

Member notice

19 FEBRUARY 2021

This notice provides you with important information about changes to Mercy Super’s Socially Responsible investment option, an update to the details for our 1 March 2021 Annual Members’ Meeting and information relating to nominations for an upcoming Member Director vacancy.

Changes to the Socially Responsible investment option

Mercy Super established the Socially Responsible investment option in December 2007. This option was designed to provide members access to a balanced portfolio of investments within a responsible framework considering the environmental, social and ethical factors of underlying assets. To support this framework, member balances were wholly allocated to the AMP Capital Ethical Leaders Balanced Fund.

In recent times, there has been negative press surrounding AMP Capital stemming from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry as well as inappropriate culture within their senior management team. This contributed to several large superannuation funds withdrawing their investment from the fund requiring AMP Capital to place certain restrictions on future redemptions.

Furthermore, key staff responsible for the socially responsible characteristics of the fund have resigned from AMP Capital. These matters all bring into question the ability of this fund to meet its stated objectives and desired investment settings.

Given this, the Trustee had concerns over the ability of the AMP Capital Ethical Leaders Balanced Fund to continue to deliver on its initial goals. There are also concerns over the potential liquidity of the fund in the short-term which could put at risk our members ability to withdraw their allocation within this investment.

The Trustee has therefore determined that it is in the members’ best interests to redeem the AMP Capital Ethical Leaders Balanced Fund investment as soon as possible and investigate other investment opportunities for the Socially Responsible option. This action was initiated on 15 February 2021.

What will happen to existing balances invested in the Socially Responsible option?

As an interim measure, the assets within the Socially Responsible option have been invested in existing investments with the same strategic asset allocation as Mercy Super’s MySuper Balanced option. This was chosen as it is an existing investment strategy that closely matches the risk and return objectives and strategic asset allocation of the Socially Responsible option. From 16 February 2021 all future cashflow to the Socially Responsible option (contributions, transfers and any payments) will also be directed to an asset allocation aligned to the MySuper Balanced option.

This is intended to only be a temporary arrangement until the Trustee can research and implement a suitable structure including appropriate investment managers for the long-term support of the Socially Responsible option. This could take several months.

I currently have some of my super in this option. What are my options?

You will continue to have the flexibility to choose from any of the other investment options within Mercy Super with no buy/sell or transaction costs if you decide to switch your investment out of the Socially Responsible option. You can do this through Member Online or using the *Changing your investment options* form (available at mercysuper.com.au/information-hub or by contacting us).

What next?

The Trustee is currently researching a range of alternative investment managers and structures to support the long-term goals of the Socially Responsible option. We’ll let you know once this is in place and the details behind the restructured option.

Inside...

Changes to the Socially Responsible investment option.....	1
Trustee election 2021.....	2

Join us at the Annual Members’ Meeting.....	3
Contact us.....	3

Trustee election 2021

We're calling for nominations for Member Director

Trustee elections let you have a say in who is on your Trustee Board.

Mercy Super is the super fund established and run for our exclusive membership community. Throughout our history we have always put our members first.

One of the ways the Fund reflects the needs of our members is by having three of the seven directors of the Board of the Fund's Trustee, Mercy Super Pty Ltd (ABN 98 056 047 324), nominated and elected by the members themselves. These are known as Member Directors.

The term of office for one of our current Member Directors expires on 30 June 2021. Because of this, we're calling for nominations from members to run for this vacant position.

Deadline: Nominations close 15 March



If you are interested in being a Member Director or nominating someone, we encourage you to read the information provided at mercysuper.com.au/trusteeelection2021. Nominations close at 5pm on Monday, 15 March 2021.

If you have further questions about the process for appointing Member Directors, please contact the Company Secretary, Brad Hutchinson on **07 3163 8624** or by email brad.hutchinson@mercysuper.com.au

You'll find more information on the expectations and responsibilities of a Member Director, the nomination process and a nomination form at mercysuper.com.au/trusteeelection2021.

The nomination process

! Before nominating a member, or being nominated yourself, you should read the information below on the nomination process, including who can be a Member Director. You should also read about what a Director does.

How it works

The first step in the election process is the call for nominations. If more than one candidate is nominated and approved by the Trustee, an election will be held. The newly elected Member Director will hold office for four years, commencing 1 July 2021.

The role of Member Director is a rewarding one. It offers the opportunity to enhance the financial wellbeing of your fellow members, however there are certain standards that need to be met to be eligible for these responsible positions.

You can be nominated as a Member Director if you:

- are a current member of Mercy Super
- are over 18 at the time of nomination
- don't currently work for Mercy Super (and haven't in the last six months)
- satisfy all requirements of the Trustee's Fit and Proper Policy and Procedures including not being disqualified from being a director and consent to relevant checks being conducted
- provide any other information or consents required which may include providing names of referees
- have approval to serve from your employer

Candidates must be nominated by a current Mercy Super member.

What does a Trustee Director do?

Being a Trustee Director of a superannuation fund is a responsible position. The principal responsibilities include:

- compliance with the terms of the Trust Deed and Rules
- ensuring members' rights are protected
- investment of the assets of Mercy Super
- ensuring that the Fund complies with legislative and regulatory requirements (including the Corporations Act 2001 which covers disclosure requirements and the Superannuation Industry (Supervision) Act 1993 which includes licensing and registration requirements for Trustees and superannuation schemes)

Trustee Directors can take advice and use the services of outside professionals, but the ultimate legal and decision-making responsibilities rest with them.

If elected you will be expected to engage in ongoing training to maintain and enhance your skills as well as attend meetings as required.

Trustee Directors are required to attend usually five Board meetings each year. Each meeting is typically held on a Monday and lasts around four hours (occasionally longer). The Board papers are typically in excess of 250 pages. They are generally issued a week prior to each meeting and need to be reviewed by the Trustee Directors prior to the meetings.

Trustee Directors may also be required to serve on one or more of the sub-committees of the Board. These also meet a similar number of times each year with meetings generally lasting up to four hours. Committee papers are also issued a week prior to these meetings.

In addition to time spent in meetings and preparation, each Trustee Director is required to complete at least 30 hours of relevant training each year.

If you have further questions about the process for appointing Member Directors, please contact the Company Secretary, Brad Hutchinson on **07 3163 8624** or by email brad.hutchinson@mercysuper.com.au

Join us at the Annual Members' Meeting – 1:00 pm on Monday 1 March 2021



All members are invited to join our Annual Members' Meeting which will be held at 1:00pm on Monday 1 March 2021. Directors from the Trustee Board and the Executive team, as well as the Fund's auditor and actuary will be on hand to provide an update on:

- How the Fund has performed over the last financial year
- Regulatory issues as they relate to your super
- What is planned for the current financial year

To ensure COVID-19 safe practices, the meeting will be held online (not in Mater's Des O'Callaghan Auditorium as previously advised). To register your attendance go to mercysuper.com.au/annualmembersmeeting or contact us.

We're here to help

If you have any questions about anything outlined in this Member Notice and the impact on your Mercy Super account, contact us on 1300 368 891.

Contact us

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