Annual Outcomes Assessment

Mercer SmartRetirement Income

Financial year ending 30 June 2025

Overall Determination

Mercer Superannuation (Australia) Limited (the **Trustee**) has determined that Mercer SmartRetirement Income (the **Product**) is **promoting the financial interests of our members**. This is based on the assessments and comparisons summarised below.

Section one – performance assessment

Fees and costs	The Mercer SmartRetirement Income total fees and costs across the financial year to 30 June 2025 ranked above median, based on a $100,000 and $250,000 account balance.
Investment returns	Most options are rated mid-market or better (Quartile 1 or Quartile 2) over 1, 3 and 5 years (net of fees and taxes).
Investment risk	The investment risk in the Choice investment options is deemed appropriate.

Section two – assessment factors

Options, benefits and facilities	The Trustee is committed to enhancing member experience and engagement, and our analysis shows we offer appropriate options, benefits and facilities for our members.
Investment strategy	The investment strategy, including the asset allocation and level of risk is appropriate for the Choice investment options.
Insurance strategy & fees	N/A – Mercer SmartRetirement Income does not offer insurance.
Basis for setting fees	The basis for setting fees is suitable for our Mercer Super products.
Scale & operating costs	Operating costs are reasonable, with Mercer Super continuing to grow in 2025.

Section One: Summary of the performance assessment

This section provides the outcome of the Trustee's assessment of Fees and costs, Investment returns and Investment risk compared to peers and benchmarks.

1. Fees and costs

Determination	Assessment
Members' financial interests are promoted	The fees and costs are mid-market or better (Quartile 1 or Quartile 2) for most options. The $100,000 and $250,000 balance comparisons have all options ranked at Quartile 2.

Table 1 – Choice fees and costs competitor rankings for $100,000 balance.

		For $100,000 balance			
Fee category	**Investment option**	**Administration fees and costs**	**Total fees and costs**	**Rank**	**Quartile**
High Growth	Mercer High Growth	0.20%	0.91%	21 / 52	Q2
Growth	Mercer Growth	0.20%	0.85%	20 / 58	Q2
Balanced	Mercer Moderate Growth	0.20%	0.90%	23 / 52	Q2
Conservative	Mercer Conservative Growth	0.20%	0.81%	26 / 59	Q2

Table 2 – Choice fees and costs competitor rankings for $250,000 balance

		For $250,000 balance			
Fee category	**Investment option**	**Administration fees and costs**	**Total fees and costs**	**Rank**	**Quartile**
High Growth	Mercer High Growth	0.20%	0.91%	25 / 52	Q2
Growth	Mercer Growth	0.20%	0.85%	24 / 58	Q2
Balanced	Mercer Moderate Growth	0.20%	0.90%	25 / 52	Q2
Conservative	Mercer Conservative Growth	0.20%	0.81%	28 / 59	Q2

The Trustee remains committed to delivering products and investment options that promote member outcomes and foster growth to enable the benefits of scale to be passed onto members by way of competitive administration fees.

2. Investment returns

Determination	Assessment
Members' financial interests are promoted	Most options are rated mid-market or better (Quartile 1 or Quartile 2) over the different periods. For 1-year results, three of the four rated options are ranked Quartile 2. For 3-year and 5-year results, three of the four rated options are ranked Quartile 1 or Quartile 2.

APRA introduced the Annual Performance Assessment (**APA**) for Trustee-Directed Products from 1 July 2023 onwards. The test assesses the investment performance of a product over a ten-year time horizon. All Mercer Super Trust (**MST**) Choice options surveyed within the 2024-2025 APA, **passed** the APA.

Investment returns are influenced by the asset class or level of risk associated with each Choice investment option.

Table 3 – Choice investment return rankings against comparable investment options[1].

Investment option		1 Year		3 Years		5 Years	
	Peer group	Rank	Quartile	Rank	Quartile	Rank	Quartile
Mercer Cash	Cash	51 / 59	Q4	46 / 57	Q4	46 / 57	Q4
Mercer Conservative Growth	Capital Stable	24 / 72	Q2	21 / 67	Q2	21 / 62	Q2
Mercer Growth	Balanced	73 / 167	Q2	39 / 145	Q2	39 / 137	Q2
Mercer Moderate Growth	Conservative Balanced	27 / 95	Q2	10 / 65	Q1	10 / 61	Q1

3. Investment risk

Determination	Assessment
Members' financial interests are promoted	The Trustee ensures it has a range of options available for members to choose from, with different risk characteristics and investment objectives. During the last review in 2025 the Trustee confirmed it was comfortable with the level of investment risk in each Choice investment option.

The Trustee performs an annual review of each Choice investment option to understand the level of investment risk inherent in each option and whether that would be in line with the expectations of the members who are invested in that option. During the last review in 2025 the Trustee confirmed that it was comfortable with the level of investment risk in each Choice investment option.

[1] The options surveyed include the four largest options by number of members and three tailored investment options. The rankings are sourced from the SuperRatings FCRS Survey as at 30 June 2025.

Section Two: Summary of the assessment factors

The Trustee's assessment of the Product as at 30 June 2025 is based on the following factors specified by the legislation.

Factor	Determination
Options, benefits and facilities	**Members' financial interests are promoted** The options, benefits and facilities are appropriate for Mercer SmartRetirement Income members, having regard to the financial interests of beneficiaries in this product. The MST offers members access to options, benefits, and facilities that Management considers appropriate to meet the needs of the broad target market and member demographics. These include: • A diverse investment menu, • Member experiences and employer servicing that is highly regarded by industry peers with intuitive and proactive digitally enabled services and interactions, • A comprehensive super, retirement and financial wellness education offering, • A pathway for members in the accumulation phase to seamlessly transition to retirement phase products. The Trustee is focused on improving member experience and engagement, including advancements in Digital Experience, Service Transformation and Product Simplification, as well as enhancing the advice offering that supports our members' journey into and in retirement.
Investment strategy	**Members' financial interests are promoted** The last annual investment strategy review was completed for the Mercer SmartRetirement Income options in August 2025. The review identified that for each Mercer SmartPath cohort the probability of achieving the relevant stated investment objective remains satisfactory. Changes to CPI+ objectives and asset allocation have been approved in line with the Mercer SmartPath glidepath. With regard to the MST Choice options, the review identified that the strategies remain appropriate with minor changes to the Mercer Ready-made and Mercer Enhanced Passive options.
Insurance strategy	**N/A** – Mercer SmartRetirement Income does not offer insurance.
Insurance fees	**N/A** – Mercer SmartRetirement Income does not offer insurance.

Factor	Determination
Scale	**Members' financial interests are promoted** Mercer SmartRetirement Income options have sufficient scale to be sustainable. MST and the Product's scale has grown over the year, with the number of member accounts across MST increasing by approximately 22,000 and an increase in Funds Under Management of $8.5 billion. The Trustee remains committed to offering and managing products and investment options that enhance member outcomes and foster growth, allowing the advantages of scale to be shared with members.
Operating costs	**Members' financial interests are promoted** The Trustee incurs operating costs in ensuring the efficient and effective operation of the MST, including Mercer SmartRetirement Income. Both current and projected operating costs per member are reasonable with the net operating income per account remaining stable and sustainable.
Basis for setting fees	**Members' financial interests are promoted** The Trustee recognises that the manner in which fees are charged to MST members is a material consideration in assessing the promotion of members' financial interests. Analysis of the fund's fee structure and levels show they are appropriate, given the allocation of costs between products, options, and members. The Trustee annually assesses the appropriateness of the fees charged to Mercer SmartRetirement Income beneficiaries. The basis for setting fees continues to be suitable for the product, recognising that the Trustee has a Fees and Costs Policy.