways you can add to your super, including salary sacrifice, spouse contributions, and taking advantage of government incentives.

### 2. Review your current insurance arrangements

Really valuable insurance cover usually sits within your super. The cover in your super could include death or disability cover, or income protection, and I recommend checking your level of cover, how much it is costing you and assessing whether your insurance is right for your own circumstances.

We can help you through all of these actions so please contact your Helpline or Customer Care for friendly assistance. As always, before making any decisions concerning your super or insurance cover you should obtain financial advice tailored to your personal circumstances.

## Member outcomes

I am proud of the resilience and agility the Mercer Super Trust team continue to demonstrate to meet our primary purpose: enabling our members to build long-term savings for their retirement. I am very pleased to share with you that this financial year Mercer Super Trust SmartPath members enjoyed positive investment returns four quarters in a row - our best year on record.

We continued our focus on sustainable investing, by applying Environmental, Social and Governance (ESG) principles to each investment decision we make. We do this, not just because it's the right thing to do, but because we believe by taking ESG issues seriously, we are more likely to enjoy strong, sustainable financial returns over time. To that end, it is gratifying to see the Mercer Sustainable Plus options making such positive returns for our members.

## Thank you

In April, we welcomed Jim Minto to the MSAL Board. Jim brings more than 45 years of financial services experience with him to guide the Mercer Super Trust. Jim replaced non-executive director Brian Bengler and I'd like to thank Brian for his contribution and leadership over the past ten years.

Member engagement with super seems higher than ever and your feedback is so important to us. As a reminder, our next Member Meeting will be in March 2022 and I am really looking forward to meeting you and hearing your thoughts.

And finally, on behalf of the Board, I would like to thank you for being a member of the Mercer Super Trust. We are committed to ensuring we remain competitive and deliver on our promise of making a difference in people's lives

Warm regards,



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

Please note: Past performance is no guarantee of future performance.  
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# 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 found at [www.mercersuper.com/documents](http://www.mercersuper.com/documents).

## The current directors of MSAL are as follows:



**Jan Swinhoe**  
Chairman  
Non-executive director



**Jim Minto**  
Non-executive director



**Sue O'Connor**  
Non-executive director



**Pauline Vamos**  
Non-executive director



**Darren Wickham**  
Non-executive director

# Mercer Super Trust update



**Kylie Willment**

Chief Investment Officer



**Tim Barber**

Head of Mercer Super, Pacific and CEO, Mercer Super Trust

## Mercer SmartPath's strongest year

We combined local superannuation expertise, backed by our global scale, to deliver one of the best financial years ever for Mercer Super Trust members.

Some of the highlights of our strong investment performance were:

- we had the best investment performance during the last financial year since inception of Mercer SmartPath for members in both the Corporate Superannuation Division (CSD) and Allocated Pension Division (APD).
- we made a 22%\* return for our younger CSD Mercer SmartPath® members (those born after 1969), which is the strongest performance ever
- 76% of CSD Mercer SmartPath members had top quartile performance over all time periods, when compared to peers\*\* super funds.

## Introducing Mercer Super CEO

Mercer Super welcomed Tim Barber to lead the Mercer Super Trust and related Portfolio Services business in March 2021.



**What drew me to Mercer was its unique set of strengths, from its best-in-class products to research capabilities, global scale, independence and thought leaders who have played a significant role in shaping the superannuation sector.**



\* Rounded up to closest whole number.

Net returns are based on exit prices and allow for deduction of tax and investment fees including indirect costs (but not administration or other fees).

\*\* Reference: SuperRatings Fund Crediting Rate Survey June 2021 - Default Options



## Building brighter futures

Although the COVID-19 pandemic poses many challenges, it also presents opportunities – new ways of thinking and working, new approaches to business and a greater emphasis on members.

Mercer SmartPath, our lifecycle investment product, continues to meet the core objective of superannuation – to help members grow (and maintain) their super savings for an adequate income in retirement.

Our Sustainable Plus options also performed strongly, with:

- the APD Mercer Sustainable Plus Shares performing particularly well, with one year returns\* over 31%, and
- the CSD Mercer Sustainable Plus Shares following at close to 29% performance returns\* for the year ending 30 June 2021.

### During these extraordinary times, we are incredibly proud of the way the Mercer Super Trust has responded to the changing needs of our members.

In addition to delivering strong returns, in April 2021 the Mercer Super Trust reduced its administration fee by 38% for a large proportion of members.

We also continued to help members and employers navigate the complex world of superannuation, by assisting with simple account questions through to comprehensive financial advice, as well delivering virtual workplace education sessions.

A focus of these sessions has been the government's super reforms, with even more change scheduled for late in 2021 and continuing into 2022.

In 2020, super news headlines were dominated by the opportunity for super members to access up to \$20,000 from their super to support them through the pandemic. Headlines then shifted to the increase in the Superannuation Guarantee to 10% on 1 July 2021. We fully support the planned, gradual increase in the Superannuation Guarantee to 12% in July 2025, which is a welcome development for our members.

Other government reforms include Your Future Your Super legislation, which introduces 'stapling' members to a super fund and an annual performance test for all funds (of which the Mercer Super Trust passed the first performance test held in third quarter 2021).

We are consistently strengthening our agility to respond to these market challenges and opportunities, and continue to be recognised for our achievements. In 2021 we received the SuperRatings Platinum Award for our Allocated Pension product and a 15 year Platinum Performance Award for the Corporate Superannuation Division.

The superannuation industry will come through these recent challenges as a stronger and more robust industry, and we look forward to guiding all our members on your superannuation and retirement journey.



**Please note:**

\* Net returns are based on exit prices and allow for deduction of tax and investment fees including indirect costs (but not administration or other fees). Past performance is no guarantee of future performance.

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# Changes to the Mercer Super Trust

The following section includes details about the changes made to the Mercer Super Trust since 1 July 2020

## Changes that affect all divisions\*

\* Not applicable to TAL Super members in the Retail Division

### Investment changes

From 1 April 2021, the objectives, descriptions, asset allocations, standard risk measures and minimum suggested timeframes of some investment options were updated. Please refer to the information sent to you in February 2021 for changes specific to your plan.

### Closure of Eligible Rollover Funds (ERFs)

All ERFs closed from 1 May 2021. From this date, super benefits that would previously have been transferred to SuperTrace Eligible Rollover Fund (the Mercer Super Trust's ERF) will instead be transferred to the Australian Tax Office (ATO).

### Indirect Cost Ratios (ICR) changes

There were changes to how ICRs are calculated, with the inclusion of fees from direct property and infrastructure managers and the removal of property operating costs.

## Changes that affect all divisions except the Retail Division

### Indexation of standard fees from 1 January 2022

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

The trustee reduced the dollar based administration fee for many Corporate Superannuation Division (CSD) and Allocated Pension Division (APD) members from 1 December 2021 to \$1.50 per month.

The trustee has also decided to not index any dollar based fees from 1 January 2022. Therefore, the fees that may apply to you from 1 January 2022 are listed below. You should refer to the Product Disclosure Statement you received upon becoming a member and/or other member materials for your plan for all the fees that apply to your super.

| Fee  | From 1 January 2020 to 31 December 2020 | From 1 January 2021 to 30 November 2021 | From 1 December 2021 to 31 December 2021 | From 1 January 2022 |
|--|---|---|--|---------------------|
| Dollar Based Administration Fee** (per month)                | \$7.48                                  | \$7.64                                  | \$1.50                                   | \$1.50              |
| Family Law Fee   | \$530                                   | \$541                                   | \$541                                    | \$541               |
| Portfolio Administration Fee (for Mercer Direct Investments) | \$220                                   | \$220                                   | \$220                                    | \$220               |

\* 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 was introduced for some APD members from 1 April 2021.



## Additional changes affecting the Corporate Superannuation Division (CSD)

### Closure of an investment option

The Mercer Growth investment option was closed to all members except members of the Santos Superannuation Plan.

### Investment option name changes

We also renamed some investment options:

| Old name to 31 March 2021                            | New name from 1 April 2021                  |
|--|---|
| Mercer Socially Responsible Shares                   | Mercer Sustainable Plus Shares              |
| Mercer Socially Responsible Australian Shares        | Mercer Sustainable Plus Australian Shares   |
| Mercer Socially Responsible Global Shares (unhedged) | Mercer Sustainable Plus Global Shares       |
| Mercer Socially Responsible High Growth              | Mercer Sustainable Plus High Growth         |
| Mercer Socially Responsible Growth                   | Mercer Sustainable Plus Growth              |
| Mercer Socially Responsible Moderate Growth          | Mercer Sustainable Plus Moderate Growth     |
| Mercer Socially Responsible Conservative Growth      | Mercer Sustainable Plus Conservative Growth |

### Fee changes

From 1 April 2021, there were changes to the asset-based administration fees for some members, changes to the investment fees for some investment options and an increase to the expense allowance range.

Please refer to the information sent to you in February 2021 for changes specific to your plan.

### Financial Advice

CSD members are allowed to have financial advice fees, for super advice charged by an external adviser, deducted from their CSD super account balance.

## Additional changes affecting the Allocated Pension Division (APD)

### Closure of some investment options

The Mercer Growth investment option and the Taxed Mercer Growth investment option (applicable to Taxed Transition to Retirement members only) were closed to all members.

### Investment option name changes

We also renamed some investment options:

| Old name to 31 March 2021                            | New name from 1 April 2021                |
|--|---|
| Mercer Socially Responsible Shares                   | Mercer Sustainable Plus Shares            |
| Mercer Socially Responsible Australian Shares        | Mercer Sustainable Plus Australian Shares |
| Mercer Socially Responsible Global Shares (unhedged) | Mercer Sustainable Plus Global Shares     |
| Mercer Socially Responsible Growth                   | Mercer Sustainable Plus Growth            |

### New Investment option

Taxed Mercer Select Growth is a new investment option introduced from 1 April 2021.

### Fee changes

From 1 April 2021, there were changes to the asset-based administration fees for some members, changes to the investment fees for some investment options and an increase to the expense allowance range. Also for some APD members a dollar based administration fee was introduced.

From 1 April 2021, we started deducting the standard administration and investment fees from the unit prices. This change has no impact on the fees members pay, but some of the rebates that members used to see will no longer appear on their account balance statement.

Please refer to the information sent to you in February 2021 for changes specific to your plan.

## Additional changes affecting the Retail Division – Mercer Easy Newcastle

### Closure of an investment option

The Mercer Growth investment option was closed to all members.

### Fee changes

From 1 April 2021, there were reductions to the asset-based administration fees and the investment fees for some investment options and an increase to the expense allowance range.

Please refer to the information sent to you in February 2021 for further details.

## Amendment to governing rules all divisions

There was an amendment to the Mercer Master Fund Deed (clause 16) in the financial year 2020/2021, as at 11 June 2021, to include a specific power to establish and maintain reserves for the MST.

## Legislation related changes

Please refer to our Fact Sheets at [mercersuper.com/documents](https://mercersuper.com/documents) for more information about legislation and superannuation.

### Effective from 1 July 2020:

- the age at which the work test begins to apply for voluntary super contributions increased from 65 to 67
- the age limit for spouse contributions increased from 69 to 74.
- the period in which a member may be eligible to use the 3-year non-concessional contribution bring forward rule has been extended to the end of the financial year in which the member turns 67 (previously 65)
- those aged between 67 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.

### Key superannuation changes effective from 1 July 2021 include:

| Superannuation term                         | Change effective 1 July 2021  |
|---|---|
| General pension transfer balance cap        | The general transfer balance cap increased to \$1.7 million.  |
| Minimum drawdown on pension accounts        | The temporary reduction in the minimum drawdown requirements for 2019/2020 and 2020/2021 was extended to also apply for 2021/2022.  |
| Non-concessional contribution cap           | The annual non-concessional contribution cap increased to \$110,000.  |
| General concessional contribution cap       | The general concessional contribution cap increased to \$27,500.  |
| The low rate cap                            | If you are between your preservation age and age 60 and receive a lump sum super benefit, generally no tax is payable on the amount of the taxable component up to the low rate cap. The low rate cap increased to \$225,000 for the income year 2021/2022. It is a lifetime cap which is reduced by any amount previously applied to the low rate threshold. |
| Superannuation Guarantee (SG) contributions | SG contributions made by employers increased to 10%. The SG rate is legislated to rise by a further 0.5% every year until 2025 when it will reach 12%.  |
| Maximum SG contribution base                | The maximum SG contribution base increased to \$58,920 income per quarter for 2021-22 income year. Employers don't have to contribute SG on earnings above this.  |



### **COVID-19 early release of super and 'recontributions'**

From 20 April 2020, individuals were 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. 2020/2021 applications closed 31 December 2020.

Individuals who utilised the COVID-19 early release of super initiative can make 'recontributions' between 1 July 2021 and 30 June 2030, which do not count toward their non-concessional contributions cap.

### **New default super fund system from 1 November 2021**

For employees who change jobs after 31 October 2021 and do not make a super fund choice, their new employer will generally be required to make contributions to the new employee's existing fund, based on details provided to the employer by the ATO.

Under the old system, a new employee who didn't choose a fund would generally be enrolled in their new employer's default fund. The new system aims to avoid creating unwanted multiple accounts, thereby potentially reducing fees and duplicate insurance cover. A new employee will only be defaulted into the employer fund if they do not have a suitable existing fund.

## **Proposed changes yet to be legislated**

The following measures, generally proposed to take effect from 1 July 2022, were announced in the 2021 Federal Budget but have not yet been legislated at time of publication:

- Removing the Work Test that those aged 67 to 74 must currently meet in order to make voluntary super contributions (the Work Test would still have to be met to claim a tax deduction).
- Removing the current \$450 per month minimum earnings threshold, under which employees do not have to be paid the SG by their employer.
- Increasing the maximum amount of voluntary contributions that can be released under the First Home Super Saver Scheme (FHSSS) from \$30,000 to \$50,000.
- Reducing the minimum eligibility age to make downsizing contributions into super from 65 to 60 years of age.

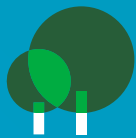
# Mercer, for a better world



Mercer continues to strongly focus on integrating environmental, social and governance (ESG) principles through its Sustainable Investment Program



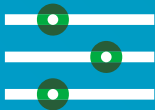
Maintained rating of A+ for Strategy & Governance and A rating for all asset classes, by Principles for Responsible Investment (PRI) (global industry peak body for responsible investment)



RIAA (Responsible Investment Association Australasia) recognised Mercer Australia in their 2021 benchmark report.



Mercer Super Trust recognised as Top 20 ESG Super Fund by 2021 Rainmaker study\*



The Mercer Super Trust's CSD's Sustainable Plus Growth option was ranked in the top 10 Sustainable Investment Balanced funds over five years in the SuperRatings Sustainable Fund Crediting Rate Survey – June 2021\*\*



Mercer has committed to a 'Net zero' carbon emissions target, across its \$34.6 billion investment portfolio, by 2050, with an expectation to reduce carbon emissions by 45% by 2030, from a 2020 baseline.



Mercer published its first Modern Slavery Statement pursuant to the Australian Modern Slavery Act along with an **Investment Approach to Modern Slavery** statement.



Mercer published its first comprehensive **Annual Sustainable Investment Report** summarising key activities across each of the four key sustainable investment implementation pillars.



\* Based on Rainmaker's ESG Superannuation Taxonomy Study, April 2021

\*\* Based on SuperRatings Fund Crediting Rate Survey, Sustainable Investment Survey, June 2021

# Financial summary for the Mercer Super Trust

This is abridged financial information for the Mercer Super Trust for the year ended 30 June 2021. 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 2021

|   | 2021 (\$'000)     | 2020 (\$'000)     |
|---|-------------------|-------------------|
| <b>Assets</b>   |                   |                   |
| Cash and cash equivalents                               | 431,398           | 333,475           |
| Investments   | 27,901,715        | 23,660,296        |
| <b>Receivables</b>                                      |                   |                   |
| Interest receivable                                     | 23                | 68                |
| Investment income receivable                            | 1,456,443         | 822,028           |
| Sundry debtors  | 4,954             | 2,543             |
| Unsettled trades receivable                             | 1,460             | 10,340            |
| <b>Other Assets</b>                                     |                   |                   |
| Deferred tax asset                                      | 2,380             | 2,074             |
| <b>Total Assets</b>                                     | <b>29,798,373</b> | <b>24,830,824</b> |
| <b>Liabilities</b>                                      |                   |                   |
| Derivative liabilities                                  | -                 | 3                 |
| Unsettled trades payable                                | 354               | 1,282             |
| Payables  | 33,150            | 20,504            |
| Current tax liabilities                                 | 230,628           | 211,399           |
| Deferred tax liabilities                                | 366,381           | 89,206            |
| <b>Total Liabilities (excluding member liabilities)</b> | <b>630,513</b>    | <b>322,394</b>    |
| <b>Net Assets Available to Pay Benefits</b>             | <b>29,167,860</b> | <b>24,508,430</b> |



## Statement of changes in net assets

|   | 2021 (\$'000)     | 2020 (\$'000)     |
|---|-------------------|-------------------|
| <b>Investment Revenue</b>                     |                   |                   |
| Distributions and dividends                   | 1,630,626         | 1,300,106         |
| Interest                                      | 404               | 1,294             |
| Movement in fair value of investments         | 3,168,889         | -1,563,805        |
| Investment management fee rebates             | 1,411             | 1,361             |
|   | <b>4,801,330</b>  | <b>-261,044</b>   |
| <b>Contribution Revenue</b>                   |                   |                   |
| Employer contributions                        | 1,216,342         | 1,188,866         |
| Member contributions                          | 96,198            | 71,887            |
| Transfers from Other Funds                    | 1,816,236         | 1,470,659         |
|   | <b>3,128,776</b>  | <b>2,731,412</b>  |
| <b>Other Revenue</b>                          |                   |                   |
| Other revenue                                 | 32                | 62                |
| <b>Total Revenue</b>                          | <b>7,930,138</b>  | <b>2,470,430</b>  |
| <b>Expenses</b>                               |                   |                   |
| Net asset administration and trustee expenses | 63,257            | 64,952            |
| Other expenses                                | 3,419             | 2,042             |
| Benefit payments                              | 2,505,784         | 2,759,811         |
| Net insurance costs                           | 191,150           | 124,388           |
| Tax on contributions                          | 138,003           | 146,525           |
| Tax on investment income                      | 369,095           | -88,301           |
| Other taxes                                   | -                 | -                 |
| <b>Total Expenses</b>                         | <b>3,270,708</b>  | <b>3,009,417</b>  |
| <b>Net Change in Net Assets</b>               | <b>4,659,430</b>  | <b>-538,987</b>   |
| <b>Net Assets at Start of Year</b>            | <b>24,508,430</b> | <b>25,047,417</b> |
| <b>Net Assets at End of Year</b>              | <b>29,167,860</b> | <b>24,508,430</b> |

# Investment objective of the Mercer Super Trust

The primary purpose of the Mercer Super Trust is to enable members to build long-term savings for their retirement. To support this purpose, the primary investment objective of the Mercer Super Trust is to maximise investment returns over longer periods subject to constraints imposed by the need to contain fluctuations in returns over shorter periods within acceptable limits.

To this end, the trustee has established a range of Investment Options with different risk/reward profiles. Consideration of appropriate investment objectives ultimately guides the investment strategy and portfolio construction process for each option with the exception of the Mercer Direct investment option where the member selects their own investment strategy based on their personal financial circumstances and needs.

## 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 Corporate Superannuation Division (CSD) and Allocated Pension Division (APD). This includes investment performance, asset allocation and the Indirect Costs Ratios for these investment options for the year ended 30 June 2021.

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
- Nine Super Plan
- Ford Employees Superannuation Plan
- Ford Management Superannuation Plan
- Kogan Super
- Mercer Tailored Super
- Mercer Tailored Super - myChoice
- ARC Super

Members of the plans listed above should refer to their 2021 Supplementary Annual Report for specific details about their plans' investment options.

# Investment managers

## As at 30 June 2021

The majority of the assets of the Mercer Super Trust, are invested in funds managed by Mercer Investments (Australia) Limited (MIAL), which in turn has investments with underlying investment managers. The underlying investment managers for the Mercer Super Trust as at 30 June 2021 are listed below.

Members of Virgin Money Super, Kogan Super & Mercer Easy - Newcastle in the Retail division, Mercer Tailored Super, Mercer Tailored Super - myChoice plans 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 2021 Supplementary Annual Report for information specific to their plan.

| Asset Class          | Investment Manager Name               |
|----------------------|---------------------------------------|
| Australian Shares    | Alphinity Investment Management       |
|                      | Acadian Asset Management <sup>#</sup> |
|                      | Ausbil Investment Management          |
|                      | Fidelity                              |
|                      | First Sentier Investors               |
|                      | Firetrail                             |
|                      | Greencape                             |
|                      | IFM Investors                         |
|                      | Longwave Capital Partners             |
|                      | 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                                  |
|                      | Maj Invest                            |
|                      | Macquarie Investment Management       |
|                      | Mirova                                |
|                      | Schroder Investment Management        |
|                      | SSGA                                  |
|                      | Stewart                               |
| Wellington           |                                       |
| William Blair        |                                       |



## Investment managers as at 30 June 2021 (Continued)

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

## Investment managers as at 30 June 2021 (Continued)

| Asset Class              | Investment Manager Name         |
|--------------------------|---------------------------------|
| Defensive Fixed Interest | Ardea Investment Management     |
|                          | AXA Investment Managers         |
|                          | Challenger                      |
|                          | Colchester Global Investors     |
|                          | Jamieson Coote Bonds            |
|                          | LGIM                            |
|                          | Macquarie Investment Management |
|                          | Newton Investment Management    |
|                          | Payden & Rygel                  |
|                          | Pendal Group Limited            |
|                          | Robeco                          |
| Cash                     | Wellington Management           |
|                          | BlackRock                       |
|                          | Challenger                      |

### Use of derivatives

The investment managers appointed by the trustee may use derivatives to help manage risk (e.g. to hedge all or part of a foreign 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 may be 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 *MIAL's Statement on Use of Derivatives*.

### 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 2021.

As at 30 June 2021, 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 |
|-----------------------------|--------------|----------------------------|--------------|
| BHP Group LTD               | 7            | Microsoft Corp             | 2.7          |
| Commonwealth Bank           | 6.7          | Amazon                     | 2.1          |
| CSL                         | 6.2          | Facebook, Inc              | 2            |
| ANZ Banking Group           | 4.1          | Apple                      | 1.9          |
| National Australia Bank     | 3.8          | Alphabet Inc               | 1.4          |
| Westpac Banking Corporation | 3.1          | Charles Schwab Corp        | 1.1          |
| Wesfarmers                  | 2.5          | Intact Financial Corp      | 1            |
| Macquarie Group Ltd         | 2.4          | Novartis                   | 0.9          |
| Telstra Corporation         | 2.3          | ASML Holding NV            | 0.9          |
| Woolworths Group Ltd        | 2.3          | UnitedHealth Group Inc     | 0.8          |

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 and Kogan Super should refer to their 2021 Supplementary Annual Report for the largest shareholdings specific to their plan.

# About your super

## Important information about inactive accounts

We are required by law to transfer your super to the Australian Taxation Office (ATO) if certain conditions arise. Any insurance cover you had in the Mercer Super Trust before transfer will cease when your super benefit is transferred to the ATO.

A confirmation letter will be issued to you if your benefit is paid to the ATO.

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

### For Corporate Superannuation Division 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 Allocated Pension Division 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 the ATO 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.

## Unclaimed monies

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.

You will no longer be a member of the Mercer Super Trust or have any right to claim a benefit from the fund and any insurance cover you may have had through your plan will cease if your super is transferred to the ATO.

A confirmation letter will be issued to you if your benefit is paid to the ATO.

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](http://ato.gov.au) for more information.

## Paying your super if you leave Australia permanently

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.

## 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.

## 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 Superannuation 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

| 2021      | 2020      | 2019      | 2018      |
|-----------|-----------|-----------|-----------|
| \$43.266m | \$37.112m | \$38.053m | \$35.440m |

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).

In 2021, the trustee created another reserve, which is held as the Competitiveness and Member Benefit Reserve (CMBR) in the Mercer Super Trust. The purpose of the CMBR is to allow the trustee to use certain unallocated Fund assets for the benefit of members including to improve the competitiveness of the Mercer Super Trust. Such uses may include, but are not limited to:

- delivery of services to members;
- meeting the transition costs and ORFR requirements for inbound transitions; and
- improving the competitiveness of the Mercer Super Trust generally, to generate growth, which in turn benefits all Mercer Super Trust members.

The CMBR in the Mercer Super Trust as at 30 June 2021 is \$33.7m and is invested in Mercer Cash.

## 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 these service providers 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 2021.

## 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

### or email us:

MSALCustomer.Complaints@mercer.com

### 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 will acknowledge your complaint as soon as practicable and will provide you a response no later than 45 calendar days after receiving your complaint, unless another time frame is allowed or required under the relevant legislation.

If the trustee is unable to provide you a response within 45 days, we will provide you a notification advising you the reasons for the delay, as well as your rights to complain 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](http://afca.org.au)  
Email: [info@afca.org.au](mailto: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.

# If you need assistance

## Trustee

Mercer Superannuation (Australia) Limited  
ABN 79 004 717 533

## Corporate Superannuation Division (CSD)

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

## Allocated Pension Division (APD)

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](http://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](http://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](http://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](http://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](http://kogansuper.com.au)**

## Keep your contact details up to date

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

You can update your details by using your personal login or by calling us.

## Going overseas?

Please advise us if you are working overseas permanently, no longer intend to work in Australia or no longer meet the definition of Australian Resident for insurance purposes.

Keep your contact details up to date by contacting Helpline so we can provide you with more information about what may happen to your insurance arrangements and other benefits under your plan.

## Privacy

For information on privacy and the handling of your personal information please refer to the Mercer Australia Privacy Policy, available under Privacy at **[mercersuper.com](http://mercersuper.com)**.

You can contact our privacy officers by writing to us:

### CSD, APD, Mercer Easy

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

### Virgin Money Super

Virgin Money's Privacy Officer  
Level 8, 126 Phillip Street  
Sydney NSW 2000

Email: **[privacy@virginmoney.com.au](mailto:privacy@virginmoney.com.au)**

### TAL Super

For TAL Super members refer to the TAL Privacy Policy available at **[tal.com.au/talsuper](http://tal.com.au/talsuper)** or contact the Helpline.

### Kogan Super

For Kogan Super members refer to the Kogan Privacy Policy available at **[Kogan.com/au/privacy-policy](http://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, the PDS you received upon joining and/or other member material specific to your membership plan or division and seek advice from a licenced or appropriately authorised financial adviser.

## 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 at [www.mercersuper.com](http://www.mercersuper.com).

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 Trust member, you have access to limited financial advice over the phone, at no extra cost.







