

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS  
SUPERANNUATION SECTOR**

**Mercer Australia**

**MER1QW:**

The details of the date and location of your annual general meeting for the past five years, and whether fund members were invited to attend.

**Answer:**

As Mercer Superannuation (Australia) Limited (**MSAL**) is a public company with a single shareholder, there is no requirement for it to hold an annual general meeting under section 250N(4) of the Corporations Act.

MSAL acknowledges recent amendments to the Superannuation Industry (Supervision) Act which will require it, as an Registrable Superannuation Entity licensee, to hold annual member meetings. The first such meeting is currently expected to occur in Q1 2021.

## **HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

### **REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR**

#### **Mercer Australia**

#### **MER2QW:**

The details of any fund member briefings where it was possible to ask fund managers, executives or directors questions over the past five years.

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL operates a fully outsourced model.

Employer-sponsored plans in the Mercer Super Trust generally have a Policy Committee in place. Policy Committees are made up of employer-nominated representatives and member representatives, elected by the members of the Plan. The Policy Committee represents all members of the plan in dealing with the trustee of the Mercer Super Trust. The Policy Committee is essentially a liaison between the members of the Plan and the Trustee. It provides members with a means of asking questions of the Trustee.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS  
SUPERANNUATION SECTOR**

**Mercer Australia**

**MER3QW:**

Details of all ASIC fines and infringement notices incurred over the past five years.

**Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

Over the past five years MSAL has not incurred any ASIC fines or infringement notices.

## **HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

### **REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR**

#### **Mercer Australia**

#### **MER4QW:**

The name and company of your auditor for the past five years.

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

Pricewaterhouse Coopers (**PWC**) has been the Auditor for the Mercer Super Trust for the past five years. The names of the PWC audit partners assigned to MSAL are as follows:

#### **Financial years ended 30 June 2015 and 30 June 2016**

George Sagonas

#### **Financial years from 30 June 2017 to present**

David Coogan

Deloitte has been MSAL's corporate auditor during that time.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER5QW:**

For the past five years the total value in dollars and as a percentage of the total value of a fund:

- a. Listed investments
- b. Unlisted investments
- c. Total investments.

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

As MST offers a menu of investment choices across the divisions in the MST, and there is a range of different employer plan arrangements, the information below is provided in respect of the main product offering as being representative for the membership – being the Mercer SmartPath® investment option and the Mercer Growth investment option.

The MySuper default investment option for the Mercer Super Trust is Mercer SmartPath, a diversified life cycle (glide path) investment option. Mercer SmartPath comprises a series of underlying investment funds in five-year cohorts. In terms of asset allocation, the glide path for Mercer SmartPath changes incrementally from growth to defensive for each cohort.

Prior to the MySuper provisions that took effective from 1 January 2014, the default investment option for the Corporate Superannuation Division of the Mercer Super Trust was the Mercer Growth investment option.

Data is provided for the Mercer SmartPath cohort with largest amount of assets under management (Table 1), and the Mercer Growth investment option (Table 2) as being representative of the value of listed and unlisted investments underlying investment options.

**Table 1: Mercer SmartPath - Age cohort born 1969 to 1973**

<b>Mercer SmartPath Born 1969 to 1973</b> <b>Financial year end 30 June</b>	<b>2015</b> <b>(\$ '000)</b>	<b>2016</b> <b>(\$ '000)</b>	<b>2017</b> <b>(\$ '000)</b>	<b>2018</b> <b>(\$ '000)</b>	<b>2019</b> <b>(\$ '000)</b>
a. Listed investments	791,410	881,289	1,456,045	1,676,323	1,786,368
b. Unlisted investments	70,213	124,152	192,154	239,778	287,577
c. Total Investments	861,623	1,005,441	1,648,199	1,916,101	2,073,945
d. Listed Investments (% of Total Investments)	91.9%	87.7%	88.3%	87.5%	86.1%
e. Unlisted Investments (% of Total Investments)	9.1%	12.3%	11.7%	12.5%	13.9%

**Table 1: Mercer Growth**

<b>Mercer Growth</b> <b>Financial year end 30 June</b>	<b>2015</b> <b>(\$ '000)</b>	<b>2016</b> <b>(\$ '000)</b>	<b>2017</b> <b>(\$ '000)</b>	<b>2018</b> <b>(\$ '000)</b>	<b>2019</b> <b>(\$ '000)</b>
a. Listed investments	3,737,790	3,225,836	2,329,388	2,273,185	2,313,097
b. Unlisted investments	476,977	442,202	304,927	467,554	449,160
c. Total Investments	4,214,767	3,668,038	2,634,315	2,740,739	2,762,257
d. Listed Investments (% of Total Investments)	88.7%	87.9%	88.4%	82.9%	83.7%
e. Unlisted Investments (% of Total Investments)	11.3%	12.1%	11.6%	17.1%	16.3%

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER6QW:**

For the past five years the total value in dollars and as a percentage of the total return for the fund:

- a. Listed investments
- b. Unlisted investments
- c. Total investments.

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust (**MST**).

As MST offers a menu of investment choices across the divisions in the MST, and there is a range of different employer plan arrangements, the information below is provided in respect of the main product offering as being representative for the membership – being the Mercer SmartPath<sup>®</sup> investment option and the Mercer Growth investment option.

The MySuper default investment option for the Mercer Super Trust is Mercer SmartPath, a diversified life cycle (glide path) investment option. Mercer SmartPath comprises a series of underlying investment funds in five-year cohorts. In terms of asset allocation, the glide path for Mercer SmartPath changes incrementally from growth to defensive for each cohort.

Prior to the MySuper provisions that took effective from 1 January 2014, the default investment option for the Corporate Superannuation Division of the Mercer Super Trust was the Mercer Growth investment option.

Data is provided for the Mercer SmartPath cohort with largest amount of assets under management (Table 1), and the Mercer Growth investment option (Table 2) as a being representative of the returns from listed and unlisted investments underlying investment options in the Mercer Super Trust.

**Table 1: Mercer SmartPath - Age cohort born 1969 to 1973**

<b>Mercer SmartPath – Born 1969 to 1973 Financial year end 30 June</b>	<b>2015 (\$'000)</b>	<b>2016 (\$'000)</b>	<b>2017 (\$'000)</b>	<b>2018 (\$'000)</b>	<b>2019 (\$'000)</b>
a. Listed investments return	55,761	217	119,640	168,927	124,103
b. Unlisted investments return	1,843	12,133	17,511	23,136	25,458
c. Total Investments return	57,595	12,350	136,971	192,063	149,561
d. Listed Investments (% of Total Return)	96.8%	1.8%	87.2%	88.0%	83.0%
e. Unlisted Investments (% of Total Return)	3.2%	98.2%	12.8%	12.0%	17.0%

**Table 1: Mercer Growth**

<b>Mercer Growth Financial year end 30 June</b>	<b>2015 (\$'000)</b>	<b>2016 (\$'000)</b>	<b>2017 (\$'000)</b>	<b>2018 (\$'000)</b>	<b>2019 (\$'000)</b>
a. Listed investments return	459,223	26,537	257,073	180,916	153,462
b. Unlisted investments return	31,402	54,143	24,106	55,307	44,664
c. Total Investments return	490,625	80,680	281,179	236,223	198,126
d. Listed Investments (% of Total Return)	93.6%	32.9%	91.4%	76.6%	77.5%
e. Unlisted Investments (% of Total Return)	6.4%	67.1%	8.6%	23.4%	22.5%



**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS  
SUPERANNUATION SECTOR**

**Mercer Australia**

**MER7QW:**

A copy of your asset valuation policy (covering amongst other things independence of valuation, managing conflicts of interest, frequency of valuation, publication of latest valuation timings to members etc).

**Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

MSAL holds, values and records its assets as per the Mercer Superannuation (Australia) Limited Unit Pricing Policies (**Policy**).

The Policy is currently under review in accordance with its annual review cycle.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

**MER8QW:** Details of each individual asset currently held at a value other than available listed market prices (an unlisted asset) wholly owned by the fund or funds under your control, including:

- a. The asset name and location.
- b. The frequency of the revaluation of the asset.
- c. The most recent valuation.
- d. A copy of that valuation.
- e. The methodology used for its valuation.
- f. Whether the valuation was completed internally or externally.
- g. The details of any external party involved in the valuation.

#### Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

The vast majority of assets are invested in the Mercer Multi-Manager Funds (MMFs) and the Mercer Investment Funds (**MIFs**) which are distributing unit trusts operated and managed by Mercer Investments (Australia) Limited (**MIAL**). MIAL is the responsible entity of the MMFs and the MIFs and chooses the underlying investment managers to manage the assets of the MMFs and MIFs either directly or via external investment vehicles.

The remainder of the MST assets are invested in external investment manager products or directly held via segregated mandates. The Mercer Super Trust also invests in the Mercer Superannuation Investment Trust which is a pooled superannuation trust for which MSAL is the trustee.

The fund managers chosen by MIAL for the MMFs and MIFs are responsible for the selection of the underlying investments and management (including valuation) of said assets. MSAL does not wholly own or have control over any of the unlisted assets held by the MMFs or the MIFs.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

**MER9QW:** Details of each individual asset currently held at a value other than available listed market prices (an unlisted asset) partly owned by the fund or funds under your control, including:

- a. The asset name and location.
- b. The frequency of the revaluation of the asset.
- c. The most recent valuation.
- d. A copy of that valuation.
- e. The methodology used for its valuation.
- f. Whether the valuation was completed internally or externally.
- g. The details of any external party involved in the valuation.

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

The vast majority of assets are invested in the Mercer Multi-Manager Funds (**MMFs**) and the Mercer Investment Funds (**MIFs**) which are distributing unit trusts operated and managed by Mercer Investments (Australia) Limited (**MIAL**). MIAL is the responsible entity of the MMFs and the MIFs and chooses the underlying investment managers to manage the assets of the MMFs and MIFs either directly or via external investment vehicles.

The remainder of the MST assets are invested in external investment manager products or directly held via segregated mandates. The Mercer Super Trust also invests in the Mercer Superannuation Investment Trust which is a pooled superannuation trust for which MSAL is the trustee.

The fund managers chosen by MIAL for the MMFs and MIFs are responsible for the selection of the underlying investments and management (including valuation) of said assets. While MSAL does not own or have control over any of the unlisted assets held by the funds in which the MMFs or the MIFs attachment MER9.1QW provides a list of the underlying investments that include unlisted investments.

**MER9.1QW***Australian Unlisted Property*

<b>Asset name</b>	<b>Location</b>	<b>Valuation frequency</b>	<b>Most recent valuation date (information prepared as at late February 2020)</b>
Investa Commercial Property Fund	Australia	Monthly	31/01/2020
Charter Hall Prime Industrial Fund	Australia	Monthly	31/01/2020
Dexus Wholesale Property Fund	Australia	Monthly	31/01/2020
Lendlease Australian Prime Property Fund Retail	Australia	Monthly	31/01/2020
Goodman Australia Industrial Partnership	Australia	Monthly	31/01/2020
Charter Hall Retail Partnership 2	Australia	Monthly	31/01/2020
Charter Hall Retail Partnership 6	Australia	Monthly	31/01/2020
Investa 420 SPV Mandate	Australia	Monthly	31/01/2020
Charter Hall Prime Office Fund	Australia	Monthly	31/01/2020

*Unlisted infrastructure and timberland assets - all are partly owned*

<b>Asset name</b>	<b>Location</b>	<b>Valuation frequency</b>	<b>Most recent valuation date (information prepared as at late February 2020)</b>
IFM Australian Infrastructure Wholesale Fund A	Australia	Monthly	31/01/2020
IFM Australian Infrastructure Wholesale Fund B	Australia	Monthly	31/01/2020
First Sentier Investors Infrastructure Income Fund	Australia	Monthly	31/01/2020
First Sentier Investors Active Infrastructure Income Fund	Australia	Monthly	31/01/2020
KKR Global Infrastructure Investors II LP	Cayman Islands	Quarterly	31/12/2019
First State Benedict SARL	Luxembourg	Quarterly	30/09/2019
Macquarie Mercer Infrastructure Trust 1	Australia	Monthly	31/01/2020
Macquarie Mercer Infrastructure Trust 2	Australia	Monthly	31/01/2020
KKR Byzantium Infrastructure Co-Invest II LP	Cayman Islands	Quarterly	31/12/2019

Unlisted infrastructure and timberland assets - all are partly owned (continued)

<b>Asset name</b>	<b>Location</b>	<b>Valuation frequency</b>	<b>Most recent valuation date (information prepared as at late February 2020)</b>
KKR Taurus Co-Invest LP	Cayman Islands	Quarterly	31/12/2019
Axium Infrastructure NA IV LP	Cayman Islands	Quarterly	30/09/2019
Stonepeak Infrastructure Fund II - Master Co-Investment Partners LP	Delaware	Quarterly	30/09/2019
Macquarie Asia Infrastructure Fund LP	Cayman Islands	Quarterly	30/09/2019
Macquarie Asia Infrastructure Fund Investment Trust	Australia	Quarterly	30/09/2019
Buzzard Midstream Infrastructure Co-Invest Pooling LP	Cayman Islands	Quarterly	30/09/2019
New Forests Australia New Zealand Forest Investment Fund	Australia	Quarterly	31/12/2019
New Forests Australia New Zealand Forest Operating Fund	Australia	Quarterly	31/12/2019

**The following should be noted in respect of all of the assets listed above:**

1. Information about the most recent valuation is confidential and is not available to MSAL
2. The manager for each asset listed above determines the valuation methodology.
3. In all cases the valuation is conducted by the manager.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

**MER10QW:** Details of arrangements for the temporary or permanent use for corporate venue hire (including corporate boxes), including additional non-hire costs such as catering, at sporting venues over the past five years.

**Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

MSAL operates a fully outsourced model and does not have any arrangements for the temporary or permanent use for corporate venue hire (including corporate boxes), including additional non-hire costs such as catering, at sporting venues. Some of MSAL's internal service providers may, as part of their broader business development and marketing activities for the broader enterprise, participate in events that require temporary corporate venue hire. There are no separately identifiable costs paid by MSAL for such activities.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

**MER11QW:** Details of costs for advertising campaigns for the past five years, including:

- a. The companies invited to tender for all or parts of any advertising campaign.
- b. The companies awarded campaigns.
- c. The total cost of each campaign.
- d. The cost of the campaign's development.
- e. Broadcasting (television, radio and internet) and publishing costs.
- f. Assessment reports of the efficacy of campaigns in either retaining or gaining new members.

**Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

MSAL operates a fully outsourced model and does not conduct any advertising campaigns. Some of MSAL's internal service providers may, as part of their broader business development and marketing services being provided for the broader enterprise, advertise or undertake other marketing or promotional activities. There are not separately identifiable costs paid by MSAL for such activities.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

**MER12QW:** Over the last five financial years:

- What is the total budget for all costs associated with the fund?
- What were the total assets under management?
- What are the total number of employees?
- What are the total number of contractors?
- What are the total number of externally hired contractors, and their value?

**Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

- The fees and expenses for the fund for the last five financial years are as following:

Financial Year end	Total Fees & Expenses <sup>1</sup> ('000)
30 June 2015	\$120,222
30 June 2016	\$104,598
30 June 2017	\$94,349
30 June 2018	\$85,145
30 June 2019	\$79,809

<sup>1</sup>Represents total expenses paid by MSAL per the audited Financial Statements for each year

- The total assets under management for the last five financial years is as follows:

Financial Year end	Total Assets under management ('000)
30 June 2015	\$19,654,249
30 June 2016	\$19,825,399
30 June 2017	\$22,320,895
30 June 2018	\$24,014,416
30 June 2019	\$25,047,417

In regard to parts c., d., and e., as MSAL operates a fully outsourced model and has no employees, questions related to employees or contractors are not applicable.



## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

**MER13QW:** Over the last five financial years:

- a. What is the total number of member accounts?
- b. What is the total increase in the number of members as a result of the fund's default status?
- c. What is the total increase in the number of members through voluntary adoption or switching?
- d. What was the average member balance?
- e. What was the average dollar amount deducted in insurance fees per member, across all fund products in dollar terms and as a share of a member account?
- f. What was the total number of inactive accounts? (Please use the APRA definition: no contributions for two years)

**Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

- a. Total number of member accounts over the last five financial years

Financial year ended	Total number of member accounts
30 June 2015	217,037
30 June 2016	207,801
30 June 2017	223,500
30 June 2018	247,806
30 June 2019	249,056

- b. Total increase in the number of members as a result of the fund's default status  
Not applicable as the Mercer Super Trust is not a default fund.
- c. Total increase in the number of members through voluntary adoption or switching  
This information is not tracked.

d. Average member balance:

<b>Financial year ended</b>	<b>Average Member Balance ('000)</b>
30 June 2015	\$88
30 June 2016	\$94
30 June 2017	\$98
30 June 2018	\$95
30 June 2019	\$99

e. Average dollar amount deducted in insurance fees per member across all fund products in dollar terms and as a share of a member account

<b>Financial year ended</b>	<b>Average dollar insurance fees deducted per member</b>	<b>Average dollar amount insurance fees as a share per member account</b>
30 June 2015	\$331.53	0.37%
30 June 2016	\$369.19	0.39%
30 June 2017	\$382.05	0.39%
30 June 2018	\$709.66	0.73%
30 June 2019	\$815.64	0.81%

f. Total number of inactive accounts (using the APRA definition)

<b>Financial year ended</b>	<b>Number of inactive accounts</b>
30 June 2015	51,470
30 June 2016	61,113
30 June 2017	41,906
30 June 2018	41,152
30 June 2019	60,267

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

**MER14QW:** Please provide the one, five, and ten year net return after fees, costs, and taxes for the primary default MySuper balanced product.

**Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

The MySuper default investment option for the Mercer Super Trust is Mercer SmartPath<sup>®</sup>, a diversified life cycle (glide path) investment option. Mercer SmartPath comprises a series of underlying investment funds in five-year cohorts. In terms of asset allocation, the glide path for Mercer SmartPath changes incrementally from growth to defensive for each cohort.

The investment returns to 31 December 2019 for the Mercer SmartPath cohort with the largest amount assets under management (for members born 1969 to 1973) are as follows:

<b>MySuper Default</b>	<b>1 year return%</b>	<b>5 year return% per annum</b>	<b>10 year return% per annum</b>
Mercer SmartPath Born 1969 to 1973	18.4*	8.4*	N/A

N/A indicates that the investment option was not operating for the full period.

\*Returns allow for deduction of tax (where applicable) and investment fees including indirect costs (but not administration or other fees).

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS  
SUPERANNUATION SECTOR

Mercer Australia

MER15QW:

Over the last five financial years:

- a. What was the average dollar amount deducted for administration and asset management fees per member, across all fund products? (please do not include insurance fees)
- b. What was the cost (%) of fund administration expenses as a proportion of funds under management?
- c. What was the total cost of in-house administration expenses?
- d. What was the cost of in-house administration expenses as a proportion of funds under management?
- e. What was the total cost of any external administration expenses?
- f. What was the cost of any external administration expenses as a proportion of funds under management?
- g. What was the total cost of any external administration expenses to Related Parties?
- h. What was the cost of any external administration expenses to Related Parties as a proportion of funds under management?
- i. How many staff are employed in roles considered part of the administrative cost

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

- a. Average dollar amount deducted for administration and asset management fees per member

Financial year ended	Average dollar amount deducted for expenses and fees per member <sup>1</sup>
30 June 2015	\$553.92
30 June 2016	\$503.36
30 June 2017	\$422.14
30 June 2018	\$343.60
30 June 2019	\$320.45

<sup>1</sup> Based on expenses and fees reported in audited annual fund accounts

- b. Cost (%) of fund administration fees as a proportion of funds under management

Financial year ended	Cost (%) of fund expenses and fees as a proportion of funds under management
30 June 2015	0.61%
30 June 2016	0.53%
30 June 2017	0.42%
30 June 2018	0.35%
30 June 2019	0.32%

- c. Total cost of in house administration expenses  
Not applicable, administration is not in-house.
- d. Cost of in house administration expenses as a proportion of funds under management  
Not applicable, administration is not in house.
- e. Total cost of any external administration expenses

Financial year ended	Total cost of external administration expenses (000s)
30 June 2015	\$113,897
30 June 2016	\$95,940
30 June 2017	\$84,921
30 June 2018	\$75,011
30 June 2019	\$69,238

- f. Cost of any external administration expenses as a proportion of funds under management

Financial year ended	Cost of external administration expenses as a proportion of funds under management
30 June 2015	0.58%
30 June 2016	0.49%
30 June 2017	0.38%
30 June 2018	0.31%
30 June 2019	0.28%

- g. Total Cost of external administration expenses to Related Parties

See e. above.

- h. Cost of any external administration expenses to Related Parties as a proportion of funds under management

See f. above.

i. How many staff are employed in roles considered part of the administrative cost

None, Mercer Superannuation (Australia) Limited does not employ any employees

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS  
SUPERANNUATION SECTOR**

**Mercer Australia**

**MER16QW:** What is the total number of statutory fines over the past five years?

**Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

Over the past five years MSAL has not incurred any statutory fines.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

**MER17QW:** Over the last five financial years:

- a. The number of rollover requests that the fund did not pay out to another fund for each year?
- b. The average dollar value of a rollover for each year?
- c. The value of any clawback accounts and/or funds held that is used to hold funds between financial years?

**Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

- a. Number of rollover requests that the fund did not pay out to another fund for each year

MSAL has outsourced its administration function to Mercer Outsourcing (Australia) Limited (**MOAPL**). The administration agreement between MSAL and MOAPL includes requirements to ensure compliance with relevant legislation and superannuation data and payment regulations and standards. Rollover requests that meet these requirements and standards are processed. MSAL does not keep a record of rollover requests that did not meet these regulatory requirements and standards and which, therefore, were not paid out to another fund.

- b. Average dollar value of a rollover for each year

Financial year ended	Average dollar value of a rollover (\$ '000s)
30 June 2015	\$65
30 June 2016	\$65
30 June 2017	\$63
30 June 2018	\$68
30 June 2019	\$50



- c. Value of any clawback accounts and/or funds held that is used to hold funds between financial years. Note the amounts shown represent liabilities and accrued expenses that were unpaid at the reporting date.

<b>Financial year ended</b>	<b>Value (\$ '000)</b>
30 June 2015	\$24,163
30 June 2016	\$14,524
30 June 2017	\$22,419
30 June 2018	\$19,201
30 June 2019	\$21,833

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### MER18QW:

- a. Does the fund maintain a reserve at least partially funded through insurance premiums, rebates from an insurance company (such as profit share arrangements) or tax benefits that have arisen from insurance?
- b. The total value of that reserve?
- c. The total value of tax rebates received from the ATO on insurance premiums?

#### Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

- a. The Mercer Super Trust does not maintain a reserve at least partially funded through insurance premiums, rebates from an insurance company (such as profit share arrangements) or tax benefits that have arisen from insurance.
- b. Not applicable
- c. The total value of tax rebates received from the ATO on insurance premiums is as follows:

Financial year end	Total Value of Tax rebates received on insurance premiums (\$'000s)
30 June 2019	30,647
30 June 2018	26,164
30 June 2017	12,347
30 June 2016	10,530
30 June 2015	10,724

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

**MER19QW:** The number of trusts or investment vehicles the fund controls in each of the low tax regions, including Andorra, the Bahamas, Belize, Bermuda, the British Virgin Islands, the Cayman Islands, the Channel Islands, the Cook Islands, Hong Kong, the Isle of Man, Mauritius, Lichtenstein, Luxembourg, Monaco, Panama, St Kitts and Nevis?

#### Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

MSAL does not control any trusts or investment vehicles.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### MER20QW:

- a. The number of accounts that have been transferred to the ATO as a result of 'Protecting your Super' legislation?
- b. The value of the money that will be paid to the ATO as a result of the 'Protecting your Super' legislation?
- c. The number of accounts that has been transferred into an eligible rollover fund in the 2019 financial year?
- d. The value of the money that has been transferred into an eligible rollover fund in the 2019 financial year?

#### Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

a. Number of accounts that have been transferred to the ATO as a result of 'Protecting your Super' legislation	2,767
b. Value of the money that will be paid to the ATO as a result of the 'Protecting your Super' legislation ('000)	\$6,003
c. Number of accounts that has been transferred into an eligible rollover fund in the 2019 financial year	8,352
d. Value of the money that has been transferred into an eligible rollover fund in the 2019 financial year ('000)	\$739

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS  
SUPERANNUATION SECTOR**

**Mercer Australia**

**MER21QW:** Have you ever made a donation and/or subscription fee to the ACTU Member Connect and/or ACTU Superannuation Partnerships program, and if so, to what value over the past five years?

**Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee.

MSAL has not made a donation and/or subscription fee to the ACTU Member Connect and/or ACTU Superannuation Partnerships program.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

**MER22QW:** Does the fund pay any external consultants for any advocacy and communication services, and if so can you please name them and the costs incurred over the past five years?

**Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL does not conduct advocacy and communication, and hence does not pay any external consultants for such services.

Advocacy and communication is conducted by MSAL's parent company Mercer (Australia) Pty Ltd (MAPL) on a group wide basis and funded out of its assets.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER23QW:**

- a. How many staff are employed for the purpose of policy research or analysis?
- b. How much was spent on engaging external policy and data analysis consultants?
- c. How much was spent on membership of industry advocacy organisations that provide policy and data analysis service to member funds?

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

As MSAL operates a fully outsourced model and has no employees, questions related to employees or contractors are not applicable. MSAL did not engage external policy consultants, and there are no separately identifiable costs paid by MSAL for such activities.

Some employees in the consulting business of MSAL's parent company, Mercer (Australia) Pty Ltd (**MAPL**) engage in policy research and analysis as part of their ordinary consulting activities. Memberships of industry associations are also held by MAPL as part of its broader business.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

**MER24QW:** In the context of building investments:

- a. Have you completed assessments of the prevalence of flammable cladding across some properties?
- b. Have you completed assessments of the prevalence of flammable cladding across all properties?
- c. Have you taken any remediation to reduce your exposure to risk to identify flammable cladding, and if so, what?
- d. Have you taken any remediation to reduce your exposure to risk to remove flammable cladding, and if so, what?
- e. Do you hold any properties where insurance has been refused or are uninsured due to defective building construction such as cladding?

**Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

The vast majority of assets are invested in the Mercer Multi-Manager Funds (MMFs) and the Mercer Investment Funds (MIFs) which are distributing unit trusts operated and managed by Mercer Investments (Australia) Limited (MIAL). MIAL is the responsible entity of the MMFs and the MIFs and chooses the underlying investment managers to manage the assets of the MMFs and MIFs either directly or via external investment vehicles.

The remainder of the MST assets are invested in external investment manager products or directly held via segregated mandates.

Accordingly MSAL does not own or have control over any building investments.



## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER25QW:**

- a. What external parties manage your investments, if any?
- b. What are the fee structures per member from external management?

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

- a. The following external parties manage and/or provide investment consulting services in relation to the investments of the Mercer Super Trust:

The primary investment consultant is Mercer Investments (Australia) Limited.

The following investment consultants/managers provide services in respect of certain employer plans or one retail plan offering:

JANA Investment Advisers Pty Ltd  
Ford Pension Asset Management  
Newcastle Permanent Building Society

- b. Investment fees are calculated and deducted daily when the unit prices for each investment option in the Mercer Super Trust are determined.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

##### **MER26QW:** Governance:

- a. How many trustee board members did the fund have?
- b. What was the total salary of all trustee board members?
- c. What was the average salary of all trustee board members?
- d. Are there any performance-based assessments that determine trustee board remuneration, and if so what are they?
- e. What was the salary of the trustee board chair?
- f. What was the average length of service of all trustee board members?
- g. What is the length of service of the longest serving trustee board member?
- h. Are trustee board members asked whether they have conflicts of interest at each meeting, and if not, why not?
- i. What is the conflict of interest policy for trustee board members?
- j. Does your fund have a policy on gender diversity and/or balance for listed companies?
- k. Does your board have gender balance?

##### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

- a. The MSAL Board has six Directors.
- b. Non-Executive Directors receive remuneration for their work, which is paid by the MSAL's parent Mercer (Australia) Pty Ltd (**MAPL**). Executive Directors do not receive any remuneration in relation to their directorship. MSAL's Executive Director is employed by MAPL and is made available to MSAL under a group resource-sharing arrangement. For the financial year ended 31 December 2019 the total salary for all Directors was \$573,000.
- c. For the financial year ended 31 December 2019 the average salary for all Non-Executive Directors was \$115,000 (as Executive Directors do not receive remuneration in relation to their directorship, this is the average salary paid to all non-Executive Directors).
- d. There are no performance-based assessments that determine trustee board remuneration.
- e. For the financial year ended 31 December 2019 the salary for the Board Chair was \$140,000.
- f. The average length of service of all trustee board members is five years.
- g. The length of service of the longest serving trustee board member is 9 years.

h. Trustee board members declare their conflicts at joining and on an ongoing basis as they arise. The conflicts register is tabled at each board meeting and directors are asked whether they have additional conflicts of interest at each meeting.

i. A summary of the conflict of interest policy for Directors is provided as attachment MER26.1QW.

j. MSAL has adopted Mercer Australia's Diversity and Inclusion Policy, which is a group-wide policy that has been approved by all of Mercer Australia's Boards including MSAL. Central to this policy is the belief that diversity in all its forms is critical for an energised, capable and effective Board, which focuses on new and independent thinking.

Mercer Australia has committed to achieving greater gender diversity for its Boards, with a target to achieve equal gender representation. While Mercer Australia has this target, all appointments are merit-based, seek to complement the skills, experience and attributes of current Board members and ensure alignment with the values and strategic focus of Mercer Australia.

k. At the date of preparation of these responses, three of MSAL's six Directors are women, which achieves MSAL's objective of equality in gender representation.

# CONFLICTS OF INTEREST STATEMENT

Mercer (Australia) Pty Ltd ABN 32 005 315 917 (Mercer Australia) and its subsidiaries including Mercer Superannuation (Australia) Limited (MSAL) promote a culture that encourages Mercer colleagues to exercise proper judgement and to act honestly and professionally when providing financial and other services. All Mercer colleagues are instructed to be continually alert to conflicts. Where conflicts arise all colleagues are required to pay due regard to the interests of clients and to disclose and avoid conflicts where possible, managing all other conflicts fairly, honestly and transparently. In relation to RSE licensees, where conflicts exist, priority is given to the duties and the interests of beneficiaries.

Mercer's Conflicts Management Framework ("the Framework") is designed to enable MSAL as a RSE Licensee and its responsible persons to appropriately manage relevant conflicts of interest and duties that may arise. The framework outlines the systems, structures, processes and controls for the identification, assessment, disclosure, mitigation and management of all potential and actual conflicts. Adherence to the Framework is compulsory and is monitored by the Risk & Compliance function.

To ensure Mercer acts in compliance with obligations relating to transparency, MSAL as a superannuation trustee is also required to record all relevant conflicts of duty and interest in the relevant register. Such conflicts have the potential to influence the decision making of individuals or the Trustee itself and inhibit or prevent the individual or the trustee Board fulfilling its duty to act in the best interest of the members.

A **'relevant duty'** refers to any duty owed by the RSE Licensee, or a responsible person of the RSE Licensee, to beneficiaries or to any other person that the RSE Licensee has determined to be relevant in accordance with the legislative requirements.

A **'relevant interest'** of an RSE Licensee, an associate of the RSE Licensee or a responsible person of a RSE Licensee, refers to any interest, gift, emolument or benefit, whether pecuniary, or non-pecuniary, directly or indirectly held by the RSE Licensee, the associate or the responsible person that the RSE Licensee has determined to be relevant in accordance with the legislative requirements.

All MSAL Responsible Persons are required to disclose any potential or actual conflicts of interests or duties on appointment and on an on-going basis. Any disclosures made are then assessed by the Conflicts Officer and appropriate conflict management measures are put in place. Measures to manage conflicts include disclosure, control or avoidance of the relevant conflict.

END.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

**MER27QW:** In the context of the ACCC's legal action and question for competition in monopoly infrastructure entities:

- a. What are the implications for infrastructure investment returns if the ACCC is successful in its legal action?
- b. Have you analysed your infrastructure investment portfolio to examine the risk of ACCC action to reduce anti-competitive monopoly of oligopoly pricing?
- c. If so, can you provide details of the likely impact, and what is the project impact on revenue and income?

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

The vast majority of assets are invested in the Mercer Multi-Manager Funds (MMFs) and the Mercer Investment Funds (**MIFs**) which are distributing unit trusts operated and managed by Mercer Investments (Australia) Limited (**MIAL**). MIAL is the responsible entity of the MMFs and the MIFs and chooses the underlying investment managers to manage the assets of the MMFs and MIFs either directly or via external investment vehicles.

The remainder of the MST assets are invested in external investment manager products or directly held via segregated mandates.

At this stage MSAL is of the view that this is a matter for the managers of the underlying investment funds/ products.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER28QW:**

In dollar terms, for each of your superannuation products, can you please provide annual data for the past five financial years on average, for a member with a balance of \$6,000, \$50,000 and \$150,000?

- a. Investment fees
- b. Administration fees
- c. Indirect costs
- d. Any other cost to a member which is incurred or foregone by way of a lesser return pre-unit price (but not included in the indirect cost ratio) including any other costs, charges, fees, direct or indirect benefits including any benefit by way of rebate, set-off, commission, in-kind, tax credit/offset retained, interest (or interest rebate) retained by any party involved in the management, custody, review, compliance, administration, servicing, asset consulting, valuation, operation and maintenance, financing, auditing, brokerage, execution, settlement, or otherwise of the assets in the fund, or their underlying assets.
- e. An aggregate total of all fees mentioned above.

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

Over the period in question the Mercer Super Trust consisted of four divisions, being:

- Corporate Superannuation Division (**CSD**) – which consists of employer sponsored plans, i.e. plans with bespoke arrangements applicable to that employer and plan. In addition, within the CSD, there is the Mercer SmartSuper Plan (**SmartSuper**) which provides superannuation schemes for smaller employers. SmartSuper also includes an Individual Section. Members join the Individual Section where they have been members of an employer-sponsored plan, leave their employer and do not elect to roll over their superannuation to another fund.
- Allocated Pension Division (**APD**) – which provides retirement income (in the form of account-based pensions) for members who are in retirement or transitioning to retirement.
- Mercer Retail Division (**MRD**) – currently has four arrangements that are open to individual retail investors (and for one arrangement, small to medium employers), and an insurance only arrangement.

- Personal Superannuation Division (**PSD**) - was wound-up effective 31 December 2019 and all members were transferred to the Individual Section. Prior to this the PSD closed to new members from 1 January 2014 – before that date members joined the PSD where they had been members of an employer-sponsored plan and left their employer prior to 31 December 2013 and had not elected to roll over their superannuation to another fund.

As the investment menu for Mercer Super Trust consists of more than 30 separate investment options and different fees apply in each division, the information provided in attachment MER28.1QW is based on the investment option in the CSD and the MRD with the highest assets under management, and the headline fees for each division. Lower fees may apply to individual employer plans in the CSD.

**MER28.1QW**

**Corporate Superannuation Division**

**Individual Section- Mercer SmartPath Born 1989 - 1993**

Fee Type	Balance of \$6,000				
	30/6/2015	30/6/2016	30/6/2017	30/6/2018	30/6/2019
a. Investment Fee	\$28.20	\$28.20	\$28.20	\$28.20	\$28.20
b. Administration Fee	\$113.88	\$116.28	\$118.02	\$119.64	\$121.56
c. Indirect Costs	\$7.80	\$11.40	\$24.60	\$28.80	\$21.00
d. Total	\$149.88	\$155.88	\$170.82	\$176.64	\$170.76

Fee Type	Balance of \$50,000				
	30/6/2015	30/6/2016	30/6/2017	30/6/2018	30/6/2019
a. Investment Fee	\$235.00	\$235.00	\$235.00	\$235.00	\$235.00
b. Administration Fee	\$370.40	\$377.64	\$379.38	\$381.00	\$382.92
c. Indirect Costs	\$65.00	\$95.00	\$205.00	\$240.00	\$175.00
d. Total	\$670.40	\$707.64	\$819.38	\$856.00	\$792.92

Fee Type	Balance of \$150,000				
	30/6/2015	30/6/2016	30/6/2017	30/6/2018	30/6/2019
a. Investment Fee	\$705.00	\$705.00	\$705.00	\$705.00	\$705.00
b. Administration Fee	\$953.40	\$971.64	\$973.38	\$975.00	\$976.92
c. Indirect Costs	\$195.00	\$285.00	\$615.00	\$720.00	\$525.00
d. Total	\$1,853.40	\$1,961.64	\$2,293.38	\$2,400.00	\$2,206.92



**Mercer Retail Division**

**Virgin Money Super\* – LifeStage Tracker**

Fee Type	Balance of \$6,000				
	30/6/2015	30/6/2016	30/6/2017	30/6/2018	30/6/2019
a. Investment Fee	N/A	N/A	\$6.96	\$6.96	\$6.96
b. Administration Fee	N/A	N/A	\$81.64	\$81.64	\$81.64
c. Indirect Costs	N/A	N/A	\$4.20	\$5.40	\$5.40
d. Total	N/A	N/A	\$92.80	\$94.00	\$94.00

Fee Type	Balance of \$50,000				
	30/6/2015	30/6/2016	30/6/2017	30/6/2018	30/6/2019
a. Investment Fee	N/A	N/A	\$58.00	\$58.00	\$58.00
b. Administration Fee	N/A	N/A	\$255.00	\$255.00	\$255.00
c. Indirect Costs	N/A	N/A	\$35.00	\$45.00	\$45.00
d. Total	N/A	N/A	\$348.00	\$358.00	\$358.00

Fee Type	Balance of \$150,000				
	30/6/2015	30/6/2016	30/6/2017	30/6/2018	30/6/2019
a. Investment Fee	N/A	N/A	\$174.00	\$174.00	\$174.00
b. Administration Fee	N/A	N/A	\$649.00	\$649.00	\$649.00
c. Indirect Costs	N/A	N/A	\$105.00	\$135.00	\$135.00
d. Total	N/A	N/A	\$928.00	\$958.00	\$958.00

\*Commenced 1 December 2016

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER29QW:**

As a percentage of the value of the member account, for each of your superannuation products, can you please provide annual data for the past five financial years on average, for a member with a balance of \$6,000, \$50,000 and \$150,000?

- a. Investment fees
- b. Administration fees
- c. Indirect costs
- d. Any other cost to a member which is incurred or foregone by way of a lesser return pre-unit price (but not included in the indirect cost ratio) including any other costs, charges, fees, direct or indirect benefits including any benefit by way of rebate, set-off, commission, in-kind, tax credit/offset retained, interest (or interest rebate) retained by any party involved in the management, custody, review, compliance, administration, servicing, asset consulting, valuation, operation and maintenance, financing, auditing, brokerage, execution, settlement, or otherwise of the assets in the fund, or their underlying assets.
- e. An aggregate total of all fees mentioned above.

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

Over the period in question the Mercer Super Trust consisted of four divisions, being:

- Corporate Superannuation Division (**CSD**) – which consists of employer sponsored plans, i.e. plans with bespoke arrangements applicable to that employer and plan. In addition, within the CSD, there is the Mercer SmartSuper Plan (**SmartSuper**) which provides superannuation schemes for smaller employers. SmartSuper also includes an Individual Section. Members join the Individual Section where they have been members of an employer-sponsored plan, leave their employer and do not elect to roll over their superannuation to another fund.
- Allocated Pension Division (**APD**) – which provides retirement income (in the form of account-based pensions) for members who are in retirement or transitioning to retirement.
- Mercer Retail Division (**MRD**) – currently has four arrangements that are open to individual retail investors (and for one arrangement, small to medium employers), and an insurance only arrangement.

- Personal Superannuation Division (**PSD**) - was wound-up effective 31 December 2019 and all members were transferred to the Individual Section. Prior to this the PSD closed to new members from 1 January 2014 – before that date members joined the PSD where they had been members of an employer-sponsored plan and left their employer prior to 31 December 2013 and had not elected to roll over their superannuation to another fund.

As the investment menu for Mercer Super Trust consists of more than 30 separate investment options and different fees apply in each division, the information provided in attachment MER29.1QW is based on the investment option in the CSD and the MRD with the highest assets under management, and the headline fees for each division. Lower fees may apply to individual employer plans in the CSD.

**MER29.1QW**

**Corporate Superannuation Division**

**Individual Section- Mercer SmartPath Born 1989 - 1993**

Fee Type	Balance of \$6,000				
	30/6/2015	30/6/2016	30/6/2017	30/6/2018	30/6/2019
a. Investment Fee	0.47%	0.47%	0.47%	0.47%	0.47%
b. Administration Fee	1.90%	1.94%	1.97%	1.99%	2.03%
c. Indirect Costs	0.13%	0.19%	0.41%	0.48%	0.35%
d. Total	2.50%	2.60%	2.85%	2.94%	2.85%

Fee Type	Balance of \$50,000				
	30/6/2015	30/6/2016	30/6/2017	30/6/2018	30/6/2019
a. Investment Fee	0.47%	0.47%	0.47%	0.47%	0.47%
b. Administration Fee	0.74%	0.76%	0.76%	0.76%	0.77%
c. Indirect Costs	0.13%	0.19%	0.41%	0.48%	0.35%
d. Total	1.34%	1.42%	1.64%	1.71%	1.59%

Fee Type	Balance of \$150,000				
	30/6/2015	30/6/2016	30/6/2017	30/6/2018	30/6/2019
a. Investment Fee	0.47%	0.47%	0.47%	0.47%	0.47%
b. Administration Fee	0.64%	0.65%	0.65%	0.65%	0.65%
c. Indirect Costs	0.13%	0.19%	0.41%	0.48%	0.35%
d. Total	1.24%	1.31%	1.53%	1.60%	1.47%

**Mercer Retail Division**

**Virgin Money Super\* – LifeStage Tracker**

Fee Type	Balance of \$6,000				
	30/6/2015	30/6/2016	30/6/2017	30/6/2018	30/6/2019
a. Investment Fee	N/A	N/A	0.12%	0.12%	0.12%
b. Administration Fee	N/A	N/A	1.36%	1.36%	1.36%
c. Indirect Costs	N/A	N/A	0.07%	0.09%	0.09%
d. Total	N/A	N/A	1.55%	1.57%	1.57%

Fee Type	Balance of \$50,000				
	30/6/2015	30/6/2016	30/6/2017	30/6/2018	30/6/2019
a. Investment Fee	N/A	N/A	0.12%	0.12%	0.12%
b. Administration Fee	N/A	N/A	0.51%	0.51%	0.51%
c. Indirect Costs	N/A	N/A	0.07%	0.09%	0.09%
d. Total	N/A	N/A	0.70%	0.72%	0.72%

Fee Type	Balance of \$150,000				
	30/6/2015	30/6/2016	30/6/2017	30/6/2018	30/6/2019
a. Investment Fee	N/A	N/A	0.12%	0.12%	0.12%
b. Administration Fee	N/A	N/A	0.43%	0.43%	0.43%
c. Indirect Costs	N/A	N/A	0.07%	0.09%	0.09%
d. Total	N/A	N/A	0.62%	0.64%	0.64%

\*Commenced 1 December 2016

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS  
SUPERANNUATION SECTOR**

**Mercer Australia**

**MER30QW:**

To the extent that any of the fees and costs listed in the previous two questions are paid to a related entity or associate of the trustee, or any of their respective related entities or associates, please set out the function performed or service provided by that person, and the amount (total quantum) paid to that entity or person at a whole-of-fund level.

**Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

Related Party	Function performed/service provided	Amount paid ('000)				
		30/6/2015	30/6/2016	30/6/2017	30/6/2018	30/6/2019
Mercer Outsourcing (Australia) Pty Ltd	Administration Services	\$102,285	\$108,961	\$104,375	\$104,142	\$104,194
Mercer Investments (Australia) Limited	Implemented Consulting	\$76,181	\$77,773	\$86,223	\$92,831	\$95,099
Mercer Financial Advice (Australia) Pty Ltd	Intra fund advice to Mercer Super Trust members	\$800	\$800	\$800	\$800	\$1,271

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER31QW:**

For the past five years:

- a. What was the total cost of all advertising and/or marketing?
- b. What was the total cost of all advertising and/or marketing per member?
- c. What was the total cost of all advertising per new (FY19) member?
- d. What was the total cost of all television advertising and/or marketing?
- e. What was the total cost of all radio advertising and/or marketing?
- f. What was the total cost of all print advertising and/or marketing?
- g. What was the total cost of all online advertising and/or marketing?
- h. How many in-house staff are employed in advertising and marketing roles?
- i. How much was spent on engaging external advertising and marketing consultants?
- j. Do you advertise and/or directly financial contribute to the New Daily?

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

MSAL operates a fully outsourced model and does not have any employees. It does not undertake any advertising or marketing activities. Some of MSAL's internal service providers may, as part of their broader business development and marketing services being provided for the broader enterprise, advertise or undertake other marketing or promotional activities. There are not separately identifiable costs paid by MSAL for such activities. There are no separately identifiable costs paid by MSAL for such activities.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER32QW:**

How much money have you spent on advertising on the following platforms in the past decade:

- a. Google?
- b. Facebook?
- c. Twitter?
- d. Instagram?
- e. A non-Google search engine?
- f. Any social media platform that is not mentioned in (b) – (d)?

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

MSAL operates a fully outsourced model and does not conduct any advertising campaigns. Some of MSAL's internal service providers may, as part of their broader business development and marketing services being provided for the broader enterprise, advertise or undertake other marketing or promotional activities, advertise on social media platforms. There are no separately identifiable costs paid by MSAL for such activities.



## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER33QW:**

Can you provide details if you have purchased the following over the past decade:

- a. Google advertisements
- b. Google search terms.

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

MSAL operates a fully outsourced model and does not conduct any advertising campaigns. Some of MSAL's internal service providers may, as part of their broader business development and marketing services being provided for the broader enterprise, advertise or undertake other marketing or promotional activities, advertise on internet media or search channels. There are no separately identifiable costs paid by MSAL for such activities.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER34QW:**

- a. Do you use Google Ad Words, or any Google provided or supported service to advertise any of your funds or your brand in any way whatsoever?
- b. Please list what terms you have used in Google Ad Words in the last five years to generate an impression on particular search queries.

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

MSAL operates a fully outsourced model and does not conduct any advertising campaigns. Some of MSAL's internal service providers may, as part of their broader business development and marketing services being provided for the broader enterprise, advertise or undertake other marketing or promotional activities, advertise on internet media or search channels. There are no separately identifiable costs paid by MSAL for such activities.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER35QW:**

What percentage of the return on investment from your unlisted assets can be attributed to revaluations due to falling interest rates, and capital asset pricing model market yields used as the discount rate in discounted cash flow based valuations?

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

MSAL as trustee of the Mercer Super Trust (MST), via Mercer Investments Australia Limited (**MIAL**), its primary investment management service provider, achieves its exposure to these unlisted asset classes primarily through investment in external comingled investment vehicles managed by third party specialist fund management companies. These vehicles are typically structured as unit trusts or other comingled arrangements whereby the interests of many institutional investors are pooled.

Unlisted investment returns are comprised of income and capital growth. Over a cycle, income returns are commonly one to two thirds of an asset's total return. Declines in risk free interest rates have been one factor contributing materially positively to the performance of the capital growth in Mercer's unlisted asset portfolios in recent years.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER36QW:**

How will the overall fund performance be affected if:

- a. The income return of unlisted assets declines?
- b. The fund can no longer purchase unlisted assets onshore?
- c. The fund can no longer purchase unlisted assets offshore?

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

MSAL as trustee of the Mercer Super Trust, via Mercer Investments Australia Limited (**MIAL**), its primary investment management service provider, achieves its exposure to these unlisted asset classes primarily through investment in external comingled investment vehicles managed by third party specialist fund management companies. These vehicles are typically structured as unit trusts or other comingled arrangements whereby the interests of many institutional investors are pooled.

Overall investment performance may be negatively affected if a loss of current income cannot be offset by higher future income or capital gain. Overall investment performance may also be negatively affected if accretive opportunities in either onshore or offshore unlisted assets are no longer available for purchase.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER37QW:**

How have you structured the fund to address the writing back of the increased investment capitalised future returns?

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

In general terms, MSAL recognises that changes in laws and regulations may have an impact on infrastructure investment returns. The Mercer Super Trust exposure to infrastructure is highly diversified both geographically and sectorally, with a specific intention to mitigate the portfolio effects of potentially adverse legal or regulatory changes in any single jurisdiction. Investments located in Australia represent less than 20% of the overall infrastructure investment portfolio, based on valuations advised by external investment managers.

## **HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

### **REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR**

#### **Mercer Australia**

#### **MER38QW:**

What are the projected changes in income in light of the writing back of the increased investment capitalised future returns?

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

MSAL has not yet formulated any estimates of the investment implications of writing back of the increased investment capitalised future returns.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER39QW:**

Valuation methodologies:

- a. Have you compared your valuation methodologies and assumptions for unlisted assets with other superannuation funds, and if so, what are the differences?
- b. Are you confident that your valuation methodologies and assumptions for unlisted assets reflect their value to the fund, and how often are they reviewed?
- c. How do you compare your valuations to listed investments, including, but not limited to, whether there is a cross check to stock prices for similar assets?
- d. Have you ever calculated whether there would be a difference between valuations if unlisted assets were listed?

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

MSAL as trustee of the Mercer Super Trust, via Mercer Investments Australia Limited (**MIAL**), its primary investment management service provider, achieves its exposure to these unlisted asset classes primarily through investment in external comingled investment vehicles managed by third party specialist fund management companies. These vehicles are typically structured as unit trusts or other comingled arrangements whereby the interests of many institutional investors are pooled.

Valuations of assets within these vehicles is the responsibility of these third party Responsible Entities (**REs**) using established valuation methodologies. The methodologies may include reference to valuations of comparable listed and unlisted assets, and are updated regularly to ensure they remain appropriate.

MIAL periodically reviews the valuation approaches used by these external REs. MIAL regularly interacts with counterparts for other superannuation funds and understand that they use the same approach.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER40QW:**

What is the current annual average return for your unlisted assets?

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

MSAL as trustee of the Mercer Super Trust, via Mercer Investments Australia Limited (**MIAL**), its primary investment management service provider, achieves its exposure to these unlisted asset classes primarily through investment in external comingled investment vehicles managed by third party specialist fund management companies. These vehicles are typically structured as unit trusts or other comingled arrangements whereby the interests of many institutional investors are pooled.

Reported investment performance of Mercer multi-manager funds wholly invested in unlisted assets to 31 December 2019:

- *Unlisted Infrastructure*  
1, 3, and 5 year post-fees returns per annum are respectively: 10.5%, 9.8% and 12.4%.
- *Direct Property*  
1, 3 and 5 year post-fees returns per annum are respectively: 7.8%, 10.0% and 10.7%.



## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER41QW:**

Given the size of your large joint investments, why are they not listed for liquidity, valuation and public disclosure purposes?

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

MSAL as trustee of the Mercer Super Trust, via Mercer Investments Australia Limited (**MIAL**), its primary investment management service provider, achieves its exposure to unlisted asset classes primarily through investment in external comingled investment vehicles managed by third party specialist fund management companies. These vehicles are typically structured as unit trusts or other comingled arrangements whereby the interests of many institutional investors are pooled. Accordingly this question is not applicable.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER42QW:**

- a. How many unlisted assets do you hold in the fund?
- b. What value share are unlisted assets of the fund's:
  - i. total value?
  - ii. total property value?

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

MSAL as trustee of the Mercer Super Trust, via Mercer Investments Australia Limited (**MIAL**), its appointed investment management service provider, achieves its exposure to these unlisted asset classes primarily through investment in external comingled investment vehicles managed by third party specialist fund management companies. These vehicles are typically structured as unit trusts or other comingled arrangements whereby the interests of many institutional investors are pooled.

Currently, the Mercer Super Trust has investments in over 20 separate external co-mingled investment vehicles and partnerships, mainly in unlisted infrastructure and direct property. These commitments provide exposure to a substantially higher number of individual assets. Unlisted infrastructure and direct property investments are valued at \$1.5 billion (Infrastructure) and \$2.0 billion (property) as at 31 December 2019.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER43QW:**

Discount rates:

- a) For unlisted assets, do you use a consistent discount rate for income across all unlisted assets, or an asset-specific discount rate?
- b) What is the discount rate you apply to the income from unlisted assets, and has it changed over the past decade, and if so, when and why?

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

MSAL as trustee of the Mercer Super Trust, via Mercer Investments Australia Limited (**MIAL**), its primary investment management service provider, achieves its exposure to these unlisted asset classes primarily through investment in external comingled investment vehicles managed by third party specialist fund management companies. These vehicles are typically structured as unit trusts or other comingled arrangements whereby the interests of many institutional investors are pooled.

Individual assets within these third party vehicles are typically valued by appointed third-party investment managers using a discounted cash flow approach. Discount rate inputs (other than risk free rate components) are dependent on factors specific to each asset and are reviewed by managers in the course of preparing valuation updates. Discount rates generally reflect recent transactional evidence.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER44QW:**

Of the unlisted assets, how many have outperformed the average return on investments in superannuation over the past five years?

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

MSAL as trustee of the Mercer Super Trust, via Mercer Investments Australia Limited (**MIAL**), its primary investment management service provider, achieves its exposure to these unlisted asset classes primarily through investment in external comingled investment vehicles managed by third party specialist fund management companies. These vehicles are typically structured as unit trusts or other comingled arrangements whereby the interests of many institutional investors are pooled.

The Mercer Super Trust's exposure to unlisted asset investments are primarily in unlisted infrastructure and direct property. Both of these portfolios have made substantial positive contributions to the long term performance (as measured to 31 December 2019) of the Mercer Super Trust MySuper default strategies and the range of the growth-oriented diversified choice options.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

##### **MER45QW:**

Have you completed any analysis about your capacity to continue to provide returns to fund members at the current, or past rate, into the future based on the valuations of your unlisted assets?

##### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

MSAL as trustee of the Mercer Super Trust, via Mercer Investments Australia Limited (**MIAL**), its primary investment management service provider, achieves its exposure to these unlisted asset classes primarily through investment in external comingled investment vehicles managed by third party specialist fund management companies. These vehicles are typically structured as unit trusts or other comingled arrangements whereby the interests of many institutional investors are pooled.

MIAL considers that its portfolios of unlisted assets are valued fairly and that appropriate valuation processes are in place. MIAL anticipates that future investment returns from these asset classes will tend to be lower than those recorded in recent years because of current risk-free interest rate policy settings.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER46QW:**

Over the past decade:

- a. Have you ever devalued an unlisted asset?
- b. Have you ever devalued an investment by more than \$10 million?
- c. Have you ever devalued an investment by more than \$50 million?
- d. Have you ever devalued an investment by more than \$100 million?
- e. Please advise the companies and/or individual valuers that have valued your unlisted assets.

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

MSAL as trustee of the Mercer Super Trust, via Mercer Investments Australia Limited (**MIAL**), its primary investment management service provider, achieves its exposure to unlisted asset classes primarily through investment in external comingled investment vehicles managed by third party specialist fund management companies. These vehicles are typically structured as unit trusts or other comingled arrangements whereby the interests of many institutional investors are pooled.

In order to balance the interests of all members and to ensure transparent performance disclosure, MIAL has reduced the value of unlisted assets where appropriate in the past, based on advice from appointed external investment managers and other market intelligence. There are many potential causes of valuation reductions. Mercer retains the right to adopt more conservative valuations than advised by external investment managers, if this would be appropriate.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### MER47QW:

For each year of the past decade:

- a. How many superannuation customers do you have?
- b. How many financial planners do you have in total numbers, and as a superannuation customer to financial planner ratio?
- c. How many financial advisers do you have in total numbers, and as a superannuation customer to financial planner ratio?

#### Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 244,000 members as at 31 December 2019.

As MSAL operates a fully outsourced model it does not employ any financial planners.

The Table below shows the number of superannuation customers MSAL had for year of the past decade (except where indicated, the figures shown as at 30 June each year):

Year Ended	Number of superannuation customers
30 June 2010	227,443
30 June 2011	234,502
30 June 2012	242,264
30 June 2013	237,845
30 June 2014	226,192
30 June 2015	217,037
30 June 2016	207,801
30 June 2017	223,500
30 June 2018	247,806
30 June 2019	249,056

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER48QW:**

For each year of the past decade:

- a. How much is charged for financial planning annually to fund members, and what is the average per superannuation customer?
- b. How much is charged for financial planning annually to funds, and what is the average per superannuation customer?
- c. How much is charged for financial advice annually to fund members, and what is the average per superannuation customer?
- d. How much is charged for financial advice annually to funds, and what is the average per superannuation customer?

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL has an arrangement with a service provider for intra-fund advice to be provided to members (see MER52QW).

Advice fees can be paid from member accounts at the request of that member, with the proviso that the advice relates to superannuation. MSAL does not charge any other fees for advice/financial planning.



## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER49QW:**

For each year of the past decade:

- a. What is the cost of general advice annually, and what is the average per superannuation customer?
- b. What are the aggregate value of bonuses provided for general advice, and what is the average per adviser?

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL has an arrangement with a service provider for intra-fund advice to be provided to members (see MER52W). MSAL operates a fully outsourced model, and has no employees (including no employed advisers).

Advice fees can be paid from member accounts at the request of that member, with the proviso that the advice relates to superannuation. MSAL does not charge any other fees for advice/financial planning.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER50QW:**

For each year of the past decade:

- a. What is the cost of scaled advice annually, and what is the average per superannuation customer?
- b. What are the aggregate value of bonuses provided for scaled advice, and what is the average per adviser?

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL has an arrangement with a service provider for intra-fund advice to be provided to members (see MER52W). MSAL operates a fully outsourced model, and has no employees (including no employed advisers).

Advice fees can be paid from member accounts at the request of that member, with the proviso that the advice relates to superannuation. MSAL does not charge any other fees for advice/financial planning.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER51QW:**

For each year of the past decade:

- a. What is the cost of comprehensive advice annually, and what is the average per superannuation customer?
- b. What are the aggregate value of bonuses provided for comprehensive advice, and what is the average per adviser?

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL has an arrangement with a service provider for intra-fund advice to be provided to members (see MER52QW). MSAL operates a fully outsourced model, and has no employees (including no employed advisers).

Advice fees can be paid from member accounts at the request of that member, with the proviso that the advice relates to superannuation. MSAL does not charge any other fees for advice/financial planning.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER52QW:**

For each year of the past decade:

- a. What is the cost of intra-fund advice annually, and what is the average per superannuation customer?
- b. What are the aggregate value of bonuses provided for intra-fund advice, and what is the average per adviser?

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

- a. The cost of intra-fund advice annually was \$1,271,000 for the year for the year ending 30 June 2019, an average of approximately \$6.00 per member. The cost is included in the administration fees charged to members and is not a specific fee to members.
- b. Not applicable. Intra-fund advice is provided by a service provider. MSAL operates a fully outsourced model, and has no employees (including no employed advisers).

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS  
SUPERANNUATION SECTOR**

**Mercer Australia**

**MER53QW:**

How many employees does the fund have?

**Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL operates a fully outsourced model and, as such, has no employees.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS  
SUPERANNUATION SECTOR**

**Mercer Australia**

**MER54QW:**

How do you define employee misconduct?

**Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL operates a fully outsourced model and, as such, has no employees.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### Mercer Australia

#### **MER55QW:**

Over the past five years:

- a. How many employees have been cautioned for misconduct?
- b. How many employees have had a penalty (such as, but not limited to, loss of bonus) for misconduct?
- c. How many employees have been terminated for misconduct?
- d. How many employees have been cautioned for misconduct, as a share of all employees over that timeframe?
- e. How many employees have had a penalty (such as, but not limited to, loss of bonus) for misconduct, as a share of all employees over that timeframe?
- f. How many employees have been terminated for misconduct, as a share of all employees over that timeframe?

#### **Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL operates a fully outsourced model and, as such, has no employees.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS  
SUPERANNUATION SECTOR**

**Mercer Australia**

**MER56QW:**

Of the twenty highest remunerated employees over the past decade, please provide the number whose total remuneration in a financial year (including all forms of remuneration, including but not limited to, base salary, regularized and deferred bonuses and incentives including, but not limited to, shares) falls within these brackets?

[Please complete the attached table]

**Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL operates a fully outsourced model and, as such, has no employees.



**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS  
SUPERANNUATION SECTOR**

**Mercer Australia**

**MER57QW:**

Of the twenty highest incentive bonuses paid over the past decade, please provide the number that fall within these brackets?

[Please complete the attached table]

**Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL operates a fully outsourced model and, as such, has no employees.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS  
SUPERANNUATION SECTOR**

**Mercer Australia**

**MER58QW:**

Of the twenty highest performance bonuses paid over the past decade, please provide the number that fall within these brackets?

[Please complete the attached table]

**Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL operates a fully outsourced model and, as such, has no employees.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS  
SUPERANNUATION SECTOR**

**Mercer Australia**

**MER59QW:**

Of the twenty highest severance packages over the past decade, please provide the number whose total package (including all forms of accumulated severance package, including but not limited to, base salary, regularized and deferred bonuses and incentives including, but not limited to, shares) falls within these brackets?

[Please complete the attached table]

**Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL operates a fully outsourced model and, as such, has no employees.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS  
SUPERANNUATION SECTOR**

**Mercer Australia**

**MER60QW:**

Of the twenty highest termination payments over the past decade, please provide the number whose total package (including all forms of accumulated termination package, including but not limited to, base salary, regularized and deferred bonuses and incentives including, but not limited to, shares) falls within these brackets?

[Please complete the attached table]

**Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL operates a fully outsourced model and, as such, has no employees.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS  
SUPERANNUATION SECTOR**

**Mercer Australia**

**MER61QW:**

Of the twenty highest redundancy payments over the past decade, please provide the number whose total package (including all forms of accumulated redundancy package, including but not limited to, base salary, regularized and deferred bonuses and incentives including, but not limited to, shares) falls within these brackets?

[Please complete the attached table]

**Answer:**

The information below is provided by Mercer Superannuation (Australia) Limited (**MSAL**) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL operates a fully outsourced model and, as such, has no employees.