

KOGAN SUPER

2021 Supplementary Annual Report

Part Three

Prepared December 2021

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IMPORTANT INFORMATION

Kogan Super (your plan) is a plan in the Retail Division of the Mercer Super Trust.
Your Mercer Super Trust 2021 Annual Report consists of three parts:

- **Part one** - Your Mercer Super Trust 2021 Annual Report - contains a general update on the Mercer Super Trust and tells you about the changes that have been made to the Mercer Super Trust during the year to 30 June 2021. These changes may have an impact on your super now and in the future so it's important that you carefully read the section entitled 'Changes to the Mercer Super Trust' in PART ONE of the Annual Report to see how this applies to you. You can access this report using the following link [here](#).
- **Part two** – The Investment Options Details booklet - contains information relating to the investment options available in the Corporate Superannuation Division and Allocated Pension Division. This includes investment performance, asset allocation and Indirect Cost Ratios for these investment options for the year ended 30 June 2021.
- **Part three** – This 2021 Supplementary Annual Report - contains additional information specific to Kogan Super, including information on the available investment options, investment returns and performance, and Indirect Cost Ratios for the year ended 30 June 2021. All parts should be read in conjunction and kept together for future reference. A reference to this Annual Report means parts one, two and three collectively unless the context requires otherwise.

Welcome to the 2021 Kogan Super Supplementary Annual Report

A MESSAGE FROM THE KOGAN TEAM

Your 2021 Kogan Super Supplementary Annual Report is issued by the Trustee, Mercer Superannuation (Australia) Limited (MSAL). The Kogan Super Team and the Trustee are partners in Kogan Super.

LOOKING AHEAD – A MESSAGE FROM THE TRUSTEE

We are glad to have you on board during these challenging times as we deliver on our promise of making a difference in people's lives. Our customers continued to benefit from strong investment performance while we successfully navigated market fluctuations. In the future, regulatory and industry drivers will also bring positive change for our customers, so thank you for staying with us on your super journey.

KOGAN SUPER KEY METRICS

Kogan Super Key Metrics

Membership numbers as at 30 June 2021	314
Plan assets as at 30 June 2021	\$4,378,403

^This figure is prepared on a cash basis. This means that it does not allow for any accruals such as outstanding contributions or benefits due as at 30 June 2021.

POLICY COMMITTEE

A policy committee is a body that provides feedback to the trustee and receives information concerning the operations of the plan on behalf of groups of employees of a standard employer- sponsor. A policy committee is made up of equal member-elected and employer-appointed representatives. There are currently no requirements for any policy committee to be formed.

CONSOLIDATING YOUR SUPER HAS NEVER BEEN SO EASY

We can help bring all your accounts together over the phone; with no paperwork, no hassle. Call our HelpLine on **1800 517 212** or, you can do it online at kogansuper.com.au/superannuation.

Investment objectives and strategy

Each investment option has a specific performance objective.

Our strategy generally is to select a long-term mix of investments to support investment objectives and we believe our investment options are reasonably likely to meet their objectives. However, there are no guarantees.

We may change the investment objective and strategy for each investment option to keep in line with the option's objective. The actual asset allocation may fall outside the stated ranges during material transactions or due to factors including extreme market conditions or asset transitions.

We monitor the performance of investment options against their objectives and perform an annual investment health check to help us assess whether we need to make any changes.

We will provide information about any significant changes to the features of our investment options. We use formal quarterly analysis to monitor the performance of investment options against their objectives and to help us assess whether we need to make any changes.

Investing Kogan super's assets

The trustee invests Kogan Super's assets in:

- funds managed by Mercer Investments (Australia) Limited (MIAL) including but not limited to the Mercer Mercer Funds (MMFs) or the Mercer Investment Funds (MIFs), which in turn have investments with underlying investment managers. The assets may also be invested in:
- funds or investment vehicles managed by other Mercer related entities,
- other funds managed by professional investment managers, and
- a range of investments such as securities, derivatives and cash managed via mandates held with professional investment managers.

MIAL is the responsible entity of the Mercer Funds and Mercer Investment Funds and appoints professional investment managers to manage the assets of the Mercer Funds and Mercer Investment Funds either directly or via external investment vehicles.

The investments for Kogan Super including the underlying investments of the Mercer Funds and Mercer Investment Funds are generally held by an external custodian.

Sustainable investment

We build sustainability principles into our investment options to help protect and enhance the value of your super. We look beyond traditional financial factors to consider the potential investment impacts of corporate governance as well as environmental and social issues – such as climate change and human rights.

We believe environmental, social and governance (ESG) factors may have a material impact on long-term risk and return outcomes. For more information refer to the trustee's Sustainable Investment Policy. Navigate to the Trustee Policies and remuneration section on the Key Documents page or call our HelpLine on **1800 517 212**.

Principles of sustainable investment and good governance apply to all asset classes. We expect our appointed investment managers to integrate ESG factors in their investment decision making.

Active ownership and investment stewardship

We also believe that principles of active ownership and investment stewardship are valuable in the investment process. For that reason, we have incorporated principles of active ownership and investment stewardship throughout our investment decision making and ownership practices as documented in the trustee's policies. For more information navigate to the Trustee Policies and remuneration section on the Key Documents page or call our HelpLine on **1800 517 212**.

Use of derivatives

Derivatives, such as futures or options, are investment products where the value is derived from one or more underlying assets. The value of a share option, for example, is linked to the value of the underlying share.

Derivatives may be used to assist in the efficient management of the portfolios (e.g. to quickly and effectively adjust asset class exposures and for rebalancing purposes) and to manage risk (e.g. for currency hedging). Losses from derivatives can occur (e.g. due to market movements).

Derivative risk is managed in adherence to the Derivatives Policy for the Mercer Funds.

The derivatives charge ratio

The derivatives charge ratio is the percentage of the total market value of the assets of the Mercer Super Trust (other than cash) that the trustee has charged as security for derivatives investments made by the trustee. Based on information provided by the custodian and investment managers, the trustee is unaware of any period in the year when the derivatives charge ratio exceeded 5.00%.

Your investment options in detail

You can choose from a range of investment options in Kogan Super which have different investment styles and asset classes. The mix of investment options available is specific to Kogan Super, and whether you prefer to leave the hard work to us or if you prefer to have some control over your investments, we have you covered.

You can create your own investment mix by choosing a combination of investment options, giving you the option to get more involved with how your super is invested.

Refer to the **Kogan Super Product Guide** for further details or contact our Helpline on **1800 517 212**.

KOGAN INVESTMENT OPTIONS

CASH

Investment objective

To maintain the invested capital and to achieve a return above that available on bank bills as measured by the Bloomberg AusBond Bank Bill Index on an annual basis.

Performance

Return to 30 June 2021	5 years	10 years
0.15%	N/A	N/A

Asset allocation at 30 June.

Asset Class	2021	2020
Australian Shares	0.0%	0.0%
International Shares	0.0%	0.0%
Real Assets	0.0%	0.0%
Alternative Assets	0.0%	0.0%
Growth Fixed Interest	0.0%	0.0%
Defensive Fixed Interest & Cash	100%	100%

INDEXED AUSTRALIAN LISTED PROPERTY

Investment objective

To match the benchmark return over the medium to long term.

Performance

Return to 30 June 2021	5 years	10 years
27.28%	N/A	N/A

Asset allocation at 30 June.

Asset Class	2021	2020
Australian Shares	0.0%	0.0%
International Shares	0.0%	0.0%
Real Assets	99.55%	98.6%
Alternative Assets	0.0%	0.0%
Growth Fixed Interest	0.0%	0.0%
Defensive Fixed Interest & Cash	0.45%	1.4%

ENHANCED INDEXED GROWTH

Investment objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 2.00% per annum over five year rolling periods.

Performance

Return to 30 June 2021	5 years	10 years
17.90%	N/A	N/A

Asset allocation at 30 June.

Asset Class	2021	2020
Australian Shares	29.07%	30.0%
International Shares	37.83%	33.6%
Real Assets	4.97%	8.1%
Alternative Assets	0.0%	0.0%
Growth Fixed Interest	0.0%	0.0%
Defensive Fixed Interest & Cash	28.13%	28.3%

ENHANCED INDEXED CONSERVATIVE GROWTH

Investment objective

To achieve a return (after tax and investment fees) that exceeds CPI increases by at least 0.50% per annum over rolling three year periods.

Performance

Return to 30 June 2021	5 years	10 years
7.71%	N/A	N/A

Asset allocation at 30 June.

Asset Class	2021	2020
Australian Shares	13.21%	13.5%
International Shares	18.80%	15.5%
Real Assets	1.98%	3.7%
Alternative Assets	0.0%	0.0%
Growth Fixed Interest	0.0%	0.0%
Defensive Fixed Interest & Cash	66.01%	67.3%

INVESTMENT RETURNS

INDEXED DIVERSIFIED SHARES

Investment objective

To meet the benchmark return over the medium to long term.

* Currently the index for this option is a composite of the S&P/ASX 300 Accumulation Index, MSCI World ex Australia (with net dividends reinvested) in Australian dollars Index and the MSCI World ex Australia (with net dividends reinvested) hedged into AUD Index.

Performance

Return to 30 June 2021	5 years	10 years
25.81%	N/A	N/A

Asset allocation at 30 June.

Asset Class	2021	2020
Australian Shares	49.09%	48.8%
International Shares	49.38%	49.3%
Real Assets	0.0%	0.0%
Alternative Assets	0.0%	0.0%
Growth Fixed Interest	0.0%	0.0%
Defensive Fixed Interest & Cash	1.53%	1.9%

*Not applicable (N/A) as this investment option commenced on 19th August 2019

How investment returns are calculated

Single year and compound returns are calculated assuming that \$1.00 is invested at the start of the relevant period and that no further amounts are invested over the period.

Returns are based on exit prices and allow for the deduction of tax and investment fees including indirect costs (but not administration fees or other fees).

Compound returns are calculated as the average of annual returns.

How we calculate investment earnings

Super contributions and rollovers made to Kogan Super purchase units in each investment option. Unit prices are generally calculated daily (except weekends and Melbourne public holidays) and fluctuate according to the investment performance of the individual investment options.

The number of units that your investment can purchase depends on the unit price at the relevant time. For example, if you contributed \$1,000 and the unit price was \$2.00 at that time, then 500 units would be purchased.

Units are also redeemed when the fund needs to make super payouts or pay fees, taxes and other expenses.

The value of your payout at any time is the number of units you have, multiplied by their exit price at that time. Your latest customer statement shows you how many units you have, the exit price and their value.

Allocation of investment earnings

The net investment earnings of Kogan Super investment options are allocated to customers through changes in the unit price of the investment options.

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

You can obtain up to date returns for your plan's investment options at kogansuper.com.au/superannuation or by calling our Helpline on **1800 517 212**.

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

INVESTMENT PERFORMANCE

		1 year return to 30 June 2021 %	5 year return per annum	10 year return per annum
Indexed Australian Shares	Cash	0.15	N/A	N/A
	Indexed Diversified Shares	25.81	N/A	N/A
	Indexed Australian Shares	N/A	N/A	N/A
	Indexed Overseas Shares	N/A	N/A	N/A
	Indexed Australian Listed Property	27.28	N/A	N/A
	Enhanced Indexed Growth	17.90	N/A	N/A
	Enhanced Indexed Conservative Growth	7.71	N/A	N/A

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

The investment returns shown in this Supplementary Annual Report do not take into account the unique characteristics that apply to each customer (such as timing of cashflows). As a result, the actual returns applying to a particular customer may vary from the investment returns shown.

Past performance should not be relied upon as an indicator of future performance.

The performance information contained in this report is up to date at the time of its preparation. You can obtain updated investment performance information at kogansuper.com.au/superannuation and going to the Performance section, or by calling our Helpline. We can send you a copy of the updated information, free of charge, on request.

INVESTMENT MANAGERS

Investment managers as at 30 June 2021

The majority of the assets of Kogan Super are invested in funds managed by MIAL, which in turn has investments with underlying investment managers. The underlying investment managers as at 30 June 2021 are listed below.

	Manager
Australian Shares	State Street Global Advisors, Australia, Limited
International Shares	State Street Global Advisors, Australia, Limited Macquarie Investment Management Limited LGIM
Real Assets	Macquarie Investment Management Limited
Alternative Assets	N/A
Growth Fixed Interest	N/A
Defensive Fixed Interest & Cash	Challenger Life Company Limited Macquarie Investment Management Limited Blackrock Investment Management (Australia) Limited AXA Investment Managers Asia (Singapore) Ltd Robeco Institutional Asset Management Wellington International Management Company Pty Limited LGIM Ardea Investment Management H2O Asset Management Colchester Global Investors

LARGEST SHARE HOLDINGS

The tables below show the top ten Australian and International shares held in aggregate by Kogan Super as at 30 June 2021 within the Australian shares and International shares asset classes across all investment options. For example, CSL Ltd represents 5.2% of the total Australian shares component of all the Kogan Super investment options.

TOP 10 AUSTRALIAN SHARE HOLDINGS

Company	Holding %
Commonwealth Bank of Australia	8.3%
BHP Group Limited	6.7%
CSL Limited	6.1%
Westpac Banking Corporation	4.4%
National Australia Bank Limited	4.1%
Australia and New Zealand Banking Group Limited	3.8%
Wesfarmers Limited	3.1%
Macquarie Group Limited	2.5%
Woolworths Group Limited	2.3%
Rio Tinto Limited	2.2%

TOP 10 INTERNATIONAL SHARE HOLDINGS

Company	Holding %
Apple Inc.	4.1%
Microsoft Corp	3.4%
Amazon.Com Inc.	2.6%
Facebook Inc.	1.5%
Alphabet Inc.	2.6%
Tesla Inc.	0.9%
NVIDIA Corporation	0.9%
JPMorgan Chase & Co.	0.8%
Johnson & Johnson	0.8%
Visa Inc.	0.7%

As at 30 June 2021 there was no investment (including a combination of investments through a single or group of associated enterprises) that has a combined value of more than 5% of the total assets of the Mercer Super Trust.

INDIRECT COST RATIO

Details of Indirect Cost Ratio (ICR) are set out in the PDS and/or other customer materials (as applicable) for your plan.

Indirect Cost Ratio

The ICR for the year ending 30 June 2021 are set out below.

Investment option	Indirect cost ratio* (% per annum)	
Choice Investment Options	Cash	0.03
	Indexed Australian Listed Property	0.12
	Indexed Diversified Shares	0.05
	Enhanced Indexed Conservative Growth	0.07
	Enhanced Indexed Growth	0.07

The ICRs are for the year ending 30 June 2021 and are based on the actual information available and/or reasonable estimates for the period as at the date of this Supplementary Annual Report. The ICRs may vary from year to year. The ICR consists of indirect costs (including but not limited to, performance related fees, any expense allowance charged by external investment trusts or managers, the net explicit transactional and operational costs and Over the Counter Derivative costs used for either hedging and non-hedging purposes) incurred by the underlying investment vehicles of the Mercer Super Trust.

STATEMENT OF FINANCIAL POSITION OF YOUR PLAN AT 30 JUNE 2021

Net assets at 1 July 2019	\$2,980,441
Australian Shares	\$336,582
International Shares	\$ 339,899
Real Assets	\$ 348,159
Alternative Assets	\$ 7,623
Growth Fixed Interest	\$ 1,105,030
Defensive Fixed Interest & Cash	\$0
Total revenue	\$ 2,137,293
LESS Benefits paid	\$ 680,061
Administration fees	(\$189)
Group insurance premiums	\$ 11,984
Contributions and surcharge tax	\$ 47,475
Total expenses	\$ 739,331
EQUALS	
Net assets at 30 June 2020	\$ 4,378,403

This information has been prepared on a cash basis.

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

CHANGE IN NET ASSETS IN YOUR PLAN TO 30 JUNE 2021

Assets (Investment options)	
Indexed Australian Listed Property	\$ 217,428
Cash	\$ 844,832
Indexed Diversified Shares	\$ 681,851
Enhanced Indexed Growth	\$ 1,160,957
Enhanced Indexed Conservative Growth	\$ 1,473,335
Total	\$ 4,378,403

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

1800 517 212
kogansuper.com.au/superannuation

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

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

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

You should be aware that the value of an investment in the Mercer Super Trust may rise and fall. Neither MSAL, Mercer nor any of the investment managers guarantees the investment performance, earnings or return of capital invested in the Mercer Super Trust. © 2021, Mercer LLC. All rights reserved.

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