

2019 SUPPLEMENTARY ANNUAL REPORT- PART 3

Mercer Super Trust

Cummins Superannuation Plan (your plan)

Issued December 2019.

Your Mercer Super Trust 2019 Annual Report consists of three parts:

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

Part two – The Investment Options Details booklet - which contains information relating to the investment options available in the Corporate Superannuation Division, Personal 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 2019.

Part three – Your 2019 Supplementary Annual Report which contains additional information specific to your plan for the year ended 30 June 2019.

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

ABOUT YOUR PLAN

Membership numbers	
At 30 June 2019	1020
Plan assets	
As at 30 June 2019 [^]	\$141,775,521

[^] 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 2019.

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 2018 to 30 June 2019	9.50%
1 July 2019 to 30 June 2020	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 \$54,030 per quarter for the year ending 30 June 2019 (\$55,270 per quarter for the year ending 30 June 2020) 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 2019, the value of the plan's assets was 104% of (i.e. greater than) 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, 30 June 2017, 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 2019, the value of the plan's assets was 102% of (ie greater than) the plan's accrued benefits. As at 30 June 2019, the plan's accrued benefits amounted to \$139,659,851.

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 2019	Reasonably possible change	Amount of increase in accrued benefits	Amount of decrease in accrued benefits
Discount Rate (or Investment earning rate)	5.50%	+1%		\$1,036,314
		-1%	\$1,296,670	
Salary adjustment rate	4.00%	+1%	\$1,186,497	
		-1%		\$970,770

POLICY COMMITTEE

Your plan has a policy committee made up of 3 member and 3 employer representatives. This policy committee has been set up with members' interests in mind.

As at 30 June 2019 your representatives were:

Member elected	<ul style="list-style-type: none"> • Domenic Scardamaglia • Robert Morham • Brian Smith
Employer-appointed	<ul style="list-style-type: none"> • Tracey Britten • Kristina Otschik • Stephanie Disher

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 31 July 2020 . 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.

CHANGE IN NET ASSETS IN YOUR PLAN TO 30 JUNE 2019

Net assets at 1 July 2018	\$128,631,348
Plus	
Net investment revenue	\$9,655,751
Employer contributions*	\$10,293,945
Member contributions	\$119,908
Government co-contributions	\$22,050
Transfers from other funds	\$3,623,910
Insurance proceeds	\$ 0
Total revenue	\$23,715,564
Less	
Benefits paid	\$8,229,066
Administration fees	\$169,727
Group insurance premiums	\$686,462
Contributions and surcharge tax	\$1,486,136
Total expenses	\$10,571,391
Equals	
Net assets at 30 June 2019	\$141,775,521

* The amounts shown as employer contributions include any pre-tax or salary sacrifice member contributions.

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 or by calling the Helpline on **1800 682 525**.

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. © 2019, Mercer LLC. All rights reserved.

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STATEMENT OF FINANCIAL POSITION OF YOUR PLAN AT 30 JUNE 2019

Assets (investment options)

Ready-made investment options	
Mercer SmartPath	\$80,812,521
Mercer Diversified Shares	\$1,720,863
Mercer High Growth	\$2,992,310
Mercer Growth	\$49,713,141
Mercer Moderate Growth	\$1,920,384
Mercer Conservative Growth	\$679,440
Mercer Cash	\$631,573
Select-your-Own investment options	
Mercer Select Growth	\$328,308
Mercer Income Plus	\$211,403
Mercer Australian Shares	\$674,351
Mercer Australian Small Companies	\$19,274
Mercer Overseas Shares (Unhedged)	\$481,447
Mercer Hedged Overseas Shares	\$206,985
Mercer Overseas Small Companies	\$18,815
Mercer Emerging Markets	\$29,599
Mercer Property	\$84,490
Mercer Australian Listed Property	\$458,844
Mercer Overseas Listed Property	\$75,502
Mercer Global Listed Infrastructure	\$ 0
Mercer Diversified Alternatives	\$ 0
Mercer Fixed Interest	\$260,122
Mercer Australian Sovereign Bonds	\$ 0
Mercer Overseas Sovereign Bonds	\$ 0
Mercer Term Deposit	\$93,329
Mercer Socially Responsible Shares	\$ 0
Mercer Socially Responsible Growth	\$ 0
Indexed Diversified Shares	\$63,917
Indexed Australian Shares	\$233,395
Indexed Overseas Shares	\$ 0
Enhanced Indexed Growth	\$9,479
Enhanced Indexed Conservative Growth	\$ 0
Mercer Direct	\$56,029
Total	\$141,775,521