

MERCER SUPER TRUST
ABN 19 905 422 981

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

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**DIRECTORS' REPORT TO THE MEMBERS OF
THE MERCER SUPER TRUST
FOR THE YEAR ENDED 30 JUNE 2024**

DIRECTORS' REPORT

The directors of Mercer Superannuation (Australia) Limited ("MSAL") A.B.N. 79 004 717 533 ("the Trustee"), as the trustee for the Mercer Super Trust ("the Trust"), submit herewith the annual report of the Trust for the financial year ended 30 June 2024 in accordance with the *Corporations Act 2001*.

Principal activities

Mercer Super Trust is a regulated trust constituted by a Trust Deed dated 28 June 1995 (as amended), to manage and provide superannuation benefits for its members. There were no significant changes in the nature of the Trust's activities during the financial year.

Review of operations and results

The Trust's performance and financial positions are summarised as follow:

	30-Jun-24	30-Jun-23
	\$'000	\$'000
Net assets available to pay benefits	71,233,332	65,637,442
Total member liabilities	70,603,687	65,073,596
Net benefits allocated to members' account	6,174,345	3,451,305
Net change in defined benefit members accrued benefits	159,543	(5,832)

In September 2023, the Trustee launched a new product, Mercer MyChoice, a superannuation product in the Retail Division of the Trust. As at 30 June 2024, the product had over 77,000 members and \$59.6 million in assets.

On 1 April 2024, the Trust completed a Successor Fund Transfer (SFT) of approximately 42,500 risk only members from the Asgard Independence Plan Division 2 into its Retail Division.

Net assets available for member benefits at 30 June 2024 grew from \$65.64 billion to \$71.23 billion during the year. The Trust's membership expanded to over 950,000 members (30 June 2023: 842,813).

Changes in state of affairs

On 27 May 2024, the Australian Prudential Regulation Authority (APRA) imposed additional licence conditions on the Trustee to address risk management and compliance management deficiencies. These deficiencies were identified during APRA's ongoing prudential supervision of the Trustee, which included a prudential review conducted in October 2023. The Trustee has acknowledged the deficiencies and lodged a reporting notification on 31 January 2024 of significant breaches of prudential standards SPS 220 Risk Management, SPS 231 Outsourcing and SPS 232 Business Continuity Management.

Under the additional licence conditions imposed on 27 May 2024 and varied on 4 June 2024, the Trustee must:

- develop and implement a remediation plan in conjunction with an independent expert that addresses the deficiencies identified by APRA;
- appoint an independent third party to complete an operational effectiveness review of the Trustee's risk management and compliance frameworks, following the completion of the remediation plan; and
- develop a plan to remedy any deficiencies identified in the operational effectiveness review.

On completion of the operational effectiveness review, Mercer Superannuation (Australia) Limited is required to provide APRA with an attestation from the Trustee Chair, having made reasonable enquiries, that the RSE licensee have addressed all requirements and recommendations set out in the 2023 Prudential Review Report, and based on the Chairs knowledge and belief, the entity is compliant with prudential standard SPS 220, SPS 231, and SPS 232.

Other than the above, and the changes noted in the Review of operations and results, there were no significant changes in the state of affairs of the Fund that occurred during the financial year.

**DIRECTORS' REPORT TO THE MEMBERS OF
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Subsequent events

On 1 July 2024, the Trust completed a SFT into its Retail Division, adding approximately 600 risk-only members from the Super Retirement Fund and approximately 22,200 risk-only members from the Colonial First State FirstChoice Superannuation Trust.

On 2 August 2024, the Federal Court handed down its judgment regarding the proceedings initiated by the Australian Securities and Investments Commission (ASIC). The proceedings related to five online statements that used overly general terms to describe the Trust's sustainable investment options. A penalty of \$11.3 million, plus payment of ASIC's costs, was agreed between ASIC and the Trustee, and the Federal Court approved these amounts. The penalty and ASIC's legal costs will be paid for by the Trustee in its corporate capacity, and not from members' funds.

On 23 September 2024, Kim Richards will assume the role of Marsh McLennan Pacific Chief Risk & Compliance Officer with a portion of her role focusing on the Trust following the resignation of Norlena Brouwer.

On 1 October 2024, Claire Ross will be replacing Tim Barber as the Chief Executive Officer of Mercer Super.

Except as disclosed above, no matter or circumstance has arisen since 30 June 2024 that has significantly affected the funds operations, results or state of affairs.

Future developments

The Trust will continue to be managed in accordance with the provisions of the Trust Deed.

The results of the Trust's operations will be affected by a number of factors, including the performance of investment markets in which the Trust invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operations of the Trust and the expected results of those operations have not been included in this report because the Trustee believes it would be likely to result in unreasonable prejudice to the Trust.

Environmental regulations

The Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024: Sustainability Reporting has been passed by the Parliament on 9 September 2024. Based on the latest legislation, the Trust expects to adopt the relevant disclosure requirements in its financial report from the financial year ending 30 June 2027, on the basis that the Trust is an asset owner with more than \$5 billion assets.

The operations of the Trust is not otherwise subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

**DIRECTORS' REPORT TO THE MEMBERS OF
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FOR THE YEAR ENDED 30 JUNE 2024**

Audit and non-audit services

During the year the following fees were paid or payable for services provided by PricewaterhouseCoopers Australia (PwC) as the auditor of the Trust and by PwC's related network firms.

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
	\$	\$
Auditors of the Trust - PwC and related network firms		
Audit of financial reports	454,100	628,462
Non-audit services		
Other regulatory audit services	139,400	291,834
Tax compliance services	15,500	15,000
Total non-audit services	<u>154,900</u>	<u>306,834</u>
Total services provided by PwC	<u>609,000</u>	<u>935,296</u>

The directors of the Trustee, in accordance with advice provided by the Audit and Risk Committee, are satisfied that the provision of the non-audit services provided during the financial year by the auditor (or by another person or firm on the Auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that services as disclosed above do not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

The above directors' statements are in accordance with the advice received from the Audit and Risk Committee.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

Rounding of amounts

The Trust is an entity of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

**DIRECTORS' REPORT TO THE MEMBERS OF
THE MERCER SUPER TRUST
FOR THE YEAR ENDED 30 JUNE 2024**

Remuneration report

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of the key management personnel of the Trust for the financial year ended 30 June 2024. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Trust directly or indirectly, including any director (whether executive or otherwise) of the Trustee of the Trust. The prescribed details for each person covered by this report include:

- Key management personnel;
- Remuneration of key management personnel;
- Key terms of employment contracts

Key management personnel

The Trust employs key management personnel through its related entities. As at the date of this report, the directors of the Trustee and other key management personnel were:

(a) Directors of the Trustee

Name	Position
Jan Swinhoe (Chair) (retired 30 June 2024)	Non-Executive Director
James Miller	Non-Executive Director
James Minto (Chair - appointed 1 July 2024)	Non-Executive Director
Sue O'Connor	Non-Executive Director
Pauline Vamos	Non-Executive Director
Darren Wickham	Non-Executive Director
Anthony John Johnson (appointed 1 September 2024)	Non-Executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

(b) Other key management personnel

Name	Position
Tim Barber	Chief Executive Officer
Norlena Brouwer	Chief Risk & Compliance Officer
Claire Ross	Chief Operations Officer
Brent Tulk	Trustee Office Leader
Kylie Willment	Chief Investment Officer
Corrin Collocott (resigned 31 January 2024)	Chief Investment Officer

Note: Norlena Brouwer held the position of Marsh McLennan Pacific Chief Risk & Compliance Officer with a portion of her role focused on the Trust.

Claire Ross was appointed as Mercer Super Chief Operating Officer effective from 1 June 2024. Prior to this appointment, Claire Ross held the position of Mercer Pacific Chief Operating Officer with a portion of her role focused on the Trust.

Kylie Willment was appointed as a key management personnel of the Trust effective from 31 January 2024 with a portion of her role focused on the Trust in the capacity of Chief Investment Officer following the resignation of Corrin Collocott.

Remuneration of key management personnel

(a) Remuneration expenses

Directors of the Trustee	Jan Swinhoe	James Miller	James Minto	Sue O'Connor	Pauline Vamos	Darren Wickham
Short-term employee benefits						
Salary and fees	213,750	145,667	172,991	148,835	168,150	144,400
Total	213,750	145,667	172,991	148,835	168,150	144,400

**DIRECTORS' REPORT TO THE MEMBERS OF
THE MERCER SUPER TRUST
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Remuneration of key management personnel (continued)

(a) Remuneration expenses (continued)

Other key management personnel	Tim Barber	Norlena Brouwer	Claire Ross	Brent Tulk	Kylie Willment	Corrin Collocott
Short-term employee benefits						
Salary and fees	448,971	130,914	196,564	250,939	89,387	255,164
Cash bonus ¹	237,434	77,726	190,938	121,495	96,909	-
Non-monetary ²	-	-	115,803	-	-	-
Other	-	-	-	-	43,076 ³	-
Post-employment benefits						
Pension & superannuation	26,029	9,305	1,566	26,029	4,880	17,236
Long-term employee benefits						
Long service leave	-	-	-	-	-	-
Deferred remuneration	-	-	-	-	6,967	-
Other payments						
Termination benefits	-	-	-	-	-	-
Share-based payments						
Equity-settled shares and units	219,686	24,914	80,555	62,800	-	-
Equity-settled options and rights	-	-	26,398	-	-	-
Cash-settled	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	932,120	242,859	611,824	461,263	241,219	272,400

¹ Performance based variable remuneration is awarded under Mercer's global discretionary incentive program based on business performance and executive's individual performance of the prior calendar year against the agreed performance goals. These goals mandatorily included a mix of financial and non-financial measures covering Clients, Financials and People, as well as Risk Management.

² Marsh McLennan Companies (Australia) ("MMC") provides Salary Continuance Insurance (SCI) cover to all Permanent Employees and Fixed Term Contractors who meet the eligibility criteria. This benefit is not reflected in the table above.

³ Retention payment provided to ensure stability and continued high performance of the Trust following BT Super SFT merger. The retention payment is paid in two equal instalments in October 2023 and October 2024; and is made subject to the condition that the employee remains employed by Mercer at the date of each instalment and that the employee is not under notice to resign up until 15 October 2025. At any point up to 15 October 2025, the employee's resignation will render ineligibility of retention payment and the employee must repay the full amount of the retention payment to Mercer before the last day of employment. In the unlikely circumstance that the employee's position is made redundant during the retention period, all payments will be paid in full by Mercer.

Proportionment of total remuneration has been applied for certain key management personnels based on tenure period in their position, and the portion of their role focussed on the Trust as key management personnel for the period ended 30 June 2024. The disclosed remuneration is recognised and measured in accordance with the requirements of the accounting standards.

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

**DIRECTORS' REPORT TO THE MEMBERS OF
THE MERCER SUPER TRUST
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Remuneration of key management personnel (continued)

(b) Remuneration arrangement

Directors remuneration arrangement

All non-executive directors enter into a service arrangement with the Trustee in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director. Non-executive directors receive a board fee and fees for chairing or participating on board committees. They do not receive performance-based pay or retirement allowance.

The current structure of non-executive directors' fees is as follows:

	\$
<i>Base fees</i>	
Chair	225,000
Other non-executive directors	120,000
<i>Additional fees</i>	
Committee - chair	20,000 - 30,000
Committee - member	10,000 - 20,000

Note: All fees are stated on per annum basis, and will be pro-rated where an appointment or resignation occurs part way through the year. Different committees attract different fee rates within the range as stated above. The base fee for the Chair is inclusive of all Committee responsibilities.

Other key management personnel remuneration arrangement

In accordance with Mercer Australia Remuneration Policy, each executive is entitled to fixed remuneration such as cash-based salary including salary sacrificed items. Base remuneration is reviewed annually which takes into account any changes in the scope of colleague's role, the principles of the Remuneration Policy, individual performance, internal equity and market competitiveness.

Superannuation and annual leave are included in the fixed remuneration for all executives. Certain allowances may also be provided based on roles and career levels as required by competitive practice in the market to comply with local legislation.

In addition to fixed remuneration, executives are eligible to participate in variable remuneration which is designed to reward and incentivise stand out performance. Performance based variable remuneration are awarded under Mercer's global discretionary incentive program based on business performance and executive's individual performance of the prior calendar year against the agreed performance goals. These goals mandatorily included a mix of financial and non-financial measures covering Clients, Financials and People, as well as Risk Management goals.

Executives' remunerations are not paid by MSAL directly rather through interrelated entities arrangement with the Trust's related entities.

Performance based variable remuneration vested for the reporting period ended 30 June 2024 are as follow:

(i) *Cash bonus*

Cash bonus	Grant Date	Target opportunity (\$)	Awarded (\$)	Forfeited (%)	Vested (%)	Yet to Vest (\$)
Tim Barber	22-Feb-24	182,642	237,434	0%	100%	-
Norlena Brouwer	22-Feb-24	55,840	71,249	0%	100%	-
Claire Ross	22-Feb-24	101,618	178,847	0%	100%	-
Brent Tulk	22-Feb-24	106,575	121,495	0%	100%	-

Note: The cash bonus granted to Kylie Willment on 22 February 2024 is not presented above as it was related to a performance period ended 31 December 2023 where Kylie Willment was not deemed as a KMP for the Trust.

**DIRECTORS' REPORT TO THE MEMBERS OF
THE MERCER SUPER TRUST
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Remuneration of key management personnel (continued)

(b) Remuneration arrangement (continued)

Other key management personnel remuneration arrangement (continued)

(i) *Cash bonus (continued)*

Kylie Willment is eligible to participate in the Success Bonus Plan, in lieu of equity based long term incentive.

The Success Bonus Plan consists of two elements: cash and a mandatory deferral. The Success Bonus Plan is awarded based on certain performance criteria, such as profitability, net revenue, and investment performance compared to benchmarks and peers, and is awarded in conjunction with Mercer's global discretionary incentive program. The mandatory deferral component vests over a period of three years.

As it relates to the Trust, no success bonus has been granted or vested for the financial year ended 30 June 2024.

(ii) *Equity-settled shares and units*

Performance Stock	Grant Date	Grant (\$)	Awarded (%)	Forfeited (%)	Vested (\$)	Yet to Vest (\$)
Claire Ross	23-Feb-23	34,149	100%	0%	-	34,149
	22-Feb-24	38,808	100%	0%	-	38,808

Performance Stock Units (PSUs) provide the right to receive Marsh & McLennan (MMC) common stock once vesting and performance requirements are met. PSUs vest 100% on February 28 following the three-year anniversary of the grant date, and are earned based on the level of achievement of pre-established performance goals, between 0% and 200%.

Restricted Stock Units	Grant Date	Grant (\$)	Awarded (%)	Forfeited (%)	Vested (\$)	Yet to Vest (\$)
Tim Barber	23-Feb-22	131,182	100%	0%	43,727	43,727
	23-Feb-23	245,220	100%	0%	81,740	163,480
	22-Feb-24	253,263	100%	0%	-	253,263
Norlena Brouwer	22-Feb-24	47,772	100%	0%	-	47,772
Claire Ross	23-Feb-23	68,299	100%	0%	22,766	45,533
	22-Feb-24	77,615	100%	0%	-	77,615
Brent Tulk	23-Feb-23	70,096	100%	0%	23,365	46,731
	22-Feb-24	72,527	100%	0%	-	72,527

Similar to PSUs, Restricted Stock Units (RSUs) provide the right to receive Marsh & McLennan (MMC) common stock once vested, however without performance conditions. RSUs vest in three installments (33.33%) on February 28 each year for three consecutive years after the grant date. Accordingly, the above amounts disclosed as granted, but yet to vest RSUs will vest progressively between financial year 2025 to financial year 2027.

**DIRECTORS' REPORT TO THE MEMBERS OF
THE MERCER SUPER TRUST
FOR THE YEAR ENDED 30 JUNE 2024**

Remuneration of key management personnel (continued)

(b) Remuneration arrangement (continued)

Other key management personnel remuneration arrangement (continued)

(ii) Equity-settled shares and units (continued)

Stock Options	Grant Date	Units Granted	Grant Price \$	Expiry Date	Units Vested	Units Yet to Vest	Units Exercised	Exercise Price \$	Amounts Paid \$	Amounts Payable \$
Claire Ross	23-Feb-23	552	61.79	22-Feb-33	138	414	-	241.92	-	-
	22-Feb-24	512	75.85	21-Feb-34	-	512	-	305.38	-	-

A stock option provides the right to buy shares of MMC common stock during a fixed period of time at a set price determined on the grant date. Stock options vest in four installments (25% per year on the anniversary of the grant date) and will expire 10 years from the grant date. Upon vesting, the owner can exercise their vested options to buy MMC common stock at a fixed exercise price. If the market price falls below or stays the same as the exercise price, the option has no current value and cannot be exercised. Black-Scholes value is used to determine the fair market value/ grant price of the stock option.

Mercer may withdraw, reduce or claw back any long term-incentive equity-settled shares and units awarded, to the extent permitted by any applicable law, stock exchange rules, currency controls, or any applicable company policy or arrangement.

There has been no alteration to terms and conditions of the equity settled units and options since the grant date.

With effect from 1 January 2024, in accordance with the requirements of the APRA Prudential Standard CPS511 Remuneration, certain individuals holding Specified Roles, will have their variable remuneration deferred as follows:

(i) Chief Executive Officer - at least 60% of the total variable remuneration will be deferred over a minimum deferral period of 6 years, vesting no faster than on a pro-rata basis and only after 4 years.

(ii) Senior manager and Executive Directors (Other than CEO) - at least 40% of the total variable remuneration will be deferred over a minimum deferral period of 5 years, vesting no faster than on a pro-rata basis and only after 4 years.

(iii) Highly-Paid Material Risk Taker who is not a senior manager - at least 40% of the total variable remuneration will be deferred over a minimum deferral period of 4 years, vesting no faster than on a pro-rata basis and only after 2 years.

For relevant executives, these deferral will take effect from the granting of variable remuneration in February 2025 in relation to the executives' performance for 1 January 2024 - 31 December 2024.

Key terms of contracts

During the financial year, there were no new contracts of services negotiated between the Trust and a member of key management personnel.

This directors' report is signed in accordance with a resolution of directors of the Trustee made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors of the Trustee:



Director

Date: 19 September 2024



Director

Date: 19 September 2024



Auditor's independence declaration

As lead auditor for the audit of Mercer Super Trust for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit, and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mercer Super Trust.

A handwritten signature in blue ink, appearing to read 'G. Sagonas', with a horizontal line extending from the end.

George Sagonas
Partner
PricewaterhouseCoopers

Melbourne
19 September 2024

**DIRECTORS' DECLARATION TO THE MEMBERS OF
THE MERCER SUPER TRUST
FOR THE YEAR ENDED 30 JUNE 2024**

DIRECTORS' DECLARATION

The directors of Mercer Superannuation (Australia) Limited A.B.N. 79 004 717 533 (the Trustee), as trustee of Mercer Super Trust (the Trust), declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes set out on pages 13 to 42 are in accordance with the *Corporations Act 2001*, including compliance with Australian Accounting Standards and giving a true and fair view of the financial position and the financial performance of the Trust.

Signed in accordance with a resolution of the directors of the Trustee made pursuant to s.295(5) of the *Corporation Act 2001*.

On behalf of the directors of the Trustee:



Director



Director

Dated at MELBOURNE this 19th day of September 2024

MERCER SUPER TRUST

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	2024 \$'000	2023 \$'000
Assets			
Cash and cash equivalents		863,450	572,967
Investments	4	69,164,236	64,261,968
Derivative assets		15,404	3,946
Receivables			
Interest receivable		1,457	966
Investment income receivable		2,100,075	959,529
Sundry debtors		5,299	262,162
Unsettled trades receivable		563,008	25,285
Other assets			
Deferred tax assets	10	8,669	30,713
Total assets		72,721,598	66,117,536
Liabilities			
Derivative liabilities		1,585	108
Unsettled trades payable		500,102	2,363
Payables		112,583	172,722
Current tax liabilities	11	590,982	62,283
Deferred tax liabilities	10	283,014	242,618
Total liabilities (excluding member liabilities)		1,488,266	480,094
Net assets available to pay benefits		71,233,332	65,637,442
Member benefits			
Defined contribution member liabilities		66,735,444	61,034,109
Defined benefit member liabilities		3,868,243	4,039,487
Total member liabilities		70,603,687	65,073,596
Total net assets		629,645	563,846
Equity			
Operational risk reserve		52,762	48,588
Insurance reserve		835	450
Member reserve		24,498	8,176
Unallocated surplus / (deficit)	12	(83,497)	67,948
Defined benefit plans over / (under) funded		635,047	438,684
Total equity		629,645	563,846

This statement is to be read in conjunction with the notes to the financial statements set out on pages 18 to 42.

MERCER SUPER TRUST

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$'000	2023 \$'000
Revenue			
Distributions and dividends		7,556,646	1,269,672
Interest		25,484	5,089
Movement in fair value of investments	5	(521,686)	2,660,020
Investment management fee rebates		8,097	2,027
Other revenue			
Other revenue		20,514	-
Total revenue		7,089,055	3,936,808
Expenses			
Asset, administration and trustee expenses	13(e)	195,285	178,683
Other expenses		8,196	19,139
Total expenses		203,481	197,822
Profit / (loss) from operating activities before income tax expense		6,885,574	3,738,986
Less: Income tax expense / (benefit)	9(a)	485,887	134,878
Profit / (loss) from operating activities after income tax expense		6,399,687	3,604,108
Less: net benefits allocated to defined contribution members' accounts		6,174,345	3,451,305
Less: net change in defined benefit member accrued benefits		159,543	(5,832)
Profit / (loss) after income tax		65,799	158,635

This statement is to be read in conjunction with the notes to the financial statements set out on pages 18 to 42.

MERCER SUPER TRUST

STATEMENT OF CHANGES IN MEMBER BENEFITS

FOR THE YEAR ENDED 30 JUNE 2024

For the year ended 30 June 2024	Defined contribution (DC) \$'000	Defined benefit (DB) \$'000	Total \$'000
Opening balance of member benefits	61,034,109	4,039,487	65,073,596
Employer contributions	4,069,425	130,240	4,199,665
Member contributions	271,119	2,874	273,993
Transfers from other funds	1,346,362	59	1,346,421
Successor Fund Transfers In	-	-	-
Income tax on contributions	(496,557)	(18,735)	(515,292)
Net after tax contributions	66,224,458	4,153,925	70,378,383
Benefits to members	(5,315,040)	(401,424)	(5,716,464)
Transfers of members from DB to DC	39,961	(39,961)	-
Insurance premiums charged to members	(729,943)	(5,338)	(735,281)
Death / disability benefits credited	341,663	1,498	343,161
Benefits allocated to members' accounts, comprising:			
Net investment income	6,214,466	-	6,214,466
Net administration fees	(40,121)	-	(40,121)
Net change in defined benefit member accrued benefits	-	159,543	159,543
Closing balance of member benefits	66,735,444	3,868,243	70,603,687

For the year ended 30 June 2023	Defined contribution (DC) \$'000	Defined benefit (DB) \$'000	Total \$'000
Opening balance of member benefits	24,893,445	1,979,963	26,873,408
Employer contributions	2,115,340	131,241	2,246,581
Member contributions	166,055	2,818	168,873
Transfers from other funds	896,043	700	896,743
Successor Fund Transfers In	33,197,804	2,153,082	35,350,886
Income tax on contributions	(246,180)	(19,083)	(265,263)
Net after tax contributions	61,022,507	4,248,721	65,271,228
Benefits to members	(3,176,645)	(197,381)	(3,374,026)
Transfers of members from DB to DC	2,384	(2,384)	-
Insurance premiums charged to members	(480,612)	(4,023)	(484,635)
Death / disability benefits credited	215,172	386	215,558
Benefits allocated to members' accounts, comprising:			
Net investment income	3,489,625	-	3,489,625
Net administration fees	(38,322)	-	(38,322)
Net change in defined benefit member accrued benefits	-	(5,832)	(5,832)
Closing balance of member benefits	61,034,109	4,039,487	65,073,596

This statement is to be read in conjunction with the notes to the financial statements set out on pages 18 to 42.

MERCER SUPER TRUST

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024**

For the year ended 30 June 2024	Operational risk reserve \$'000	Insurance reserve \$'000	Defined benefit plans over / (under) funded \$'000	Member reserve \$'000	Unallocated surplus / (deficit) \$'000	Total \$'000
Opening balance	48,588	450	438,684	8,176	67,948	563,846
Net transfers to / (from) defined contribution member accounts	-	-	-	-	-	-
Net transfers to / (from) defined benefit member accrued benefits	-	385	(385)	-	-	-
Operating result	4,174	-	196,748	16,322	(151,445)	65,799
Closing balance	52,762	835	635,047	24,498	(83,497)	629,645

For the year ended 30 June 2023	Operational risk reserve \$'000	Insurance reserve \$'000	Defined benefit plans over / (under) funded \$'000	Member reserve \$'000	Unallocated surplus / (deficit) \$'000	Total \$'000
Opening balance	41,871	605	265,291	23,117	74,327	405,211
Net transfers to / (from) defined contribution member accounts	-	-	-	-	-	-
Net transfers to / (from) defined benefit member accrued benefits	-	-	-	-	-	-
Operating result	6,717	(155)	173,393	(14,941)	(6,379)	158,635
Closing balance	48,588	450	438,684	8,176	67,948	563,846

This statement is to be read in conjunction with the notes to the financial statements set out on pages 18 to 42.

MERCER SUPER TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Interest		24,993	4,255
Distributions and dividends received		150,047	7,865
Investment management fee rebates received		8,096	2,027
Death / disability benefits received		346,250	218,668
Insurance premiums paid		(730,434)	(469,101)
Asset, administration and trustee expenses		(195,414)	(166,030)
Other revenue		20,690	(191)
Other expenses		(8,197)	(19,140)
Income tax expense / (benefit)		(614)	33,430
Net cash flows from operating activities	8	(384,583)	(388,217)
Cash flows from investing activities			
Proceeds from sale of investments		47,486,682	6,430,003
Payments for purchase of investments		(46,694,914)	(6,272,469)
Net cash flows from investing activities		791,768	157,534
Cash flows from financing activities			
Employer contributions		4,143,104	2,292,060
Member contributions		273,993	168,873
Transfers from other funds		1,639,901	1,598,295
Benefits to members		(5,764,938)	(3,351,146)
Income tax paid on contributions received		(408,762)	(185,714)
Net cash flows from financing activities		(116,702)	522,368
Net increase / (decrease) in cash and cash equivalents		290,483	291,685
Cash at the beginning of the period		572,967	281,282
Cash at the end of the period		863,450	572,967

This statement is to be read in conjunction with the notes to the financial statements set out on pages 18 to 42.

MERCER SUPER TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

1. REPORTING ENTITY

The Mercer Super Trust (“the Trust”) consists of both defined contribution and defined benefit plans. The Trust is a multi-employer superannuation fund which consists of three divisions: Corporate Superannuation Division, Retail Division and Allocated Pension Division. Under the Corporate Superannuation Division a separate plan is established for each participating employer sponsor. Each employer sponsor is able to design an accumulation and / or defined benefit plan to suit their requirements. Members who join the Trust individually, rather than who join under an employer plan, form part of the Retail Division, or the individual section within the Mercer SmartSuper Plan, which is a plan in the Corporate Superannuation Division of the Trust. The Retail Division also includes a risk only insurance offering to members.

The Trust is domiciled in Australia. The address of the Trust’s registered office is Collins Square, Level 15, 727 Collins Street, Docklands, VIC, 3008.

The Trustee has elected for the Trust to become a regulated trust in accordance with the *Superannuation Industry (Supervision) Act 1993* with effect from 1 July 1995. The Trust has received certification from the Australian Prudential Regulation Authority (“APRA”) confirming the Trust’s complying status and this has not since been revoked.

The Trust is constituted by a Trust Deed dated 28 June 1995 (as amended), to provide superannuation benefits for members.

The Trustee of the Trust is Mercer Superannuation (Australia) Limited (“MSAL”) (RSE No: L0000819).

The financial statements are presented in Australian currency and are for the period from 1 July 2023 to 30 June 2024 (the reporting period).

2. BASIS OF PREPARATION

(a) Statement of Compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, the *Corporations Act 2001 and Corporations Regulations 2001* and the provisions of the Trust Deed.

The financial statements were approved by the Board of Directors of the Trustee, MSAL, on 19 September 2024.

(b) Uses of estimates and judgements

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for financial investments, derivative assets, derivative liabilities and member liabilities.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The Trust also makes estimates and assumptions in relation to the valuation of defined benefit member liabilities of which are set out in Note 12.

(c) New and amended standards adopted by the Trust

The Treasury Laws Amendment (2022 Measures No 4) Act 2023 was enacted during the year. This Act is effective on or after 1 July 2023 and brings registrable superannuation entities such as the Trust into the financial reporting provisions of the *Corporations Act 2001*. Accordingly, from the financial year ending 30 June 2024, the Trust has prepared an annual report consisting of a financial report, a directors’ report (including a remuneration report) with an auditor’s report and an auditor’s independence declaration attached.

The Trust has also adopted other new accounting standards and interpretations that are mandatory, however, the adoption of these standards did not have a material effect on the annual report.

MERCER SUPER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Investments

Investments held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the investment. Transaction costs on investments at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all investments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Income Statement.

Fair value in an active market

The fair value of investments traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The last traded price is used to value investments.

An investment is regarded as quoted within an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Trust's investments that are valued based on active markets generally include listed investments, ranging from listed equities, listed property trusts (titled "equities" in Note 4) and / or debt securities to listed derivatives, where applicable.

Fair value in an inactive or unquoted market

The fair value of investments not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is the market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. There may be a difference between the fair value at initial recognition and amounts determined using a valuation technique at the end of the reporting period. If such a difference exists, the Trust recognises the difference in the Income Statement to reflect a change in factors, including time, that market participants would consider in setting a price.

Investments in unlisted unit trusts are recorded at the redemption price per unit as reported by the managers of such trusts.

The Trust's investments that are valued based on inactive or unquoted markets generally include unlisted instruments ranging from investments in unlisted unit trusts, partnerships, unlisted equity and/or debt securities to over the counter derivatives, where applicable.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Unit values denominated in foreign currency are translated to Australian dollars at the current exchange rates.

(b) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

MERCER SUPER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(c) Revenue recognition

Interest revenue

Interest revenue is recognised in the Income Statement on an accruals basis. Interest revenue not received at reporting date is reflected in the Statement of Financial Position as interest receivable.

Distributions

Distribution income is recognised as at the date the unit value is quoted ex-distribution and, if not received at reporting date, is reflected in the Statement of Financial Position as investment income receivable.

Dividend revenue

Revenue from dividends is recognised on the date the shares are quoted ex-dividend and, if not received at reporting date, is reflected in the Statement of Financial Position as investment income receivable.

Movement in fair value of investments

Changes in the fair value of investments are recognised as income and are determined as the difference between the fair value at reporting date or consideration received (if sold during the reporting period) and the fair value as at the end of the prior reporting period or cost (if the investment was acquired during the reporting period).

Other revenue

Non-investment revenue that the trust receives as a result of its operations is recognised as other revenue.

(d) Expenses

All expenses, including investment management fees, are recognised in the Income Statement on an accruals basis.

(e) Contributions received and transfers from other superannuation funds including successor fund transfer

Contributions and transfers from other funds are recognised in the period in which they are received by the Trust. Therefore, no receivable has been recorded for contributions at 30 June 2024 (2023: nil).

(f) Income tax

Income tax expense for the reporting period comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in members' funds in which case it is recognised in the Statement of Changes in Member Benefits.

Current tax is the expected tax payable on the taxable income for the reporting period using tax rates enacted or substantially enacted at the balance date and any adjustment to tax payable in respect of previous reporting periods.

Deferred tax is accounted for using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The temporary difference arising from the initial recognition of assets and liabilities that affect neither accounting nor taxable profit is not provided for.

The amount of deferred tax provided is based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

A deferred tax asset (DTA) is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The Trustee applies a DTA cap in line with its current DTA capping policy, whereby the DTA is capped at 1.75% of the Trust's total taxable assets (2023: 2.0%). The DTA asset cap is reviewed annually by the Trustee.

MERCER SUPER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(f) Income tax (continued)

Income tax expense / (benefit) has been provided for in the current reporting period at the rate of 15% (2023: 15%) as it is the expectation of the Trustee that the Trust will be treated as a complying superannuation fund. If the Trust is subsequently deemed to be a non-complying superannuation fund for the current reporting period, then income tax would be payable at a rate of 45% (45% for 2023) on the Trust's taxable income.

The expense / (benefit), and any corresponding liability / asset, is brought to account in the period in which the assessments are received by the Trustee and are payable by the Trust.

(g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of Financial Position.

The GST incurred on the costs of various services provided to the Trust by third parties such as custodial services and investment management fees have been passed onto the Trust. The Trust qualifies for Reduced Input Tax Credits (RITC) at a rate of 75% or 55%; hence investment management fees, custodial fees and other expenses have been recognised in the Income Statement net of the amount of GST recoverable from the ATO.

(h) Receivables

Receivables include accrued investment income, interest receivable, sundry debtors and unsettled trade receivables.

Trades are recorded on trade date and normally settle within three business days. Sales of trading securities and investments that are unsettled at reporting date are included in unsettled trades receivables.

Receivables are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Trust shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Trust shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The amount of the impairment loss is recognised in Income Statement within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

An employer sponsor receivable represents a contractual arrangement in place with an employer-sponsor to meet the shortfall / underfunding of a defined benefit plan of the Trust. One contractual agreement exists between the Trustee and an employer sponsor in respect of funding the defined benefit liabilities for that particular plan. As at 30 June 2024, this plan was underfunded, however all restoration plan payments due by the reporting date were received. Therefore an employer-sponsor receivable has not been recognised in the Statement of Financial Position.

MERCER SUPER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(i) Payables

Payables include liabilities, members' benefits payable, unallocated contributions and accrued expenses owing by the Trust which are unpaid as at reporting date. Payables are initially stated at their fair value then subsequently measured at amortised cost using the effective interest method.

Trades are recorded on trade date and normally settle within three business days. Purchases of trading securities and investments that are unsettled at reporting date are included in unsettled trades payables.

(j) Reserves

The Trustee maintains the following reserves:

(i) Operational risk reserve

The Operational Risk Financial Reserve (ORFR) may be used in certain circumstances to address claims against the Trust arising from operational risk events. The Trustee has assessed an ORFR of 0.25% of net assets and risk only premiums as appropriate for the Trust and holds the ORFR in the form of an operational risk reserve in the Trust, supplemented by capital held outside the Trust, to a total value of at least 0.25% of net assets and risk only premiums.

(ii) Insurance reserve

The Trust holds insurance reserves in relation to two plans. The insurance reserves are held to support the self-insured benefits for defined benefit members.

(iii) Member reserve

There are circumstances in the Trust where financial assets arise which are not directly attributable to any member or employer. The purpose of the reserve is to allow the Trustee to use certain unallocated Trust assets for the benefit of members including to improve the competitiveness of the Trust.

(k) Reclassification of financial information

Where necessary, comparative information has been reclassified to achieve consistency with current period disclosures.

(l) Rounding

Amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated.

(m) Issued standards not early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2024 reporting period and have not been early adopted by the Trust. None of these are expected to have a material effect on the financial statements of the Trust.

MERCER SUPER TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

4. INVESTMENTS

	2024	2023
	\$'000	\$'000
Term deposits	178,304	9,408
Equities	92,167	89,870
Unlisted unit trusts	68,688,845	64,008,610
Partnerships	186,746	134,406
Annuity	18,174	19,674
Total	69,164,236	64,261,968

5. MOVEMENT IN FAIR VALUE OF INVESTMENTS

	2024	2023
	\$'000	\$'000
Unrealised gains / (losses)	833,854	2,542,654
Realised gains / (losses)	(1,355,540)	117,366
Total	(521,686)	2,660,020

6. AUDITOR'S REMUNERATION

During the reporting period, the following fees were paid or payable to the auditor of the Trust, PricewaterhouseCoopers Australia ("PwC"). Audit fees for the Trust are recovered from the Allowance for Trustee Expenses which is charged to the Trust assets (refer Note 13(e)).

	2024	2023
	\$	\$
Audit services		
Audit of financial statements	454,100	628,462
Other regulatory audit services	139,400	291,834
Other services		
Taxation services	15,500	15,000
	609,000	935,296

7. INSURANCE ARRANGEMENTS

The Trust provides death, disability and income protection benefits to its members. The Trustee has group policies in place with a number of third party insurance companies to insure these death and disability benefits for the members of the Trust.

The Trust collects premiums from members on behalf of the insurance companies. Insurance claim amounts are recognised where the insurer has agreed to pay the claim. Therefore insurance premiums are not revenues or expenses of the superannuation entity and do not give rise to insurance contract liabilities or reinsurance assets. Insurance premiums charged to members' accounts are recognised in Statement of Changes in Member Benefits.

The Trustee has determined that the Trust is not exposed to material insurance risk in relation to the plans with self insurance reserves. Refer to Note 3 (j) (ii).

MERCER SUPER TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

8. RECONCILIATION OF PROFIT / (LOSS) AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2024	2023
	\$'000	\$'000
Profit / (loss) after income tax	65,799	158,635
Adjustments for:		
(Increase) / decrease in assets measured at fair value	521,686	(2,660,020)
(Decrease) / increase in receivables	(610)	(1,048)
Decrease / (increase) in deferred tax assets	22,044	(4,241)
(Decrease) / increase payables	166	12,676
(Decrease) / increase in current income tax liabilities	422,833	(88,422)
Increase / (decrease) in deferred tax liabilities	40,396	260,971
Distributions reinvested	(7,406,600)	(1,261,807)
Insurance premiums paid	(730,434)	(469,102)
Death / disability benefits received	346,249	218,668
Allocated to members' accounts	6,333,888	3,445,473
Net cash flows from operating activities	(384,583)	(388,217)

9. INCOME TAX EXPENSE

(a) Recognised in the Income Statement

	2024	2023
	\$'000	\$'000
<i>Current tax expense</i>		
Current year	439,662	(120,322)
Adjustment for prior year	(16,215)	(1,530)
<i>Deferred tax expense</i>		
Movement in deferred tax asset	22,044	(4,241)
Movement in deferred tax liabilities	40,396	260,971
Income tax expense / (benefit)	485,887	134,878

(b) Numerical reconciliation between tax expense and net income as a result of operations before income tax

	2024	2023
	\$'000	\$'000
Profit / (loss) from operating activities before income tax	6,885,574	3,738,986
Prima facie income tax thereon at 15%	1,032,836	560,848
Increase in income tax expense due to:		
Pension exemption	(50,903)	(11,743)
Non assessable investment income	(178,660)	(131,243)
Imputation and foreign tax credits claimed	(301,171)	(281,454)
Adjustment for prior year	(16,215)	(1,530)
Income tax expense / (benefit)	485,887	134,878

In addition to the above, \$515,292,708 (2023: \$265,263,990) is recognised in the Statement of Changes in Member Benefits relating to tax on contributions deducted from members' accounts.

MERCER SUPER TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

10. DEFERRED TAX ASSETS AND LIABILITIES

The balance comprises temporary differences attributable to:

	Assets		Liabilities		Total	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Payables	8,669	7,931	-	-	8,669	7,931
Unrealised (gains) / losses in financial assets held at fair value through profit or loss	-	(2,193)	(283,014)	(242,618)	(283,014)	(244,811)
Carry forward realised (gains) / losses	-	24,975	-	-	-	24,975
Net tax assets / (liabilities)	8,669	30,713	(283,014)	(242,618)	(274,345)	(211,905)

Movements in temporary differences during the reporting period:

	2024			2023		
	Opening Balance \$'000	Recognised in income \$'000	Closing Balance \$'000	Opening Balance \$'000	Recognised in income \$'000	Closing Balance \$'000
Payables	7,931	738	8,669	3,691	4,240	7,931
Unrealised (gains) / losses in financial assets held at fair value through profit or loss	(244,811)	(38,203)	(283,014)	(66,153)	(178,658)	(244,811)
Carry forward realised (gains) / losses	24,975	(24,975)	-	-	24,975	24,975
Net tax assets / (liabilities)	(211,905)	(62,440)	(274,345)	(62,462)	(149,443)	(211,905)

MERCER SUPER TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

11. CURRENT TAX ASSETS AND LIABILITIES

The current tax liability for the Trust of \$590,982,190 (2023: \$62,282,574) represents the amount of income taxes payable in respect of current and prior reporting periods. The increase in the current tax liability is mainly due to the increase in contributions tax, investment income from larger investment base, and the realisation of capital gains from disposal of investments.

12. MEMBER LIABILITIES

(a) Recognition and measurement of member liabilities

The entitlements of members to benefit payments are recognised as liabilities. They are measured as the amount of the accrued benefits as at the reporting date, being the present value of the benefits that the Trust is obliged to transfer to members or their beneficiaries in the future as a result of membership up to the end of the reporting period.

Unallocated surplus/(deficit) is a combination of timing related balances such as operating cash, tax provision, payables and hard close investment valuation differences. These amounts will generally be cleared or allocated to members in the subsequent period. At 30 June 2024 the amount was in deficit of \$83,497,453 (2023: surplus of \$67,948,114).

(b) Defined contribution member liabilities

Defined contribution member liabilities are measured as the amount of member account balances as at the reporting date.

Defined contribution members bear the investment risk relating to the underlying assets of the Trust. Unit prices are updated on a daily basis for movements in investment markets. Refer to Note 14 for the Trust's management of market, credit and liquidity risk.

(c) Defined benefit member liabilities

Defined benefit member liabilities are measured as the amount of a portfolio of investments that would be needed as at the reporting date to yield future net cash inflows that would be sufficient to meet accrued benefits as at that date when they are expected to fall due.

The Trust engages qualified actuaries on an annual basis to measure the defined benefits members' liabilities in each of its defined benefit employer plans. The actuarial valuation of member liabilities reflects the actuarial assessment of the benefits accrued up to the reporting date and payable to members on retirement, resignation, death or disability. The plans' assets, which may also include assets to support defined contribution member liabilities, are quarantined from the other assets of the Trust. In the event that a plan were to wind up, where the assets of the particular plan are not adequate to provide for members' liabilities and the employer does not contribute to make up the shortfall, the member liabilities are limited to the assets of the particular plan.

Key economic assumptions used to determine member liabilities for the plans include the future rate of investment earnings and future rate of salary increases. The assumed future rate of investment earnings for each plan has been determined by reference to the investment returns expected on the investment portfolio of that plan. The assumed salary increase rate for each plan has been based on long term economic forecasts for future increases in average weekly earnings (AWOTE) and discussions with the participating employer.

The following movements in the main assumptions used to determine member liabilities are reasonably possible for the reporting period.

MERCER SUPER TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

12. MEMBER LIABILITIES (continued)

(c) Defined benefit member liabilities (continued)

The rates assumed by the actuary will vary from plan to plan as a result of their specific characteristics and therefore a range has been disclosed:

As at 30 June 2024

Assumption	Rate assumed at reporting date	Reasonably possible change	Amount of increase in member liabilities	Amount of decrease in member liabilities
	%	%	\$'000	\$'000
Investment earning rate	2.75% - 7.8%	+1%		261,810
		- 1%	317,385	
Salary increase rate	0.0% - 4.5%	+1%	25,564	
		- 1%		21,180

As at 30 June 2023

Assumption	Rate assumed at reporting date	Reasonably possible change	Amount of increase in member liabilities	Amount of decrease in member liabilities
	%	%	\$'000	\$'000
Investment earning rate	2.0% - 7.8%	+1%		273,537
		- 1%	334,392	
Salary increase rate	0.0% - 4.5%	+1%	28,308	
		- 1%		23,297

The amount of vested benefits attributable to defined benefit members as at 30 June 2024 is \$3,911,107,344 (2023: \$4,059,498,820).

(d) Defined benefit plans that are over or (under) funded

As at 30 June 2024 the Trust's defined benefit plans on an aggregate level were over funded by \$635,046,570 (2023: \$438,683,802).

The financial status of defined benefit plans can vary from year to year according to investment performance, membership movements, salary increases, changes in actuarial assumptions and other factors. As a result of their specific experiences, the net assets of a number of defined benefit plans of the Trust were less than the defined benefit member liabilities at 30 June 2024. The Trust had 63 defined benefit plans as at 30 June 2024 (2023: 67), with coverage of defined benefit member liabilities by plan assets above 100% for approximately 90% (2023: 91%) of plans. The remaining plans were below 100% coverage of defined benefit member liabilities by plan assets. The defined benefit plans are closed to new entrants.

Individual plan specific results are reported to members in the plan's supplementary annual report. Refer to Note 14 for the Trust's management of market, credit and liquidity risk.

(e) Funding arrangements

The participating employers of each plan contribute at a rate agreed with the Trustee, on the advice of the plan actuary. Based on contributions received for the period to 31 March 2024, the participating employers of 100% (2023: 99%) of plans have contributed in line with the contributions recommended by the plans' actuaries. Those employers where contributions are expected but not yet paid are actively pursued by the Trustee.

MERCER SUPER TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

12. MEMBER LIABILITIES (continued)

(e) Funding arrangements (continued)

As referred to in Note 12(d), certain defined benefit plans of the Trust were underfunded against the measure of member liabilities as at 30 June 2024. The financial status of each defined benefit plan is assessed by the plan's actuary at an actuarial valuation at least once every three years.

The financial position of plans in an unsatisfactory financial position (where vested benefits exceed the value of assets) is monitored on a quarterly basis by plan actuaries, as required by the Trustee. Further, the Trustee requires that the relevant plan actuary review the current company contribution program and recommend a revised program if considered appropriate. Where appropriate, on advice of the plan's actuary the Trustee will seek the employer sponsor's agreement to make additional contributions, which are intended to return the plan to a satisfactory financial position within a reasonable period of time. The Trustee continues to monitor the financial position of all defined benefit plans on a quarterly basis, including testing coverage against each plan's shortfall limit, in accordance with APRA Prudential Standard SPS 160 Defined Benefit Matters.

(f) Guaranteed benefits

No guarantees have been made with respect to the liability for accrued benefits.

13. RELATED PARTIES

(a) Trustee

Mercer Superannuation (Australia) Limited A.B.N. 79 004 717 533 (RSE No. L0000819) ("MSAL") was appointed as trustee on 28 May 2002. MSAL is a wholly owned subsidiary of Mercer (Australia) Pty Ltd ("Mercer"), whose ultimate Australian parent entity is MMC Holdings (Australia) Pty Ltd. The ultimate parent entity is Marsh & McLennan Companies, Inc. which is listed on the New York, Chicago and London stock exchanges.

(b) Key management personnel

The Trust does not employ personnel in its own right. However, it is required to have a Trustee to manage the activities of the Trust. The directors of the Trustee and certain Mercer executives are considered the key management personnel.

(c) Administrator

The administrator of the Trust is Mercer Outsourcing (Australia) Pty Ltd, which is a related party of MSAL, provides holistic operational services including general fund administration, annual fund reviews, specialised administration, project management, helpline services, online services, member communication, employer relationship services, product management, insurance management and financial operational services.

(d) Key management personnel's remuneration

During the year, the following amounts were paid to the directors and other key management personnel. The directors' fees were paid from the Trust's expense allowance, while the remuneration for other key management personnel was paid by Mercer Outsourcing (Australia) Pty Ltd, Mercer Investments (Australia) Pty Ltd, Marsh Pty Ltd and Mercer (Australia) Pty Ltd, which are the Trust's related entities.

	2024 \$'000	2023 \$'000
Short-term employee benefits	3,249	2,653
Post-employment benefits	85	62
Long-term benefits	7	41
Share-based payments	414	248
Total key management personnel's remuneration	3,755	3,004

Some key management personnel are members the Trust and contribute their superannuation to the Trust. There were no other transactions between the Trustee, its key management personnel in their capacity as key management personnel and the Trust for the reporting period.

Note: The 30 June 2023 comparative figures have been restated as a result of legislative changes that took effect from the period beginning on 1 July 2023.

MERCER SUPER TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

13. RELATED PARTIES (continued)

(e) Trustee's remuneration

MSAL received remuneration as a consequence of its position as the trustee of the Trust as disclosed in the Income Statement. The Trustee's remuneration is calculated in accordance with the Trust Deed and represents a designated portion of the fees collected from members' accounts, with the balance of fees paid to the Trustee's appointed service providers for operating the Trust. The Trustee has adopted an expense recovery policy which provides for an allowance, representing the Trustee's direct expenses including legal and other professional services, audit and tax fees, and annual APRA levies, to be charged to the Trust's assets. The costs associated with implementation of legislative, regulatory and product changes also form part of the Trustee's direct expenses. The allowance was 0.05% p.a. of assets for the reporting period to 30 June 2024 (2023: 0.068% p.a.).

The transactions during the reporting period between the Trust and the Trustee are as follows:

	2024	2023
	\$'000	\$'000
Asset management fees	161,096	172,364
Administration fees	22,614	19,985
Allowance for Trustee Expenses (expense recoveries)	33,954	26,527
	217,664	218,876
Fee discount to employer plans	(22,379)	(40,193)
Total fees and expenses paid and payable	195,285	178,683

Fee discounts in relation to asset management fees are received by the Trust, in the form of a rebate from the Trust's administrator, and are accounted for on an accruals basis. Fee discounts not received at reporting date are offset against unpaid asset management fees and reflected in the Statement of Financial Position as a payable.

The amount payable at 30 June 2024 to the Trustee was \$25,286,505 (2023: \$25,299,540).

(f) Related party transactions

All related party transactions are conducted on arm's length terms and conditions.

(g) Employer sponsors

There have been no transactions between the employer sponsors and the Trust, other than employer contributions disclosed in the Statement of Changes in Member Benefits.

(h) Financial advisors

Mercer Financial Advice (Australia) Pty Ltd, which is a related party of MSAL, provides services comprising general and personal advice and other advisor services to members of the Trust. It provides distribution services in relation to the Trust.

(i) Corporate resources

Mercer (Australia) Pty Ltd, which is a related party of MSAL, provides services comprising of company secretarial services, information technology services, corporate accounting and tax services, finance and treasury services, human resource services, marketing and communication services, legal services, compliance and risk management services, property management services and general corporate administration services.

(j) Actuarial and Claims Advisory Services

Mercer Consulting (Australia) Pty Ltd, which is a related party of MSAL, provides actuarial services in respect of defined benefit plans and consulting services. Advisory services in relation to claims and complaint have ceased from 1 January 2024.

MERCER SUPER TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

13. RELATED PARTIES (continued)

(k) Investments

Mercer Investments (Australia) Limited ("MIAL"), which is a related party of MSAL, provides implemented investment consulting and investment management services to the Trustee.

Advance Asset Management Limited ("AAML"), which is a related party of MSAL, provides investment management services to the Trustee.

The Trust held investments in the Mercer Funds ("MF"s). MIAL is the Responsible Entity/Trustee for the MFs.

The Trust held investments in the AAML Funds ("AF"s). AAML was the Responsible Entity/Trustee for the AFs since inception. For the following three AFs that the Trust invested in, in April 2024, AAML retired as the Responsible Entity/Trustee and MIAL was appointed as the new Responsible Entity/Trustee:

- Advance Global Unlisted Property Fund - Wholesale Units
- Advance Private Debt Fund
- Advance Unlisted Infrastructure Fund

The Trust also held the following investments which are part of the Marsh & McLennan group of companies:

- Mercer Private Investment Partners III (Offshore) LP, the general partner of which is Mercer Private Investment Partners III GP, LLC.
- Mercer Private Investment Partners IV SICAV-SIF LP, the general partner of which is Mercer Private Investment Partners IV GP, S.A R.L.
- Mercer Private Investment Partners VI SICAV-SIF, the general partner of which is Mercer Private Investment Partners VI GP, S.A R.L.
- Mercer Private Investment Partners VII SICAV-SIF, the general partner of which is Mercer Private Investment Partners VII GP, S.A R.L.
- MGI Funds Plc Mercer Passive Global High Yield.

Investments held by the Trust in related parties are outlined in the table below and over the page. In applying the *ASIC Corporations Instrument 2016/191*, dated 24 March 2016 (the Instrument), the Trust has disclosed its related parties transactions to the nearest dollar, except for this table. This is done on the basis that these transactions are conducted on an arm's length basis and that the instrument would otherwise allow rounding of the related parties transactions to the nearest thousand dollars.

	Fair value of investment		Interest held		Distributions received / receivable	
	\$'000	\$'000	%	%	\$'000	\$'000
	2024	2023	2024	2023	2024	2023
AP #1 Trust	1,852,959	768,289	59.19	24.71	44,257	24,210
Mercer AP #2 Trust	71,150	40,190	100.00	100.00	1,309	781
Mercer DG (ex p) Trust	3,201,126	1,466,296	83.73	43.02	194,857	69,356
Mercer Passive Australian Shares Fund	4,404,372	1,417,309	74.68	36.13	92,530	58,241
Mercer OSS Trust	1,287,021	507,899	63.49	28.13	110,600	15,086
Mercer Investment Funds Australian Shares Plus Trust	1,338,098	820,210	82.26	61.23	42,983	36,004
Mercer Passive Emerging Markets Shares Fund	609,142	181,220	88.91	29.74	8,467	5,333
Mercer Tailored #1 Trust	3,139,117	1,040,070	79.81	30.93	47,199	5,916
Mercer Passive Global Listed Property Fund	274,896	131,171	46.23	55.65	4,874	2,859
TAL #2 Trust	480,286	168,290	94.47	35.55	-	-
Mercer Investment Funds Overseas Shares Trust	245,784	205,839	99.57	97.93	-	-
Mercer Passive International Shares Fund	2,614,781	1,137,118	46.66	29.62	29,718	19,309
Mercer Passive Hedged International Shares Fund	1,414,893	576,228	84.61	42.49	-	-
OSSH #1 Trust	1,867,689	784,801	84.01	45.56	87,100	13,612
Mercer Passive Global Listed Infrastructure Fund	373,677	52,657	65.31	11.88	6,976	1,869
Mercer Australian Inflation Plus Fund	353,732	237,507	40.34	29.16	-	40,772
Mercer Australian Sovereign Bond Fund	763,717	542,298	34.36	29.30	-	-

MERCER SUPER TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

13. RELATED PARTIES (continued)

(k) Investments (continued)

	Fair value of investment		Interest held		Distributions received / receivable	
	\$'000	\$'000	%	%	\$'000	\$'000
	2024	2023	2024	2023	2024	2023
Mercer Passive Australian Listed Property Fund	111,487	77,492	48.74	70.71	1,376	1,753
Mercer Socially Responsible Australian Shares Fund	461,040	206,846	43.62	20.51	9,603	6,443
Mercer Cash Fund	4,088,773	2,027,560	77.51	58.61	145,835	50,462
Mercer Australian Small Companies Fund	686,706	253,584	85.02	38.80	6,888	8,019
Mercer Emerging Markets Debt Fund	917,229	337,674	76.57	38.54	1,844	-
Mercer Global Sovereign Bond Fund	568,710	405,792	32.69	32.33	-	-
Mercer Global Credit Fund	257,566	240,628	23.61	32.54	-	-
Mercer Emerging Markets Shares Fund	1,638,799	256,243	76.15	33.58	19,727	6,077
Mercer Global Listed Property Fund	53,270	75,707	38.89	59.44	-	-
Mercer Australian Shares Fund for Tax Exempt Investors	246,319	166,247	29.59	26.91	7,358	6,757
Mercer Global Listed Infrastructure Fund	697	141	0.59	0.20	1	4
Mercer SmartPath Fund 1954 to 1958	-	637,314	-	100.00	5,523	14,101
Mercer SmartPath Fund 1959 to 1963	-	1,766,656	-	100.00	14,933	41,457
Mercer SmartPath Fund 1964 to 1968	-	2,486,802	-	100.00	22,415	62,371
Mercer SmartPath Fund 1969 to 1973	-	2,888,759	-	100.00	26,702	73,014
Mercer SmartPath Fund 1974 to 1978	-	2,533,251	-	100.00	23,397	62,954
Mercer SmartPath Fund 1979 to 1983	-	2,023,456	-	100.00	19,047	49,438
Mercer SmartPath Fund 1984 to 1988	-	1,256,497	-	100.00	11,939	30,031
Mercer SmartPath Fund 1989 to 1993	-	835,987	-	100.00	9,203	18,911
Mercer Global Absolute Return Bond Fund	310,600	180,104	50.21	30.22	2,130	-
Mercer Global Enhanced Low Volatility Shares Fund	1,192,434	534,396	93.98	46.48	60,613	33,391
Mercer Global High Yield Bond Fund	961,164	459,764	85.66	50.88	-	-
Mercer Conservative Growth Overlay Fund	14,125	10,526	84.97	80.02	-	-
Mercer Moderate Growth Overlay Fund	23,433	18,035	74.11	72.11	-	-
Mercer Growth Overlay Fund	93,018	45,962	93.79	59.70	-	-
Mercer High Growth Overlay Fund	285,716	20,288	99.96	10.25	-	-
Mercer Hedged International Shares Fund	77,031	53,231	30.13	26.54	-	-
Mercer Global Private Debt Fund	1,150,817	361,318	82.93	40.83	27,651	7,009
Mercer Diversified Growth Fund	178,212	90,546	93.55	33.05	6,914	2,220
Mercer Socially Responsible Global Shares Fund	228,845	109,701	35.88	14.97	82,795	739
Mercer Global Small Companies Shares Fund	1,158,374	456,554	88.07	39.09	72,373	19,380
Mercer Private Investment Partners III (Offshore) LP	6,923	7,917	1.70	1.70	-	-
Mercer Australian Shares Fund	80,663	168,226	10.89	26.50	5,273	5,983
Mercer Private Investment Partners IV SICAV-SIF	8,818	9,101	1.51	1.51	-	-
Mercer Private Investment Partners VI SICAV-SIF	78,403	65,680	1.43	1.43	-	-
Mercer Private Investment Partners VII SICAV SIF SF PE	78,601	23,556	3.20	3.20	-	-
Mercer Private Investment Partners VII SICAV Gbl Impact	11,898	-	7.06	-	-	-
Mercer Passive Sustainable International Share funds	484,433	157,819	38.08	38.08	5,160	2,227
MGI Funds Plc Mercer Passive Global High Yield	127,786	96,859	0.91	0.91	-	-
Advance Australian Shares Multi-Blend Fund - Wholesale	343,229	294,474	23.80	21.08	10,257	17,688
Advance Balanced Multi-Blend Fund - Wholesale	155,151	144,882	11.17	10.23	4,759	4,541
Advance Cash Multi-Blend Fund	987,409	47,370	60.31	3.71	14,611	897
Advance Defensive Multi-Blend Fund - Wholesale	11,874	11,051	4.07	3.32	156	88
Advance Defensive Yield Multi-Blend Fund	69,893	102,017	18.20	18.43	357	146

MERCER SUPER TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

13. RELATED PARTIES (continued)

(k) Investments (continued)

	Fair value of investment		Interest held		Distributions received / receivable	
	\$'000	\$'000	%	%	\$'000	\$'000
	2024	2023	2024	2023	2024	2023
Advance Australian Fixed Interest Multi-Blend Fund - Wholesale	589,671	285,697	55.70	21.92	-	-
Advance Growth Multi-Blend Fund - Wholesale	137,730	120,860	10.82	9.67	5,772	6,022
Advance High Growth Multi-Blend Fund - Wholesale	74,258	65,774	12.23	11.16	3,611	2,604
Advance International Shares Multi-Blend Fund - Wholesale	377,375	373,752	31.94	30.72	35,426	7,202
Advance Property Securities Multi-Blend Fund - Wholesale	404,757	12,451	62.64	1.55	4,290	268
Mercer Indexed Australian Shares Fund	1,945,866	128,937	52.28	3.68	32,896	1,133
Advance Super Cash Fund	-	1,208,178	-	100.00	6,765	12,947
Advance International Fixed Interest Multi-Blend Fund	449,805	145,433	53.15	14.26	-	-
Advance Global Emerging Markets Fund	-	182,908	-	17.07	82,703	4,289
Multi-manager Fixed Interest Fund	-	25,904	-	95.08	-	-
Mercer Indexed Growth Fund	2	24	-	0.01	-	-
Mercer Indexed Moderate Fund	207	396	0.04	0.07	6	3
Mercer Indexed International Shares Fund	4,599,979	112,706	69.17	1.77	188,292	5,555
2000's Lifestage Fund - A	-	100,534	-	99.96	35,394	359
1940's Lifestage Fund - A	-	95,272	-	99.88	845	605
1950's Lifestage Fund - A	-	964,975	-	99.96	18,195	6,247
1960's Lifestage Fund - A	-	3,731,588	-	99.97	589,957	16,281
1970's Lifestage Fund - A	-	6,691,119	-	100.00	1,904,997	59,473
1980's Lifestage Fund - A	-	6,235,403	-	100.00	1,738,868	58,358
1990's Lifestage Fund - A	-	2,143,747	-	95.58	541,115	25,393
Multi-manager Balanced Fund	1,878,221	2,158,479	94.19	94.46	87,071	13,376
Multi-manager Conservative Fund	180,230	253,081	85.82	87.72	3,321	1,124
Multi-manager Growth Fund	883,470	915,587	91.00	90.78	47,279	18,089
Multi-manager High Growth Fund	221,328	197,227	87.98	86.85	8,684	5,268
Multi-manager Moderate Fund	-	35,422	-	100.00	88	68
Advance Private Debt Fund	926,201	197,116	85.85	20.26	12,766	5,694
Mercer Indexed Australian Listed Property Fund	245,148	165,869	36.62	15.71	18,713	1,325
Advance Unlisted Infrastructure Fund	769,104	90,154	85.74	10.95	54,638	1,148
WSSP Australian Equities Trust	6,453,012	915,500	89.90	13.98	123,608	28,155
WSSP International Equities Trust	3,719,312	766,313	88.34	15.27	448,645	30,253
WSSP International Property (Global REITS) Trust	190,422	47,172	99.38	25.75	1,506	4,621
Sustainable GS 1 Trust - Unhedged Units	243,755	-	100.00	-	1,120	-
Sustainable GS 1 Trust - Hedged Units	294,931	-	100.00	-	2,002	-
Mercer Sustainable Plus Global CR	32,693	-	9.65	-	922	-
Advance Global Unlisted Property Fund - Wholesale Units	251,677	-	89.15	-	-	-
	66,311,040	60,390,983			7,289,205	1,135,309

MERCER SUPER TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

14. FINANCIAL RISK MANAGEMENT

Overview

The Trust's investments principally consist of financial instruments which comprises of equities, interest bearing securities, unlisted unit trusts, derivative financial instruments and life policies. The Trustee has determined that these types of investments are appropriate for the Trust. The Trustee offers a direct investment option in which members can choose individual assets which align with their risk profile and objectives. All other portfolios are constructed by the Trustee appointed investment consultants to align with Trustee determined objectives, and the allocation of Trust assets is managed to achieve pre-defined investment objectives. Divergence from target asset allocations and the composition of these portfolios is monitored by the Trustee on at least a quarterly basis and by management of the underlying investment funds on a daily basis.

All of the underlying investments of the Trust are invested at arm's length and are separately identifiable.

The below pertains to the constructed portfolios.

The Trust's investment activities expose it to the following risks:

- market risk (including price risk, currency risk and interest rate risk);
- credit risk; and
- liquidity risk.

The above investment risks have been considered in constructing the asset portfolios of the Trust and aims to manage those risks primarily through diversification, including using some or all of the following (as applicable):

- investing across different asset classes (to reduce market risk and liquidity risk);
- investing predominantly in unlisted unit trusts which, in turn, invest with a number of different investment managers (to reduce credit risk);
- investing across different countries (to reduce market risk); and
- investing in a number of individual securities within each asset class (to reduce credit risk).

Professional investment managers are appointed to manage the assets of the Trust via a mandate, investment funds or vehicles. Investment managers who are appointed external to the Mercer group of companies as well as investment managers appointed for the various investment funds or vehicles in which the Trust invests, may utilise derivatives in managing investment portfolios and in managing pooled investment vehicles. The use of derivatives is restricted to improving the efficiency of investments and in managing risk (for example, to hedge part of a foreign currency exposure). The investment managers may use derivatives and other instruments, including share price and bond futures, interest rate swaps and forward currency contracts, to manage exposures resulting from changes in interest rates, foreign currencies, equity price risks and exposures from forecast transactions.

The Trustee monitors investment risk through consideration of comprehensive reports from the Trustee's implemented consultants at least on a quarterly basis.

The Trustee's implemented consultants perform monitoring activities include but not limited to the following:

- compliance with the investment strategy and objectives;
- portfolio construction by asset class, by country, and between underlying investment managers;
- liquidity issues; and
- assessment of underlying investment managers.

The Trustee's existing risk management framework continues to operate through monitoring the Trust's investment risk exposure to assess the potential financial impacts on the Trust's operations, as well as the impact on investment outcomes.

MERCER SUPER TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

14. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: price risk, currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk is minimised by the Trustee through ensuring that all investment activities are undertaken in accordance with established investment strategies and any restrictions imposed by the Trustee in the investment agreements made with each investment manager, and the implemented consulting agreements with the implemented consultants.

The market risk disclosures are prepared on the basis of the Trust's direct investments and not on a look-through basis.

The sensitivity of the Trust's net assets attributable to members (and profit/(loss) attributable to members) to asset price risk, currency risk and interest rate risk is measured by the projected standard deviation in equity, interest rate and foreign exchange markets across multiple economic regimes over a long term horizon. Standard deviation is measured through proprietary projected stochastic simulations of the Trusts's portfolio at a +/- 1% standard deviation confidence level. This captures movements in asset values for the majority of possible market outcomes, and is used as the risk measure for the purpose of this financial report.

The use of standard deviation or any other statistical technique has its limitations, and at times may underestimate extreme market movements. Actual market movements may therefore be greater or less than modelled. Results shown in this financial report are not intended to predict or project specific present or future values of actual investments or holdings.

For further information about market price risk and other risk factors, please refer to the Trust's Product Disclosure Statements .

The Trust's investments are managed based on management's consideration of the various risk variables on a consolidated basis. This excluded the investment holdings via the direct investment option as it is not practicable for the management to monitor individual members' market risk exposure under the direct investment option arrangement (2024: \$88.244m; 2023: \$85.389m). In addition, the Trust's investment holdings via annuity is not exposed to market risk (2024:\$18.174m; 2023: \$19.674m). Management disclosed the Trust's sensitivity to the various risk variables on a consolidated basis as this is how risk is being measured and monitored by the Trustee. Management consider the reasonable possible movement in net assets attributable to members (and profit/(loss) attributable to members) are approximately:

2024	Change in variable	Carrying amount \$'000	(Decrease) \$'000	Increase \$'000
Investment holding excluding direct investment option and annuity	+/- 10.0%	68,875,591	(6,887,559)	6,887,559
Derivative assets	+/- 10.0%	15,404	(1,540)	1,540
Derivative liabilities	+/- 10.0%	(1,585)	159	(159)
2023	Change in variable	Carrying amount \$'000	(Decrease) \$'000	Increase \$'000
Investment holding excluding direct investment option and annuity	+/- 10.0%	64,143,016	(6,414,302)	6,414,302
Derivative assets	+/- 10.0%	3,946	(395)	395
Derivative liabilities	+/- 10.0%	(108)	11	(11)

MERCER SUPER TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

14. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Trust's financial instruments are carried at fair value, all changes in market conditions will directly affect investment returns, recognised in the Income Statement. Market price risk is mitigated by constructing a diversified portfolio of instruments traded in various markets. In addition, market price risk may be hedged using derivative financial instruments such as options or futures.

(ii) Currency risk

Certain underlying investment funds hold assets denominated in currencies other than the Australian dollar, the functional currency. Such entities are therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

The strategy on the management of currency risk is driven by an underlying fund's investment objectives. The Trustee has been advised by the investment manager of the relevant funds that currency risk is managed on a daily basis in accordance with investment guidelines as outlined in the funds' Product Disclosure Statements.

The Trust's exposure to currency risk at the reporting date was as follows:

Assets	2024	Australian Dollars	US Dollars	Euro	Japanese Yen	Other Currencies	Total
		AS'000	AS'000	AS'000	AS'000	AS'000	AS'000
Cash and cash equivalents		846,635	15,913	344	495	63	863,450
Investments		68,869,336	294,900	-	-	-	69,164,236
Derivative assets		15,108	127	24	115	30	15,404
Receivables		2,669,839	-	-	-	-	2,669,839
Deferred tax assets		8,669	-	-	-	-	8,669
		<u>72,409,587</u>	<u>310,940</u>	<u>368</u>	<u>610</u>	<u>93</u>	<u>72,721,598</u>
Liabilities							
Derivative Liabilities		(1,182)	(172)	(69)	(111)	(51)	(1,585)
Other Liabilities		(1,486,681)	-	-	-	-	(1,486,681)
Member Liabilities		(70,603,687)	-	-	-	-	(70,603,687)
		<u>(72,091,550)</u>	<u>(172)</u>	<u>(69)</u>	<u>(111)</u>	<u>(51)</u>	<u>(72,091,953)</u>
Net Assets		<u>318,037</u>	<u>310,768</u>	<u>299</u>	<u>499</u>	<u>42</u>	<u>629,645</u>

MERCER SUPER TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

14. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

Assets	2023	Australian Dollars AS'000	US Dollars AS'000	Euro AS'000	Japanese Yen AS'000	Other Currencies AS'000	Total AS'000
Cash and cash equivalents		572,967	-	-	-	-	572,967
Investments		64,019,857	242,111	-	-	-	64,261,968
Derivative assets		323,018	161,860	24,555	14,322	28,178	551,933
Receivables		1,247,942	-	-	-	-	1,247,942
Deferred tax assets		30,713	-	-	-	-	30,713
		<u>66,194,497</u>	<u>403,971</u>	<u>24,555</u>	<u>14,322</u>	<u>28,178</u>	<u>66,665,523</u>
Liabilities							
Derivative Liabilities		(158,984)	(275,768)	(39,904)	(24,511)	(48,928)	(548,095)
Other Liabilities		(479,986)	-	-	-	-	(479,986)
Member Liabilities		(65,073,596)	-	-	-	-	(65,073,596)
		<u>(65,712,566)</u>	<u>(275,768)</u>	<u>(39,904)</u>	<u>(24,511)</u>	<u>(48,928)</u>	<u>(66,101,677)</u>
Net Assets		<u>481,931</u>	<u>128,203</u>	<u>(15,349)</u>	<u>(10,189)</u>	<u>(20,750)</u>	<u>563,846</u>

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Trust's interest bearing financial assets and financial liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates. The Trust has established limits on investments in interest bearing assets, which are monitored on a daily basis in accordance with the investment guidelines for investment managers. The Trust may use derivatives to hedge against unexpected increases in interest rates.

The Trust is exposed to interest rate risk through the following:

- Any excess cash and cash equivalents of the Trust is invested in short-term Treasury securities, bank bills, commercial paper or reverse repurchase agreements with the term of maturity of up to six months.
- Investments in fixed interest securities may include indexed bonds and are referenced to an index such as the Consumer Price Index (CPI) or Bank Bill Swap Rate.

At the reporting date, the interest rate profile of the Trust's interest bearing financial instruments was:

		2024 S'000	2023 S'000
Cash and cash equivalents	Floating interest rate	863,450	572,967
Term deposits	Fixed interest rate	178,304	9,408
		<u>1,041,754</u>	<u>582,375</u>

MERCER SUPER TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

14. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. With respect to credit risk from the financial assets, other than derivatives, the Trust's exposure arises from default of the counterparty, with the current exposure equal to the fair value of these investments as disclosed in the Statement of Financial Position, including cash and cash equivalents, interest bearing securities, equities, unlisted unit trusts, life policies and derivatives.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values.

This does not represent the maximum risk exposure that could arise in the future, as future values may change, but best represents the current maximum exposure at the reporting date, as outlined below:

	2024	2023
	\$'000	\$'000
Term deposits	178,304	9,408
Equities	92,167	89,870
Unlisted unit trusts	68,688,845	64,008,610
Partnerships	186,746	134,406
Annuity	18,174	19,674
Derivative assets	15,404	3,946
Investment income receivable	2,100,075	959,529
Unsettled trades receivable	563,008	25,285

All investments of the Trust are made on an arm's length basis through appointed professional investment managers. Accordingly, the Trustee looks through to the credit risk policies of its appointed managers.

The portfolio managers for the majority of the Trust assets, MIAL and AAML, have a Counterparty Risk Management Policy which has also been adopted by the Trustee. The Policy sets out the principles that will be applied in managing counterparty risk, the timing (quarterly) and how counterparty risk will be monitored.

Key principles include:

- Identifying exposure to counterparty risk;
- Identifying risk controls to influence and manage these risks; and
- Ongoing monitoring and reporting of counterparty exposures and risks.

All contracts with counterparties are included in the underlying funds investment manager's approved counterparties list.

The Trust determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2024 and 30 June 2023, all receivables, amounts due from brokers, cash and short term deposits are generally settled within 30 days. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Trust.

The Trust holds no collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired.

MERCER SUPER TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

14. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The approach to managing liquidity is to ensure, as far as possible, that there will always be sufficient liquidity to meet liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Trust's reputation.

The Trust may, through its underlying investment funds, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Trust may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events, such as deterioration in the creditworthiness of any particular issuer.

As required under *Superannuation Prudential Standard 530 Investment Governance*, the portfolio managers for the majority of the Trust assets, MIAL and AAML, undertake an annual liquidity stress test which is presented to the Trustee Board.

The Trust's liquidity risk is managed on a daily basis and in accordance with the investment objectives. The following are the maturities of financial liabilities, excluding the impact of netting agreements:

At 30 June 2024	Less than 1 month \$'000	1-3 months \$'000	3-12 months \$'000	1-5 years \$'000	Over 5 years \$'000	Total \$'000
Derivative liabilities	349	833	403	-	-	1,585
Unsettled trades payable	500,102	-	-	-	-	500,102
Payables	112,583	-	-	-	-	112,583
Member liabilities	70,603,687	-	-	-	-	70,603,687
Total financial liabilities (excluding gross settled derivatives)	71,216,721	833	403	-	-	71,217,957

Gross settled derivatives

Gross cash inflow	15,067	337	-	-	-	15,404
Gross cash outflow	(349)	(833)	(403)	-	-	(1,585)

At 30 June 2023	Less than 1 month \$'000	1-3 months \$'000	3-12 months \$'000	1-5 years \$'000	Over 5 years \$'000	Total \$'000
Derivative liabilities	108	-	-	-	-	108
Unsettled trades payable	2,363	-	-	-	-	2,363
Payables	172,722	-	-	-	-	172,722
Member liabilities	65,073,596	-	-	-	-	65,073,596
Total financial liabilities (excluding gross settled derivatives)	65,248,789	-	-	-	-	65,248,789

Gross settled derivatives

Gross cash inflow	3,868	-	-	-	-	3,868
Gross cash outflow	-	(30)	-	-	-	(30)

MERCER SUPER TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

14. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

Member Liabilities (refer Note 12) have been included in the less than one month column as this is the earliest timeframe on which the Trust can be required to pay Member Liabilities, noting that members may not necessarily withdraw during this time.

(d) Estimation of fair values

The Trust's financial assets and liabilities included in the Statement of Financial Position are carried at fair value. The major methods and assumptions used in estimating the fair values of financial instruments were disclosed in Note 3(a).

(e) Fair value hierarchy

The Trust is required to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets (Level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as published prices being the redemption prices established by the underlying fund manager) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering the factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Trustee. The Trustee considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below analyses the Trust's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2024.

30 June 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Term deposits	178,304	-	-	178,304
Equities	92,167	-	-	92,167
Unlisted unit trusts	-	68,325,833	363,012	68,688,845
Partnerships	-	-	186,746	186,746
Annuity	-	-	18,174	18,174
Derivative assets	-	15,404	-	15,404
	270,471	68,341,237	567,932	69,179,640
Liabilities				
Derivative liabilities	-	(1,585)	-	(1,585)

MERCER SUPER TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

14. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value hierarchy (continued)

30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Term deposits	9,408	-	-	9,408
Equities	89,870	-	-	89,870
Unlisted unit trusts	-	63,657,375	351,235	64,008,610
Partnerships	-	-	134,406	134,406
Annuity	-	-	19,674	19,674
Derivative assets	-	3,946	-	3,946
	99,278	63,661,321	505,315	64,265,914
Liabilities				
Derivative liabilities	-	(108)	-	(108)

The pricing for the majority of the Trust's investments is generally sourced from independent pricing sources, the relevant investment managers or reliable brokers' quotes. Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. The observable inputs include prices and/or those derived from prices.

The Level 2 instruments include life policies, derivative financial instruments, interest bearing securities and unlisted unit trusts. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

The Level 3 instruments include investment in annuity product, unlisted unit trust and partnerships where the underlying investment is in private equity funds. The annuity was valued using actuarial assessment. Key economic assumptions used include life expectancy of relevant members and/or their beneficiaries. The unlisted unit trusts were valued at last available price. The partnership private equity funds were valued by the investment manager using net asset value of the underlying private equity fund, which are generally in an inactive/illiquid market. These valuation inputs are generally sourced from independent third party without adjustment, and are considered unobservable and proprietary.

The following table presents the movement in level 3 instruments for the reporting period ended 30 June 2024 by class of financial instrument.

	Annuity		Unlisted unit trusts	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Opening balance	19,674	22,020	351,235	9,462
Applications	-	-	31,743	354,741
Redemptions	-	-	-	-
Gains and losses recognised in Income	(1,500)	(2,346)	(19,966)	(12,968)
Closing balance	18,174	19,674	363,012	351,235
	Partnerships			
	2024 \$'000	2023 \$'000		
Opening balance	134,406	71,259		
Applications	58,541	51,404		
Redemptions	(18,263)	(1,181)		
Gains and losses recognised in Income	12,062	12,924		
Closing balance	186,746	134,406		

MERCER SUPER TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

14. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value hierarchy (continued)

The Trust generally values its interest in these unlisted unit trusts using the valuation provided by the external fund managers. As these investments are not actively traded in a public market, the valuation provided by the external fund manager is considered unobservable.

Description	Fair value at 30 June 2024	Unobservable inputs	Range of inputs (probability- weighted average)	Relationship of unobservable inputs to fair value
	\$'000			\$'000
Unlisted unit trusts - Property	204,124	Net asset value	Diverse	Increased/(decreased) unit price (+/- 10%) would (decrease)/increase fair values by \$20,412
Unlisted unit trusts - Infrastructure	50,733	Net asset value	Diverse	Increased/(decreased) unit price (+/- 10%) would (decrease)/increase fair values by \$5,073
Unlisted unit trusts - Hedge Fund	108,155	Net asset value	Diverse	Increased/(decreased) unit price (+/- 10%) would (decrease)/increase fair values by \$10,816
Partnerships	186,746	Net asset value	Diverse	Increased/(decreased) unit price (+/- 10%) would (decrease)/increase fair values by \$18,675
Annuity	18,174	External actuarial valuation	Diverse	The risk over the fair values quoted lies with the annuity provider.
Total Level 3	<u>567,932</u>			

No transfers between levels have occurred in the reporting period ended 30 June 2024 (2023: Nil).

15. STRUCTURED ENTITIES

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. Depending on the Trust's power over the activities of the entity and their exposure to and ability to influence their own returns, they may control the entity. In other cases they may have exposure to such an entity but not control it. However, the Trust applies the Investment Entity Exemption available under *AASB 10 Consolidated Financial Statements* and therefore does not consolidate its controlled entities.

An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Trust. Such interests include holdings of units in unlisted trusts. The nature and extent of the Trust's interests in structured entities are titled "unlisted unit trusts" and are summarised in Note 3(a) and Note 4.

The Trust has exposures to unconsolidated structured entities through its trading activities. The Trust typically has no other involvement with the structured entity other than the securities it holds as part of trading activities and its maximum exposure to loss is restricted to the carrying value of the asset.

Exposures to trading assets is managed in accordance with financial risk management practices as set out in Note 14.

Financial support provided or to be provided to unconsolidated structured entities

The Trust has not provided any non-contractual financial support during the period and does not anticipate providing non-contractual support to unconsolidated structured entities in the future.

MERCER SUPER TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

16. COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

As of the 30 June 2024, the Mercer Super Trust has the following commitments:

	2024	2023
	\$'000 USD	\$'000 USD
Mercer Private Investment Partners III (Offshore) LP	3,410	3,410
Mercer Private Investment Partners IV SICAV-SIF	1,114	1,114
Mercer Private Investment Partners VI SICAV-SIF	22,230	28,533
Mercer Private Investment Partners VII SICAV-SIF	45,229	56,340
Mercer Private Investment Partners VII Global Impact	21,461	-
Newbury Equity Partners II L.P.	-	1,200
Siguler Guff Distressed Opportunities Fund III (F), LP	-	1,050
Siguler Guff Distressed Opportunities Fund IV (F), LP	-	3,200
	93,444	94,847
	2024	2023
	\$'000 AUD	\$'000 AUD
Mercer AP #2 Trust	70,787	61,007
	70,787	61,007

There are no other commitments, contingent assets or liabilities as at 30 June 2024 (2023: nil).

17. SUCCESSOR FUND TRANSFERS

On 1 April 2024, the Trust completed a Successor Fund Transfer (SFT) of approximately 42,500 risk only members from the Asgard Independence Plan Division 2 into its Retail Division.

During the 2023 financial year, the following plans transferred into the Trust by successor fund transfer (SFT).

Plan	SFT Date	\$'000
BHP (Woodside Super Plan)	20/10/2022	27,439
Lutheran Super Plan	25/10/2022	694,430
Macquarie Super Plan	3/12/2022	640,231
BT Super Plans	1/04/2023	33,687,726
Holden Super Plan	1/06/2023	301,060
Total Successor Fund Transfers In		35,350,886

18. SUBSEQUENT EVENTS

On 1 July 2024, the Trust completed a SFT into its Retail Division, adding approximately 600 risk-only members from the Super Retirement Fund and approximately 22,200 risk-only members from the Colonial First State First Choice Superannuation Trust.

As disclosed in Note 13, MIAL became the new Responsible Entity/Trustee of certain AFs from April 2024. With effect from 1 July 2024, MIAL became the new Responsible Entity/Trustee for the remaining AFs, and AAML ceased to provide any services directly to MSAL.

On 2 August 2024, the Federal Court handed down its judgment regarding the proceedings initiated by the Australian Securities and Investments Commission (ASIC). The proceedings related to five online statements that used overly general terms to describe the Trust's sustainable investment options. A penalty of \$11.3 million, plus payment of ASIC's costs, was agreed between ASIC and the Trustee, and the Federal Court approved these amounts. The penalty and ASIC's legal costs will be paid for by the Trustee in its corporate capacity, and not from members' funds.

On 23 September 2024, Kim Richards will assume the role of Marsh McLennan Pacific Chief Risk & Compliance Officer with a portion of her role focusing on the Trust following the resignation of Norlena Brouwer.

On 1 October 2024, Claire Ross will be replacing Tim Barber as the Chief Executive Officer of Mercer Super.

Except as disclosed above, no matter or circumstance has arisen since 30 June 2024 that has significantly affected the funds operations, results or state of affairs.



Independent auditor's report

To Mercer Superannuation (Australia) Limited (ABN; 79 004 717 533), the Trustee of Mercer Super Trust (ABN; 19 905 422 981)

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Mercer Super Trust (the RSE) are in accordance with the *Corporations Act 2001*, including:

1. giving a true and fair view of the RSE's financial position as at 30 June 2024 and of its financial performance for the year then ended
2. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprise:

- the statement of financial position as at 30 June 2024
- the income statement for the year then ended
- the statement of changes in member benefits for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, including material accounting policy information and other explanatory information
- the Directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the RSE in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



Other information

The directors of the Trustee are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors of the Trustee for the financial report

The directors of the Trustee (the directors) are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a *true and fair view*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the RSE or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our auditor's report.



Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2024.

In our opinion, the remuneration report of Mercer Super Trust for the year ended 30 June 2024 complies with section 300C of the *Corporations Act 2001*.

Responsibilities

The directors of the Trustee are responsible for the preparation and presentation of the remuneration report in accordance with section 300C of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

A stylized, handwritten-style logo for PricewaterhouseCoopers, with the letters 'PricewaterhouseCoopers' written in a cursive script.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'George Sagonas'.

George Sagonas
Partner

Melbourne
19 September 2024