



Mercer Super Investment Trust

# Annual report to investors

For the financial year ending 30 June 2020

Issued by Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533  
Australian Financial Services Licence #235906 as the Trustee of the Mercer Super  
Investment Trust: GPO Box 9946, Melbourne Vic 3001. Tel 03 9623 5555.  
MSAL is a wholly owned subsidiary of Mercer (Australia) Pty Ltd ABN 32 005 315 917.  
'MERCER' is a registered trademark of Mercer (Australia) Pty Ltd.

welcome to brighter

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## About this annual report

Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533 Australian Financial Services Licence #235906 is the Trustee of the Mercer Super Investment Trust (ABN 78 433 715 831). MSAL is the issuer of this Annual Report and a wholly owned subsidiary of Mercer (Australia) Pty Ltd (Mercer) ABN 32 005 315 917.

The Mercer Super Investment Trust is a 'pooled superannuation trust' as defined under the Superannuation Industry (Supervision) Act 1993 (SIS).

The Mercer Super Investment Trust is referred to as the 'Mercer Super Investment Trust' or the 'Trust' throughout this Annual Report.

MSAL is referred to as 'Trustee', 'we' or 'us' throughout this Annual Report.

The information contained in this Annual Report includes general product advice which has been prepared without taking into account the personal objectives, financial situation or needs of individual investors. You should consider these matters, read the product disclosure statement under which you made your investment or for any investment you are considering and obtain personal financial advice from a licensed or appropriately authorised, financial adviser before making a decision concerning your super.

The value of investments in the investment options may rise and fall from time to time. Neither the Trustee, Mercer (which is a wholly owned subsidiary of Marsh and McLennan), any entities within Marsh & McLennan Companies Inc., nor any of the investment managers, guarantees the investment performance, earnings or returns of capital invested in any of the investment options described in this Annual Report.

The investment returns shown in this Annual Report do not take into account the unique characteristics that apply to each investor (such as timing of cash flow). As a result, the actual investment returns applying to a particular investor may differ from the investment returns shown. You should also remember that past performance should not be relied upon as an indicator of future performance.

MSAL provides you with this Annual Report for the 2019/2020 financial year (1 July 2019 to 30 June 2020).

## Trustee's investment objective, philosophy and approach

The key objective of the Mercer Super Investment Trust is to provide eligible investors with a suite of tax paid multi-manager investment options.

In the following sections, we describe our investment approach in more detail.

### Investment philosophy

We have five globally consistent investment beliefs that guide our investment process.

Our investment beliefs are:

- **Risk management** – We believe in the merits of genuine diversification and that asset allocation is the most important decision an investor can make.
- **Active management** – Active management is a skill and our manager research process can improve the likelihood of identifying skilful managers. We typically have an active, multi-manager approach. However, where appropriate some investment may use a passive approach.
- **Dynamic asset allocation** – Implementing medium-term asset allocation changes in response to changing market conditions can add value and/or mitigate risk in a portfolio.
- **Operational efficiency** – Investment returns can be enhanced by having a monitoring and governance framework that focuses on evaluating and quantifying investment efficiency.
- **Sustainability** – Taking a sustainable investment view is more likely to create and preserve long-term investment capital. For more information, see the 'Sustainability and ESG considerations' section below.

For more information, please visit:

[multimanager.mercer.com.au/about/investment-beliefs.html](https://multimanager.mercer.com.au/about/investment-beliefs.html).

### Investment objectives and strategy

For each investment option, we have determined an investment strategy that we believe is reasonably likely to enable the option to meet its objectives. The investment strategy includes the selection of a mix of investments that supports the option's objectives as detailed in the section titled 'Mercer Super Investment Trust investment options', which starts on page 8.

Changes may be made to the investment objective/s and strategy for each investment option, as required, in order to ensure that the objectives continue to have a reasonable probability of being attained. The actual asset allocations may fall outside the stated ranges during certain times such as extreme market conditions, asset class transitions or material transactions.

Direct investors will be kept informed of any significant changes to the features of the investment option/s in which they are invested.

We will monitor the investment options' performance against their objectives, with formal assessments and attribution analysis performed each quarter.

In formulating the preferred portfolio structure for each investment option, we aim to ensure access to a broad opportunity set; use of innovative asset classes; and exposure to less efficient markets to maximise the 'value add' potential of each option. Consideration is also given to the mix of active and passive management and the optimal number of managers.

### Sustainability and ESG considerations

We believe a sustainable investment approach is more likely to create and preserve long-term investment capital and, more specifically, that:

- ESG factors can have a material impact on long-term risk and return outcomes and these should be integrated into the investment process.
- Taking a broader and longer-term perspective on risk, including identifying sustainability themes and trends, is likely to lead to improved risk management and new investment opportunities.
- Climate change poses a systemic risk, and investors should consider the potential financial impacts of both the associated transition to a low-carbon economy and the physical impacts of different climate outcomes.
- Stewardship (or active ownership) supports the realisation of long-term shareholder value by providing investors with an opportunity to enhance the value of companies and markets.

Consequently, we believe that a sustainable investment approach that considers these risks and opportunities is in the best interests of our investors.

For more information, refer to the Trustee's Sustainable Investment Policy available from [mercerc.com.au/msit](https://mercerc.com.au/msit) or by calling the Helpline.

## What are the investment options?

The Trust offers a range of investment options, each utilising the multi-manager investment approach and with its own set of investment objectives.

The investment options available during the financial year 2019/20 are listed below.

Mercer Super Investment Trust investment options	
Single Sector	
	Mercer Australian Shares
Diversified	
	Mercer Diversified Shares
	Mercer High Growth
	Mercer Growth
	Mercer Moderate Growth
	Mercer Conservative Growth

For more information about the full range of investment options on offer, please call us on 1300 728 928.

### Single sector options

As at 30 June 2020, there is only one single sector option available, the Mercer Australian Shares investment option which provides exposure predominantly to one major asset class.

### Diversified options

These options offer varying levels of exposure (or potential exposure) to different asset classes to achieve specific investment objectives. In most cases, they provide exposure across the full spectrum of asset classes in Australia and overseas.

### Use of derivatives

Derivatives, such as futures or options, are investment securities whose value is derived from other investments. For example, the value of a share option is linked to the value of the underlying share.

Investment managers may utilise derivatives in managing investment portfolios for the Trust and in managing pooled investment vehicles in which we invest. 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).

We seek to manage derivative risk through adherence to the Derivatives Policy for the Trust.

## Derivatives charge ratio

The derivatives charge ratio is the percentage of the total market value of the assets of the Mercer Super Investment 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 where the derivatives charge ratio exceeded 5%.

## Liquidity of the Mercer Super Investment Trust

The Trustee's approach to managing liquidity is to ensure, as far as possible, that there will always be sufficient liquidity to meet liabilities when due, under normal and stressed conditions, without incurring unacceptable losses.

Normally, a withdrawal request will be completed within 10 business days. However, the Trust Deed permits the Trustee to take up to 60 days to satisfy a withdrawal request and to suspend withdrawals or extend this period in certain circumstances.

Where there is insufficient cash to meet the withdrawal request in the Trust's bank account, the Trustee may take appropriate action (e.g. redeem investments) to create sufficient funds. In such cases, we reserve the right to process the withdrawal using the unit price applying at a later date where it would otherwise prejudice the interests of other investors.

## How the Mercer Super Investment Trust investment options performed

The following table shows the performance of the Trustee's six investment options after fees and taxes, on both a single year and compound return basis.

Mercer Super Investment Trust investment options		Annual returns to 30 June					Compound returns to 30 June 2020				
		2020	2019	2018	2017	2016	1 year	2 years	3 years	4 years	5 years
		%	%	%	%	%	% pa	% pa	% pa	% pa	% pa
Shares	Mercer Australian Shares	-5.34	9.04	12.89	14.08	1.11	-5.34	1.60	5.23	7.37	6.09
Diversified	Mercer Diversified Shares	-2.02	7.86	12.90	13.81	-0.19	-2.02	2.80	6.06	7.95	6.27
	Mercer High Growth	-1.16	7.40	10.90	10.68	1.41	-1.16	3.03	5.59	6.84	5.73
	Mercer Growth	0.32	7.24	8.88	9.01	1.88	0.32	3.72	5.42	6.30	5.40
	Mercer Moderate Growth	-0.06	6.47	6.56	6.30	2.57	-0.06	3.15	4.28	4.78	4.33
	Mercer Conservative Growth	1.65	5.50	4.45	4.05	2.90	1.65	3.55	3.85	3.90	3.70

Single year and compound returns are calculated assuming that \$1 is invested at the start of the relevant period and that no further amounts are invested over the period. They are based on exit prices and allow for the deduction of investment management fees. Compound returns are calculated as the average of annual returns. For example, if returns are 5%, 6% and 7% over three consecutive years, the compound return is 6% per annum, as the same result could be achieved by earning a return of 6% in each of the three years.

When considering investment decisions, please remember that investment returns over a short time frame (one or two years) should not be considered in isolation. Time frames of five years or longer will provide a more accurate indication of the overall long-term performance of an investment option. In addition, different options may have different levels of risk (see the Mercer Super Investment Trust's investment options section on page 8), which may lead to different investment returns for each option.

Finally, don't forget that the value of investments can go up and down and past performance should not be relied upon as an indicator of future performance. The performance information contained in this Annual Report is up to date at the time of its preparation. In future, you can obtain updated performance information by calling 1300 728 928 or accessing [mercerc.com.au/msit](http://mercerc.com.au/msit).

We can send you a copy of the updated information, free of charge, on request. Performance is also reported in the monthly and quarterly investment updates.

## Investment managers

The majority of the assets of the Mercer Super Investment Trust, are invested in funds managed by MIAL, which in turn have investments with underlying investment managers. The following table lists the underlying investment managers of the Mercer Super Investment Trust as at 30 June 2020.

<b>Australian Shares</b>	<b>Infrastructure</b>
Acadian Asset Management	Axiom Infrastructure
Alphinity Investment Management	First Sentier Investments
Ausbil Investment Management	IFM Investors
CITI Global Markets (transition manager)	I Squared Capital
First Sentier Investors	KKR
Fidelity	Macquarie Asia Infrastructure Fund
Firetrail	Macquarie Investment Management
Greencape	Macquarie Specialised Asset Management
IFM Investors	Magellan Asset Management
Pendal Group Limited	Stonepeak Infrastructure Partners
Perennial Value Management	<b>Alternatives</b>
Plato	Invesco Asset Management
State Street Global Advisors	Mercer Select Alternatives Strategies
Vinva Investment Management	New Forests Asset Management
WaveStone Capital	PineBridge Investment
<b>International Shares</b>	<b>Growth Fixed Interest</b>
Acadian	Audax Group
AllianceBernstein	BlackRock
AQR Small Cap	Colchester Global Investors
Arrowstreet	Intermediate Capital Group
Baillie Gifford	Metrics Credit Partners
BlackRock Investment Management	Nomura Asset Management
Impax	Northern Trust Collateral Account
KBI Global Investors	Wellington Management
Lazard Asset Management	Westbourne Capital
LGIM	<b>Defensive Fixed Interest</b>
LSV Asset Management	Ardea Investment Management
Macquarie Investment Management	Aviva Investors
Mirova	AXA Investment Managers
Schroder Investment Management	Challenger
State Street Global Advisors	Colchester Global Investors
Stewart	H2O Asset Management
Wellington	LGIM
William Blair	Macquarie Investment Management
<b>Property</b>	Newton Investment Management
AMP Capital Shopping Centre Fund	Payden & Rygel
Brookfield Investment Management	Robeco
Charter Hall Industrial	T. Rowe Price
Charter Hall Retail	Wellington Management
Charter Hall Office	<b>Cash</b>
Dexus Wholesale Property Fund	BlackRock
Goodman Funds Management	Challenger
GPT Wholesale Office Fund	
Investa Property Group	
Investa SPV	
Lend Lease Investment Management	
Macquarie Investment Management	
Principal Global Investors	

## Largest investment holdings

As at 30 June 2020, the Mercer Super Investment Trust held 97% of its total assets in the Mercer Growth investment option.

### How the assets of the Trust are invested

The assets of the Mercer Super Investment Trust are invested in a range of trusts and other investment vehicles, including:

- Other funds managed by other professional investment managers.
- Other funds managed by Mercer Investments (Australia) Limited (MIAL) or related entities, including the Mercer Investment Funds (MIFs) and/or the Mercer Multi-Manager Funds (MMFs).
- Directly in a range of investments such as securities, derivatives and cash managed via mandates held with professional investment managers.

Depending on the nature of the assets they are held either by an independent custodian on behalf of the Trustee or directly by MIAL, on behalf of the Trustee, as the responsible entity for the MIFs or MMFs.

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

## Mercer Super Investment Trust investment options

The following section provides the investment objectives, investment approach, level of risk, mix of investments for each of the Mercer Super Investment Trust investment options as at 30 June 2020.

### Mercer Australian Shares

#### Objectives

- Achieve a return (over the medium to longer term) which is competitive with comparable funds that have similar risk characteristics;
- Outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

#### Investment strategy

The investment option invests in Australian shares using a multi-manager approach.

#### Risk label

High

#### Mix of investments

Asset allocation at 30 June

Growth/ Defensive Exposure	2020 %	2019 %
Growth investments	98.8	99.8
Defensive investments	1.2	0.2

Asset Class	%	%
Australian shares	98.8	99.8
Cash & fixed interest	1.2	0.2

### Mercer Diversified Shares

#### Objectives

- To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4% per annum over rolling ten year periods.

#### Investment strategy

The investment option invests in Australian and international shares, including small capitalization stocks ('small caps') and emerging markets, using a multi-manager approach.

#### Risk label

High

#### Mix of investments

Asset allocation at 30 June

Growth/ Defensive Exposure	2020 %	2019 %
Growth investments	98.9	99.2
Defensive investments	1.1	0.8

Asset Classes	%	%
Australian Shares	46.0	44.8
International Shares	52.9	54.4
Cash	1.1	0.8

## Mercer High Growth

### Objectives

- To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 4% per annum over rolling seven year periods.

### Investment strategy

The investment option invests in a mix of investments using a multi-manager investment approach.

### Risk label

High

### Mix of investments

Asset allocation at 30 June

Growth/ Defensive Exposure	2020 %	2019 %
Growth investments	83.3	87.8
Defensive investments	16.7	12.2

Asset Classes	%	%
Australian Shares	33.0	34.4
International Shares	34.6	38.3
Real Assets	17.6	16.4
Alternative Assets	1.3	2.8
Growth Fixed Interest	5.7	4.4
Fixed Interest	1.1	1.0
Cash	6.7	2.7

## Mercer Growth

### Objectives

- To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 3.5% per annum over rolling five year periods.

### Investment strategy

The investment option invests in a mix of investments using a multi-manager investment approach.

### Risk label

Medium to High

### Mix of investments

Asset allocation at 30 June

Growth/ Defensive Exposure	2020 %	2019 %
Growth investments	74.0	77.1
Defensive investments	26.0	22.9

Asset Classes	%	%
Australian Shares	30.0	28.4
International Shares	30.2	34.8
Real Assets	16.2	14.4
Alternative Assets	2.1	5.6
Growth Fixed Interest	5.7	4.6
Fixed Interest	10.6	8.7
Cash	5.2	3.5

## Mercer Moderate Growth

### Objectives

- To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 2.5% per annum over rolling four year periods.

### Investment strategy

The investment option invests in a mix of investments using a multi-manager investment approach.

### Risk label

Medium

### Mix of investments

Asset allocation at 30 June

Growth/ Defensive Exposure	2020 %	2019 %
Growth investments	52.4	56.3
Defensive investments	47.6	43.7

Asset Classes	%	%
Australian Shares	19.4	18.8
International Shares	19.2	23.3
Real Assets	13.3	13.0
Alternative Assets	1.5	3.1
Growth Fixed Interest	6.7	5.8
Fixed Interest	28.0	25.3
Cash	11.9	10.7

## Mercer Conservative Growth

### Objectives

- To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 1.5% per annum over rolling three year periods.

### Investment strategy

The investment option invests in a mix of investments using a multi-manager investment approach.

### Risk label

Low to Medium

### Mix of investments

Asset allocation at 30 June

Growth/ Defensive Exposure	2020 %	2019 %
Growth investments	33.0	34.7
Defensive investments	67.0	65.3

Asset Classes	%	%
Australian Shares	10.8	10.5
International Shares	12.2	14.1
Real Assets	10.7	9.9
Alternative Assets	1.2	2.7
Growth Fixed Interest	3.5	3.4
Fixed Interest	38.6	37.8
Cash	23.0	21.6

### Standard risk measure and risk label

The standard risk measure is a standardised investment industry guide to assist investors to compare investment options that are expected to deliver a number of negative annual returns over any 20 year period. The standard risk measure consists of seven risk labels, shown in the table on the right.

The risk labels are indicative only. The risk label for each investment option is determined by us on the basis of financial market forecasts and should not be considered to be a guarantee or forecast of the number or frequency of negative annual returns an investment option may experience. The risk labels may change from time to time.

Risk label	Estimated number of negative returns over any 20 year period
Very high	6 or more
High	Between 4 and 6
Medium to high	Between 3 and 4
Medium	Between 2 and 3
Low to medium	Between 1 and 2
Low	Between 0.5 and 1
Very low	Less than 0.5

## Who manages the Mercer Super Investment Trust?

The Trustee of the Mercer Super Investment Trust is Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533 Australian Financial Services Licence #235906, which operates the Mercer Super Investment Trust in accordance with the governing documents and applicable law.

The current directors of MSAL are as follows:



**Jan Swinhoe**  
Chairman  
Non-executive director



**Brian Bengier**  
Non-executive director



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



**Pauline Vamos**  
Non-executive director



**Darren Wickham**  
Non-executive director

## Service providers to the Mercer Super Investment Trust

The Trustee appoints service providers to assist it in running the Mercer Super Investment Trust. The main service providers to the Trustee are:

- The Northern Trust Company, the custodian which provides a range of services including custody and trust administration services (such as unit pricing and unit registry services).
- Mercer Investments (Australia) Limited (ABN 66 008 612 397) to provide distribution and product management services as well as strategic advice in relation to the structure and management of the investment portfolios in the Mercer Super Investment Trust.
- Mercer Outsourcing (Australia) Pty Ltd, which provides various fund accounting, tax and income distribution related functions.

### Other information

The Trustee has not incurred any penalties under section 38A of SIS during the year ended 30 June 2020.

## Changes to the Mercer Super Investment Trust

### Governing Rules

There were no amendments to the governing rules in the period from 1 July 2019 to 30 June 2020.

## Fees and costs

It is important to understand how fees and costs apply in the Mercer Super Investment Trust. The fees and costs may be deducted from your investment account balance, from the returns on your investment or from the Trust assets as a whole.

### Investment management fee

The Trustee may engage one or more investment managers to invest and manage the assets of an investment option. In doing so, the Trustee may negotiate a fee schedule with an investment manager under which the fee payable by the Trustee to the investment manager increases or decreases based on the overall amount of assets, managed by the investment manager for the underlying funds or direct investments. The investment management fee payable in respect of an investment option will not vary for any such increase or decrease in the fees payable to any investment manager, with the exception of any performance fee element as detailed under Performance fees.

Where an investment option invests in another Mercer fund or a fund managed by another investment manager, the investment management fee includes the investment management fee for the underlying fund/s.

### Administration fee

The Trustee has the right to be reimbursed from the assets of the Trust for all administrative costs it incurs in the proper performance of its duties in administering the Trust. The Trustee deducts an amount for expenses out of the assets of each investment option, which is called an administration fee.

The administration fee for each investment option is passed on to investors by way of an adjustment to the unit price, which reduces the investment performance of the relevant investment option.

The administration fee varies from year to year reflecting the actual expenses incurred.

The actual administration fee for the financial year 1 July 2019 – 30 June 2020 is listed in Total fees and charges for the 12 months to 30 June 2020 table on page 14.

### Indirect cost ratio

Each investment option has an Indirect Cost Ratio (ICR) that is predominantly made up of any indirect costs incurred by the underlying investment vehicles into which the Trust invests, including but not limited to:

- Performance related fees;
- Any expenses charged by any underlying investment vehicle or manager of those vehicles;
- The net explicit transactional and operational costs (see 'Transactional and operational costs' below), and
- Over the Counter Derivatives costs (use for hedging and/or non-hedging purposes).

The indirect cost for each investment option varies from year to year reflecting the actual costs incurred, which may be affected by changes to one or more of the following:

- Assets under management;
- Amounts payable to the service providers to the Trustee, including (but not limited to) investment managers, specialist legal and tax advisors and the custodian;
- Performance of individual investment managers, where performance related fee arrangements exist.

The ICR is generally calculated and deducted daily (from the underlying investment vehicles or the relevant investment options, as applicable) when unit prices are determined, and is therefore reflected in the value of your account balance.

### Performance related fees

The Trustee does not charge a performance fee, however where an underlying investment vehicle or manager is used to invest the assets of an investment option they may charge a performance related fee. These fees are typically reflected in the unit price of the underlying investment vehicle and accordingly form part of the ICR of the relevant investment option.

Underlying investment vehicles or managers that charge a performance related fee will generally only apply those fees when performance is greater than an agreed target. Accordingly, performance related fees will generally only arise when higher returns, relative to a specified target for a particular manager, are achieved.

Where an investment option invests in another Mercer fund or a fund managed by another investment manager, the performance fee estimate in the Total fees and charges table on page 14 includes any performance fee estimate for the underlying fund/s.

### Transactional and operational costs

Transactional and operational costs are the costs associated with trading to manage the investment strategy for each investment option, as well as the buy and sell spreads that may be applied at the time of an investor making an application (buy spread) and withdrawal (sell spread) to cover the costs of these transactions. Such costs are borne by investors and some components of the transactional and operational costs are additional to the fees and costs disclosed in the Fees and costs table below. No part of any transactional and operational cost is paid to the Trustee or any investment manager as a fee.

Ongoing transactional and operational costs include:

- Explicit costs, such as brokerage, settlement costs (including custody costs), clearing costs, stamp duty on an investment transaction and property management costs (where applicable).
- Implicit costs, which are costs that include an assessment of the difference between the price paid for acquiring an asset and the price that would be payable if it were disposed of (bid/ask price assessment) less any costs recouped by the underlying investment vehicles.

The net transactional and operational costs incurred for each investment option are equal to the total transactional and operational costs less any costs recouped from the application of the buy/sell spread (paid by transacting investors). See Buy/Sell spreads for details of which investment options have buy/sell spreads applied to them.

### Buy/sell spreads

For each investment option, the entry price for the issue of units is different from the exit price for the redemption of those units. The difference between the entry and exit price is commonly called a buy/sell spread. The buy and sell spreads are designed to ensure, to the extent possible, that any transaction costs incurred as a result of an investor applying to or withdrawing from an investment option are borne by that investor and not by other existing investors.

Buy spread is applied at the time the contribution or rollover is paid into the Trust (or a switch is made within the Trust). Sell spread is applied when you make a withdrawal from the Trust.

The estimated buy and sell spreads may vary from time to time and we may waive or reduce the buy/sell spread at our discretion. No part of the buy/sell spread is paid to the Trustee or an investment manager. The buy/sell spread is not subject to GST.

### Borrowing costs

Borrowing costs means costs relating to a credit facilities used by the underlying managers as part of the overall investment strategy. The borrowing costs (if any) for each of the investment options for the year ending 30 June 2020 are set out in the table below.

#### Borrowing costs

Investment option	Borrowing Costs (% per annum of your account balance)
Mercer Australian Shares	0.00
Mercer Diversified Shares	0.00
Mercer High Growth	0.06
Mercer Growth	0.07
Mercer Moderate Growth	0.04
Mercer Conservative Growth	0.03

Borrowing costs are an additional cost to you and are typically reflected in the unit price of the underlying investment vehicle. The amounts shown are the estimated borrowing costs for the year ending 30 June 2020 and are based on the actual information available and/or reasonable estimates for that period. Borrowing costs may vary from year to year.

### Additional fees and costs

Bank charges in relation to your investment may be payable by you. These charges may include telegraphic transfer, bank cheque and dishonour fees. Details of the fees and costs in dollar amounts that were charged to your individual investment are set out in the periodic statement provided to you in the year ended 30 June 2020.

## Operational Risk Financial Requirement (ORFR)

In response to the Government's Stronger Super reforms, the Trustee has set aside capital to meet an Operational Risk Financial Requirement (ORFR) for the Trust. The Government introduced this requirement so that pooled superannuation trusts have access to resources to compensate investors, where relevant, for any operational incident which adversely impacts their entitlements.

The ORFR for the Mercer Super Investment Trust is currently being met by Trustee capital.

The Trustee will monitor the operational risks and the appropriateness of the ORFR level on an ongoing basis.

### Total fees and charges for the 12 months to 30 June 2020

The table below shows the investment fee, the asset based administration fee, the Indirect Cost Ratio and the Buy/Sell Spread for each investment option in the Trust.

Investment option		Investment management fee (% per annum)	Administration fee (% per annum)	ICR (% per annum of your account balance) for year to 30 June 2020	Buy Spread (%)	Sell Spread (%)
Single sector	Mercer Australian Shares	0.90	0.07	0.16	0.23	0.23
	Mercer Diversified Shares	0.95	0.07	0.19	0.21	0.21
Diversified	Mercer High Growth	1.00	0.07	0.32	0.17	0.18
	Mercer Growth	0.93	0.07	0.33	0.14	0.16
	Mercer Moderate Growth	0.87	0.07	0.24	0.13	0.16
	Mercer Conservative Growth	0.80	0.07	0.21	0.10	0.12

\*The investment management fees that apply to you may be lower than those referred to above where a reduced fee has been negotiated direct with the Trustee.

## Your privacy

For information on privacy and the handling of your personal information please refer to the Mercer Australia Privacy Policy available at [mercerc.com.au](http://mercerc.com.au) or contact us on 1300 728 928.

## Enquiries, complaints and communication

### Enquiries and complaints procedures

The Trustee has a process in place for dealing with any enquiries or complaints you may have. If you have any enquiries or complaints you can write to:

Mercer Superannuation (Australia) Limited  
GPO Box 9946  
Melbourne VIC 3001

Or call on 1300 728 928.

We will acknowledge complaints within 14 days and will communicate our decision to you within 45 days.

The Trustee always seeks to resolve any complaints to the satisfaction of all concerned and in the best interests of all the investors of the Trust.

However, if after waiting 45 days or you are not satisfied with the outcome of your complaint, you may be able to take your complaint to the Australian Financial Complaints Authority (AFCA). AFCA is an external dispute resolution system that covers certain complaints by investors in pooled superannuation trusts and provides fair and independent financial services complaint resolution that is free to consumers.

You can contact AFCA via:

Website: [www.afca.org.au](http://www.afca.org.au)

Email: [info@afca.org.au](mailto:info@afca.org.au)

Telephone: 1800 931 678 (free call)

Mail: Australian Financial Complaints  
Authority,  
GPO Box 3,  
Melbourne VIC 3001

### Further information available on request

Investors are entitled to inspect the governing rules and copies of certain accounts, annual reports and returns. Certain other information is also available on request. You can arrange to see these documents during business hours free of charge by lodging a written request with the Trustee.

### Keeping you up-to-date

Direct investors in the Mercer Super Investment Trust will receive:

- A transaction advice confirming every investment, withdrawal or investment strategy alteration to your existing investments;
- A monthly advice confirming the value of your investments;
- A concise monthly investment report;
- A more comprehensive quarterly investment report;
- An annual statement; and
- This annual report which provides statutory and other useful information.

The investment reports and annual report are available at [mercerc.com.au/msit](http://mercerc.com.au/msit).

## Financial information

This is abridged financial information for the Mercer Super Investment Trust for the year ended 30 June 2020. The full audited accounts and auditors report are available and you can request them by contacting us.

### Statement of net assets as at 30 June 2020

	2020	2020	2019
	%	\$'000	\$'000
<b>Assets</b>			
<b>Cash and equivalents</b>	0%	<b>6,079</b>	<b>1,233</b>
<b>Receivables</b>			
Unsettled sales	0%	420	-
Accrued income	2%	20,273	13,032
Unsettled applications	0%	2	8
GST Claimable	0%	55	58
Other receivables	0%	-	-
<b>Unlisted units in managed investment schemes - Unrelated</b>			
Lend Lease Core Plus Fund active & passive units	0%	-	-
<b>Unlisted units in managed investment schemes – Related</b>			
AP#1 Trust	7%	46,101	42,683
Mercer DG (ex p) Trust	9%	45,712	52,985
Mercer DS Trust	0%	-	-
Mercer OSS Trust	0%	741	206
OSSH#1 Trust	5%	27,894	28,177
Mercer Investment Funds Australian Shares Plus Trust	8%	45,267	52,106
Mercer Passive Global Listed Property Fund	0%	479	571
Mercer Passive Emerging Markets Share Fund	1%	8,139	8,298
Mercer Investment Funds Overseas Shares Trust	1%	2,882	4,024
Mercer Tailored #1 Trust	6%	33,902	34,704
TAL#2 Trust	1%	4,050	3,640
Mercer Australian Inflation Plus Fund	2%	10,560	10,464
Mercer Australian Sovereign Bond Fund	2%	11,758	10,537
Mercer Cash Fund	3%	14,740	18,348
Mercer Global Sovereign Bond Fund	1%	4,786	4,565
Mercer Global Credit Fund	0%	352	358
Mercer Australian Small Companies Fund	3%	18,373	17,761
Mercer Emerging Markets Debt Fund	3%	16,167	17,004
Mercer Passive Global Listed Infrastructure Fund	0%	322	381
Mercer Global Absolute Return Bond Fund	4%	23,314	22,540
Mercer Passive Australian Shares Fund	10%	62,568	63,596
Mercer Global Enhanced Low Volatility Shares Fund	6%	33,872	36,840
Mercer Passive International Shares Fund	2%	21,733	14,718
Mercer Diversified Alternatives Fund	3%	-	21,559
Mercer Global High Yield Bond Fund	0%	5,347	459
Mercer Global Opportunistic Credit Fund	0%	-	-
Mercer Conservative Growth Overlay Fund	0%	22	38
Mercer Emerging Markets Shares Fund	3%	15,393	15,592

	2020	2020	2019
	%	\$'000	\$'000
<b>Assets</b>			
Mercer Moderate Growth Overlay Fund	0%	33	88
Mercer Growth Overlay Fund	2%	1,843	9,690
Mercer High Growth Overlay Fund	0%	66	322
Mercer Global Private Debt Fund	1%	9,668	8,847
Mercer Diversified Growth Fund	2%	11,195	10,482
Mercer Risk Management Overlay Fund	4%	-	25,790
Mercer Passive Hedged International Shares	6%	52,786	34,821
Mercer Global Small Companies Shares Fund	3%	18,741	19,052
<b>Current tax asset</b>	0%	<b>702</b>	<b>3,316</b>
<b>Total Assets</b>	100%	<b>576,334</b>	<b>608,893</b>

	2020	2019
	\$'000	\$'000
<b>Liabilities</b>		
Payables	1,471	456
Current Tax Liabilities	-	-
Deferred Tax Liabilities	3,671	7,294
<b>Total Liabilities</b>	<b>5,142</b>	<b>7,750</b>
<b>Net assets</b>	<b>571,192</b>	<b>601,143</b>
<b>Total equity attributable to unit holders</b>	<b>571,192</b>	<b>601,143</b>

## Statement of financial performance for the year ended 30 June 2019

	2020	2019
	\$'000	\$'000
<b>Investment Income</b>		
Interest Income	10	21
Trust distributions	34,204	24,381
Net gains/(losses) on financial instruments held at fair value through profit or loss	(34,030)	21,064
Other income	1	-
<b>Total investment income/(loss)</b>	<b>185</b>	<b>45,466</b>
<b>Expenses</b>		
Trustee Fees	2,925	2,899
Other operating expenses	552	332
<b>Total expenses</b>	<b>3,477</b>	<b>3,231</b>
<b>Profit/(loss) before tax expense/(income)</b>	<b>(3,292)</b>	<b>42,235</b>
Tax expense/(income)	(1,341)	858
<b>Profit/(loss) for the reporting period after tax expense/(income) attributable to unitholders</b>	<b>(1,951)</b>	<b>41,377</b>

## Contact us

If you need help call us on 1300 728 928 or you can visit our website: [mercer.com.au/msit](https://mercer.com.au/msit).

## Directory

### Trustee

Mercer Superannuation (Australia) Limited

### Registered Office

Collins Square  
Level 15, 727 Collins Street  
Docklands VIC 3008

### Auditor to the Trustee

Deloitte Touche Tohmatsu  
550 Bourke Street  
Melbourne Victoria 3000

### Auditor to the Mercer Super Investment Trust

PricewaterhouseCoopers  
2 Riverside Quay  
Southbank, Victoria 3006

### Fund Manager

Mercer Investments (Australia) Limited  
Collins Square  
Level 15, 727 Collins Street  
Docklands VIC 3008

### Custodian

The Northern Trust Company  
GPO Box 804  
Melbourne, Victoria 3000

### Any enquiries or complaints should be directed to

The Enquiries and Complaints Officer  
Mercer Super Investment Trust  
GPO Box 9946  
Melbourne VIC 3001