

# 2018 SUPPLEMENTARY ANNUAL REPORT

## Mercer Super Trust Orica Super Plan (your plan)

Issued December 2018

Your 2018 Mercer Super Trust Annual Report is made up of two parts:

- **Part one** - (your Mercer Super Trust - Annual Report 2018) contains a general update on how the fund has performed and information on changes that may have impacted on your super for the year ended 30 June 2018.
- **Part two** - (this 2018 Supplementary Annual Report) contains updated information specific to your plan for the year ended 30 June 2018.

Both parts should be read in conjunction with each other. Where we refer to the annual report, we're referring to both parts collectively.

## ABOUT YOUR PLAN

Membership numbers	
At 30 June 2018	2936
Plan assets	
As at 30 June 2018 <sup>^</sup>	\$586,336,977

<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 2018.

## 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 2017 to 30 June 2018	9.50%
1 July 2018 to 30 June 2019	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 \$52,760 per quarter for the year ending 30 June 2018 (\$54,030 per quarter for the year ending 30 June 2018) 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.

## YOUR PLAN'S RESERVE ACCOUNT

Your plan had a reserve account. This reserve account was maintained for the purpose of finalising a family law matter from the previous Plan that was not able to be resolved prior to the previous Plan's transition to the Mercer Super Trust.

Since it was established on 1 July 2016, the Plan's reserve account as a percentage of net plan assets was:

Snapshot of the values at 30 June:

2018^	2017^
0.02%	0.02%

The reserve account has been invested alongside the other assets in the defined benefit pool; with 70% invested in Mercer Moderate Growth and 30% invested in Mercer Growth. Since 30 June 2018 the Plan's reserve account was used to settle the family law matter and therefore the reserve account no longer exists.

^ prepared on a cash basis

## 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 2018, the value of the plan's assets was 97% of (i.e. less than) the sum of all members' super payouts assuming all employed members ceased employment at that date. This means, the plan was in an unsatisfactory financial position at that date, as defined by superannuation legislation.

In December 2016, based on the financial position of the plan at 1 July 2016 and the assumptions adopted, the plan's actuary recommended that your employer continue to make additional contributions designed to restore the plan to a satisfactory position over approximately three years, including a scheduled increase in these additional contributions in April 2017. Your employer has continued to make payment of these additional contributions.

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 2018, the value of the plan's assets was 99% of (i.e. less than) the plan's accrued benefits. As at 30 June 2018, the plan's accrued benefits amounted to \$591,739,070.

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 2018	Reasonably possible change	Amount of increase in accrued benefits	Amount of decrease in accrued benefits
Discount rate (or Investment earning rate)	5.50%	+1%		\$17,232,369
		-1%	\$20,658,193	
Salary adjustment rate	3.30%	+1%	\$2,761,388	
		-1%		\$2,416,215

## PLAN FEES

The trustee of the Mercer Super Trust is entitled to increase all dollar based fees from 1 January each year, in line with the increase in Average Weekly Ordinary Time Earnings for the year to the previous May.

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 2019 for your plan.

Currently nil per member per month, nil per member per month from 1 January 2019.

Please note your employer may currently pay the dollar based administration fee referred to above. You should refer to your Product Disclosure Statement, Member Statement and/or other member materials you have received since joining your plan for further details of the fees applicable to you. You can access these documents by signing in to your account online at [mercerfinancialservices.com](http://mercerfinancialservices.com) or by calling the Helpline.

## POLICY COMMITTEE

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

**As at 30 June 2018 your representatives were:**

Member elected	<ul style="list-style-type: none"><li>• Nerida Mossop</li><li>• Malcolm Haack</li><li>• Peter James</li></ul>
Employer-appointed	<ul style="list-style-type: none"><li>• Brendan McHugh</li><li>• James Sadler</li><li>• Andy De Wolf</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 30 June 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 2018

<b>Net assets at 1 July 2017</b>	<b>\$556,081,908</b>
<b>Plus</b>	
Net investment revenue	\$49,809,499
Employer contributions*	\$26,670,146
Member contributions	\$440,506
Government co-contributions	\$17,597
Transfers^	\$9,964,405
Insurance proceeds	\$0
<b>Total revenue</b>	<b>\$86,902,153</b>
<b>Less</b>	
Benefits paid	\$51,476,815
Administration fees	\$452,714
Group insurance premiums	\$962,523
Contributions and surcharge tax	\$3,755,032
<b>Total expenses</b>	<b>\$56,647,084</b>
<b>Equals</b>	
<b>Net assets at 30 June 2018</b>	<b>\$586,336,977</b>

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

^ Transfers includes: transfers in from other plans and net transfers from and to other MST plans.

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 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. © 2018, Mercer LLC. All rights reserved.

## STATEMENT OF FINANCIAL POSITION OF YOUR PLAN AT 30 JUNE 2018

### Assets (investment options)

<b>Ready-made investment options</b>	
Mercer SmartPath	\$209,101,963
Mercer Diversified Shares	\$32,362,049
Mercer High Growth	\$28,906,588
Mercer Growth	\$90,131,983
Mercer Moderate Growth	\$163,842,173
Mercer Conservative Growth	\$11,594,522
Mercer Cash	\$27,926,205
<b>Select-your-Own investment options</b>	
Mercer Select Growth	\$132,556
Mercer Australian Shares Plus	\$83,688
Mercer Overseas Shares Plus (Unhedged)	\$352,314
Mercer Income Plus	\$2,331,159
Mercer Australian Shares	\$4,840,184
Mercer Australian Growth Shares	\$399,080
Mercer Australian Value Shares	\$856,061
Mercer Australian Small Companies	\$11,905
Mercer Overseas Shares (Unhedged)	\$5,664,326
Mercer Hedged Overseas Shares	\$648,262
Mercer Overseas Small Companies	\$31,812
Mercer Emerging Markets	\$564,552
Mercer Property	\$356,313
Mercer Australian Listed Property	\$186,178
Mercer Overseas Listed Property	\$59,279
Mercer Global Listed Infrastructure	\$23,046
Mercer Fixed Interest	\$2,755,302
Mercer Australian Sovereign Bonds	\$359,239
Mercer Overseas Sovereign Bonds	\$44,402
Mercer Term Deposit	\$1,736,464
Mercer Socially Responsible Shares	\$12,749
Mercer Socially Responsible Growth	\$837
Indexed Diversified Shares	\$237,905
Indexed Australian Shares	\$288,421
Indexed Overseas Shares	\$174,195
Enhanced Indexed Growth	\$213,663
Enhanced Indexed Conservative Growth	\$29,002
Mercer Direct	\$78,600
<b>Total</b>	<b>\$586,336,977</b>