

# 2020 SUPPLEMENTARY ANNUAL REPORT – PART 3

## Mercer Super Trust

### MT261 Mercer Tailored Super

Issued December 2020

Your Mercer Super Trust 2020 Annual Report consists of three parts:

**Part one – Your 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 and Allocated Pension Division. This includes investment performance, asset allocation and Indirect Cost Ratios for these investment options for the year ended 30 June 2020.

**Part three – This 2020 Supplementary Annual Report** which contains additional information specific to your plan 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.

## ABOUT YOUR PLAN

Membership numbers	
At 30 June 2020	13,453
Plan assets	
As at 30 June 2020 <sup>^</sup>	\$1,797,917,304

<sup>^</sup> This figure is prepared on a cash basis. This means that it does not allow for any accruals such as outstanding contributions or benefits due as at 30 June 2020.

## YOUR PLAN STYLE

Your plan provides members with accumulation and/or defined benefit style super.

For members with accumulation style super, your super relates to the amounts contributed by you or in respect of you and by your employer, the investment returns (which may be positive or negative) of the investment options in which your super is invested less deductions for fees, taxes and any insurance premiums.

For members with defined benefit style super, generally some or all of your super relates to salary and years of membership/service.

## EMPLOYER SUPERANNUATION GUARANTEE CONTRIBUTIONS

By law, your employer is generally required to provide a minimum level of super for its employees - the Superannuation Guarantee (SG). There may be some circumstances where your employer is not required to meet the SG. The SG is the amount the employer must provide for each employee, not a minimum amount to be contributed to each fund. Your employer may provide the SG through more than one fund.

The SG rates are set out below:

Period	SG - % of Ordinary Time Earnings (OTE*)
1 July 2019 to 30 June 2020	9.50%
1 July 2020 to 30 June 2021	9.50%

\* OTE refers to your remuneration, which generally includes your regular salary or wage, any over-award payments, shift allowances, bonuses and commissions. It generally does not include overtime payments or benefits subject to fringe benefits tax.

An employer is only required to provide SG on OTE up to the maximum contribution base, which is \$55,270 per quarter for the year ending 30 June 2019 (\$57,090 per quarter for the year ending 30 June 2021) and is indexed on 1 July each year.

For members with only accumulation style super, your employer will generally be required to make super contributions at least equal to the SG amount.

For employees who are members with defined benefit style super, the benefits paid by the plan must be equal to or greater than a minimum level specified by your plan's actuary which is deemed to be equivalent to an employer contribution equal to the SG amount.

Please see 'Financial position of the plan' for more information about employer contributions and the financial position of the plan generally.

## FINANCIAL POSITION OF THE PLAN

For members with defined benefit style super, the amount your employer contributes varies depending on the advice of an actuary. At least every three years, the plan's actuary prepares an investigation report that states how much your employer needs to contribute so that plan assets are expected (on the actuary's assumptions) to be sufficient to meet any super payouts now and in the future. For members with only accumulation style super, your employer will generally be required to make super contributions at least equal to the SG amount.

As at 30 June 2020, the value of the plan's assets was 100% of (i.e. equal to) the sum of all members' super payouts assuming all employed members ceased employment at that date and other members were paid their Accrued Benefit amount. This means, the plan was in a satisfactory financial position at that date, as defined by superannuation legislation.

Since the last actuarial investigation, 07/01/2018, your employer has contributed in line with the contributions recommended by the plan's actuary.

In the event of your plan being wound up while the value of the plan's assets is lower than the sum of all members' super payouts assuming all employed members ceased employment at that date, your actual super payout may be less than your leaving service payout i.e. your leaving service payout may be reduced. Benefit entitlements of lifetime pensioners and former employees with retained benefits may also be reduced. However, your employer may choose to make an additional contribution at that time to make up the difference.

Note that the trustee has not been advised of any intention to wind up the plan at the date of this report - the above is provided for information purposes only.

\*Note: A reference to members in the above section includes defined benefit members, accumulation members and lifetime pensioners of the plan

## ACCRUED BENEFITS CALCULATION

As at 30 June 2020, the value of the plan's assets was 100% of approximately equal to the plan's accrued benefits. As at 30 June 2020, the plan's accrued benefits amounted to \$1,798,659,746.

The plan's accrued benefits are:

- For accumulation members, the sum of their super payout assuming they ceased employment at that date, plus
- For defined benefit members the actuarial present value at the valuation date of the amount required to meet the proportion of future benefit payments attributed to membership completed at the valuation date.
- For pensioners, the present value of their future pension payments.

The main assumptions used to determine the value of accrued benefits for defined benefit members and pensioners are shown below.

The plan's Actuary considers the following movements in the assumptions used to calculate the accrued benefits are reasonably possible for the reporting period:

Assumption	Rate used at 30 June 2020	Reasonably possible change	Amount of increase in accrued benefits	Amount of decrease in accrued benefits
Discount Rate (or Investment earning rate)	0%	+0.5%		\$2,532,038
		-0.5%	\$2,941,914	
Pension indexation rate	2.25%	+0.5%		\$1,237,571
		-0.5%	\$1,320,183	

## PLAN FEES

As the dollar based administration fee in your plan varies from the standard fee (set out in Part one of the annual report) we have set out below the current and new dollar based administration fee applicable from 1 January 2021 for your plan.

Currently \$6.00 per member per month, \$6.13 per member per month from 1 January 2021.

## POLICY COMMITTEE

Your plan has a policy committee made up of two member and two employer representatives. This policy committee has been set up with members' interests in mind.

**As at 30 June 2020 your representatives were:**

<b>Member elected</b>	<ul style="list-style-type: none"> <li>• Julian Taylor</li> <li>• Craig Lanigan</li> <li>• Michael Fagan (resigned in July)</li> </ul>
<b>Employer-appointed</b>	<ul style="list-style-type: none"> <li>• Alex Wilcox</li> <li>• Jo lester</li> </ul>

## Appointment and removal of policy committee members

Member representatives are elected by the members. Employer representatives are appointed by your employer.

Member representatives generally serve for a term of three years. The term of office for the current member representatives expires on 01/01/2021. A new election will be held shortly before this date. You're entitled to see a copy of the election rules for the Mercer Super Trust. Call the Helpline on **1800 682 525** for more details.

Member representatives will cease to hold office sooner if they:

- cease to be a member of the plan;
- become ineligible under the law;
- resign as a member representative; or
- are removed by a notice in writing to the trustee signed by a majority of members.

## Filling casual vacancies

If there is a casual vacancy for a member representative the remaining member representatives on the policy committee may be asked to assist the trustee in determining how the vacancy will be filled in accordance with the election rules.

## JANA INVESTMENT OPTIONS

As the JANA investment options are not available to all other members of the Mercer Super Trust, it is appropriate that we provide you with the following details regarding these investment options in this supplementary annual report. Details regarding all of the other investment options available through your plan are set out in Part 1 of the Annual Report.

### JANA investment options

The JANA investment options include:

JANA Aggressive  
JANA Assertive  
JANA Moderate  
JANA Cautious  
JANA Conservative  
JANA Cash  
JANA Australian Shares  
JANA International Shares  
JANA Australian & International Shares.

### JANA Aggressive

#### Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4.00% pa over rolling five year periods.

#### Standard risk measure

High.

#### Asset allocation at 30 June

Asset Class	2020	2019
Australian Shares	41%	40%
International Shares	42%	43%
Property & Infrastructure	10%	10%
Alternative Assets	4%	4%
Higher Yielding Fixed Interest	0%	0%
Defensive Fixed Interest & Cash	3%	3%

### JANA Assertive

#### Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.50% pa over rolling five year periods

#### Standard risk measure

High.

#### Asset allocation at 30 June

Asset Class	2020	2019
Australian Shares	33%	33%
International Shares	33%	34%
Property & Infrastructure	10%	10%
Alternative Assets	11%	11%
Higher Yielding Fixed Interest	0%	0%
Defensive Fixed Interest & Cash	13%	12%

### JANA Moderate

#### Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 2.50% pa over rolling four year periods

#### Standard risk measure

High.

#### Asset allocation at 30 June

Asset Class	2020	2019
Australian Shares	26%	27%
International Shares	27%	28%
Property & Infrastructure	11%	11%
Alternative Assets	12%	11%
Higher Yielding Fixed Interest	0%	0%
Defensive Fixed Interest & Cash	24%	23%

### JANA Cautious

#### Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 1.50% pa over rolling four year periods.

#### Standard risk measure

Medium to high.

#### Asset allocation at 30 June

Asset Class	2020	2019
Australian Shares	17%	18%
International Shares	19%	19%
Property & Infrastructure	10%	10%
Alternative Assets	10%	10%
Higher Yielding Fixed Interest	0%	0%
Defensive Fixed Interest & Cash	44%	43%

### JANA Conservative

#### Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 1.00% pa over rolling three year periods.

#### Standard risk measure

Low to medium.

#### Asset allocation at 30 June

Asset Class	2020	2019
Australian Shares	8%	9%
International Shares	8%	8%
Property & Infrastructure	10%	10%
Alternative Assets	14%	12%
Higher Yielding Fixed Interest	0%	0%
Defensive Fixed Interest & Cash	60%	61%

## JANA Cash

### Objective

To achieve a return (after tax and investment fees) that exceeds the Bloomberg AusBond Bank Bill Index on an annual basis.

### Standard risk measure

Very Low.

### Asset allocation at 30 June

Asset Class	2020	2019
Australian Shares	0%	0%
International Shares	0%	0%
Property & Infrastructure	0%	0%
Alternative Assets	0%	0%
Higher Yielding Fixed Interest	0%	0%
Cash	100%	100%

## JANA Australian Shares

### Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 5.00% pa over rolling five year periods.

### Standard risk measure

Very high.

### Asset allocation at 30 June

Asset Class	2020	2019
Australian Shares	100%	100%
International Shares	0%	0%
Property & Infrastructure	0%	0%
Alternative Assets	0%	0%
Higher Yielding Fixed Interest	0%	0%
Defensive Fixed Interest & Cash	0%	0%

## JANA International Shares

### Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 5.00% pa over rolling five year periods.

### Standard risk measure

High.

### Asset allocation at 30 June

Asset Class	2020	2019
Australian Shares	0%	0%
International Shares	100%	100%
Property & Infrastructure	0%	0%
Alternative Assets	0%	0%
Higher Yielding Fixed Interest	0%	0%
Defensive Fixed Interest & Cash	0%	0%

## JANA Australian & International Shares

### Objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 5.00% pa over rolling five year periods.

### Standard risk measure

High.

### Asset allocation at 30 June

Asset Class	2020	2019
Australian Shares	47%	51%
International Shares	53%	49%
Property & Infrastructure	0%	0%
Alternative Assets	0%	0%
Higher Yielding Fixed Interest	0%	0%
Defensive Fixed Interest & Cash	0%	0%

## INDIRECT COST RATIO AND EXPENSE ALLOWANCE

Details of indirect cost ratio and expense allowance are set out in the *Product Disclosure Statement* and/or other member materials (as applicable) for your plan.

### Indirect cost ratio

The indirect cost ratio (ICR) for the relevant period of 1 July 2019 to 30 June 2020 for the JANA investment option are as follows.

Investment option	Indirect Cost Ratio* %
JANA Aggressive	0.19%
JANA Assertive	0.21%
JANA Moderate	0.22%
JANA Cautious	0.20%
JANA Conservative	0.20%
JANA Cash	0.00%
JANA Australian Shares	0.15%
JANA International Shares	0.05%
JANA Australian & International Shares	0.10%

\* The ICR is for the year ending 30 June 2020 and is based on the actual information available and/or reasonable estimates for the period as at the date of this Supplementary Annual Report. The ICR may vary from year to year. The ICR consists of indirect costs (including but not limited to, performance related fees, any expense allowance charged by external investment trusts or managers, the net explicit transactional and operational costs and Over the Counter Derivative costs used for either hedging and non-hedging purposes) incurred by the underlying investment vehicles of the Mercer Super Trust.

### Expense allowance

The expense allowance charged for the period of 1 July 2019 to 30 June 2020 was 0.05% per annum.

## INVESTMENT PERFORMANCE

### Single year returns to 30 June

Investment option	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)
JANA Aggressive	(1.5)	8.1	12.1	14.6	1.3
JANA Assertive	(1.0)	7.5	10.3	12.4	1.6
JANA Moderate	(0.3)	6.9	9.0	10.7	1.6
JANA Cautious	1.0	6.0	6.8	8.1	2.5
JANA Conservative	0.4	4.4	4.2	5.6	2.6
JANA Cash	1.2	2.0	1.8	2.2	1.9
JANA Australian Shares	(6.5)	8.5	14.0	13.5	2.0
JANA International Shares	2.5	8.5	12.4	17.1	-2.4
JANA Australian & International Shares	(1.5)	8.5	13.2	15.2	-0.2

### Compound return to 30 June 2020

Investment option	1 year %	2 year %	3 years % pa	4 years % pa	5 years % pa
JANA Aggressive	(1.5)	3.2	6.0	8.1	6.7
JANA Assertive	(1.0)	3.1	5.5	7.1	6.0
JANA Moderate	(0.3)	3.2	5.1	6.5	5.5
JANA Cautious	1.0	3.5	4.6	5.4	4.8
JANA Conservative	0.4	2.4	3.0	3.6	3.4
JANA Cash	1.2	1.6	1.7	1.8	1.8
JANA Australian Shares	(6.5)	0.7	5.0	7.0	6.0
JANA International Shares	2.5	5.4	7.7	10.0	7.4
JANA Australian & International Shares	(1.5)	3.4	6.5	8.6	6.8

Single year and compound returns are calculated assuming that \$1.00 is invested at the start of the relevant period and that no further amounts are invested over the period. Returns are based on exit prices and allow for the deduction of tax and investment fees (but not administration fees or other fees).

Compound returns are calculated as the average of annual returns. For example, if returns are 5.00%, 6.00% and 7.00% over three consecutive years, the compound return is 6.00% per annum, as the same result could be achieved by earning a return of 6.00% in each of the three years.

You should carefully consider the risks of each of the options before making any investment decisions. You should be aware that investment returns can be volatile and the value of your investments may increase or decrease. You should not rely on past performance as an indicator of the future performance of any of the investment options.

You can obtain up to date returns for your plan's investment options (excluding the Mercer Direct investment option) in the *Mercer Super Trust Monthly Report* at [mercersupertrust.com](http://mercersupertrust.com) (sign in using your personal log-in) and go to the Documents section or call the Helpline.

We strongly recommend that you speak to a licensed, or appropriately authorised, financial adviser before making any decision about your super.

## JANA INVESTMENT STRUCTURE AND MANAGER CHANGES

The 9 JANA Ready-made options are a set of investment options where the investment managers and asset allocations are selected and monitored for you by JANA.

JANA advises 80 institutional clients with assets of approximately \$550 billion as at 30 June 2019. This includes an amount of \$11 billion for a range of diversified and single asset class trusts on the JANA Implemented Consulting Platform.

Please refer to Part 1 of the MST annual report for a list of the investment managers that apply to the Mercer Investment Options.

The investment managers for the JANA investment options as at 30 June 2020 are:

Fund type	Manager throughout 2019/20 Financial Year	Appointment in the 2019/20 Financial Year
Australian Shares	BEM Cooper Investors Fairview Equity Partners Firetrail Paradice Investment Management Solaris Investment Management Spheria Ubique Vanguard	Fidelity First Sentier
International Shares	C Worldwide Harding Loevner Funds Neuberger Berman Australia Pty Ltd Pzena Investment Management Redpoint Sands Capital TT International Tweedy Browne Vanguard	Schroders Robeco Macquarie
Real Assets	AMP Capital Investors Dexus Morgan Stanley Resolution	
Alternatives	AMP Capital Investors Redpoint BlackRock	AB Merger Antares Capital Ardea Autonomy Global Absolute Graham Renaissance
Fixed Interest	Antares Capital BNP Parabis Insight Loomis Muzinich & Co PIMCO Shenkman UBS	Wellington
Cash	Antares Capital	

## CHANGE IN NET ASSETS IN YOUR PLAN TO 30 JUNE 2020

<b>Net assets at 1 July 2019</b>	<b>\$1,826,612,366</b>
<b>Plus</b>	
Net investment revenue	\$(12,166,424)
Employer contributions*	\$86,869,540
Member contributions	\$3,679,486
Government co-contributions	\$177,519
Transfers from other funds	\$56,264,426
Insurance proceeds	\$4,697,336
<b>Total revenue</b>	<b>\$139,521,882</b>
<b>Less</b>	
Benefits paid	\$147,484,063
Administration fees	\$1,108,945
Group insurance premiums	\$6,332,959
Contributions and surcharge tax	\$13,290,978
<b>Total expenses</b>	<b>\$168,216,945</b>
<b>Equals</b>	
<b>Net assets# at 30 June 2020</b>	<b>\$1,797,917,304</b>

\* Please note that the amounts shown in the table above as employer contributions include any pre-tax or salary sacrifice member contributions.

#This may include unallocated assets which may be used to pay plan expenses, insurance premiums and for any other purpose approved by the trustee.

This information has been prepared on a cash basis.

The financial information contained in this Supplementary Annual Report for your plan has not been audited. This information does form part of the full financial accounts for the Mercer Super Trust in which your plan participates. You can request a copy of the Mercer Super Trust full audited accounts and the auditor's report by contacting the Helpline.

This supplementary annual report has been issued by Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533, Australian Financial Services Licence #235906, the trustee of the Mercer Super Trust ABN 19 905 422 981. Mercer is a registered trademark of Mercer (Australia) Pty Ltd (Mercer) ABN 32 005 315 917.

The information contained in this Supplementary Annual Report includes general product advice which has been prepared without taking into account the personal objectives, financial situation or needs of individual members. Before making any decisions about your super, you should consider the information in light of your own objectives, financial situation and needs and read and consider the current Product Disclosure Statement (PDS) and/or other member materials specific to your plan. Copies of these documents are available at [mercersuper.com](http://mercersuper.com) or by calling the Helpline.

It is also recommended that you obtain advice from a licensed, or appropriately authorised, financial adviser.

You should be aware that the value of an investment in the Mercer Super Trust may rise and fall. Neither MSAL, Mercer nor any of the investment managers guarantees the investment performance, earnings or return of capital invested in the Mercer Super Trust. © 2020, Mercer LLC. All rights reserved.

## STATEMENT OF FINANCIAL POSITION OF YOUR PLAN AT 30 JUNE 2020

### Assets (investment options)

<b>Ready-made investment options</b>	
Mercer SmartPath	\$1,051,201,014
Mercer Diversified Shares	\$14,624,244
Mercer High Growth	\$44,811,982
Mercer Select Growth	\$595,315
Mercer Growth	\$50,033,962
Mercer Moderate Growth	\$36,054,300
Mercer Conservative Growth	\$26,731,050
Mercer Cash	\$43,863,893

### Select-your-Own investment options

Mercer Socially Responsible Shares	\$867,015
Mercer Socially Responsible Australian Shares	\$90,105
Mercer Socially Responsible Global Shares (Unhedged)	\$21,498
Mercer Socially Responsible High Growth	\$11,191
Mercer Socially Responsible Growth	\$602,977
Mercer Socially Responsible Moderate Growth	\$0
Mercer Socially Responsible Conservative Growth	\$67,536
Mercer Australian Shares	\$13,124,115
Mercer International Shares	\$96,00,767
Mercer International Shares - Hedged	\$1,562,011
Mercer Property	\$2,689,772
Mercer Fixed Interest	\$9,759,865
Mercer Passive Australian Shares	\$2,955,202
Mercer Passive International Shares	\$2,609,879
Mercer Passive Australian Listed Property	\$2,427,927
Mercer Enhanced Passive Growth	\$3,910,620
Mercer Enhanced Passive Conservative Growth	\$1,221,700
Mercer Direct	\$4,857,257
<b>Total</b>	<b>\$1,797,917,304</b>