

Mercer Direct

Member Guide

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Mercer Super Trust



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About this Guide

Important information

This Mercer Direct Member Guide (Guide) should be read in conjunction with the Product Disclosure Statement (PDS) you received on joining the Mercer Super Trust, together with any other member materials you have received and the terms and conditions available from the Mercer Direct section of the secure member website. To access the PDS and terms and conditions, sign in to your Mercer Super account at **mercersuper.com.au/login** using your personal login details, or you can request a hard copy free of charge from the Helpline.

The information in this Guide is current at the date of issue and is subject to change. The most recent version will be available at **mercersuper.com.au/pds**.



Updated information

The information in this Guide is current as at the date of publication. Information in this Guide may change from time to time and if it is not materially adverse, will be made available online at **mercersuper.com.au/pds**.

A paper copy of any updated information will be given or an electronic copy made available on request at no charge by calling the Helpline.

We will advise you directly of any material changes as required by law.

Issued by Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533 Australian Financial Services Licence (AFSL) #235906. MSAL is the trustee of the Mercer Super Trust ABN 19 905 422 981. In this Member Guide (Guide), MSAL is referred to as 'trustee', 'we', 'our' or 'us'.

The trustee has appointed the following providers which are named in this Guide and have consented to being so named:

- Mercer Financial Advice (Australia) Pty Ltd (MFAAPL) ABN 76 153 168 293 AFSL #411766 to provide financial advice services. Mercer Financial Advisers are authorised representatives of MFAAPL.
- FNZ (Australia) Pty Ltd (FNZ) ABN 67 138 819 119 is the provider of Mercer Direct.

MSAL and MFAAPL are wholly owned subsidiaries of Mercer (Australia) Pty Ltd (MAPL) ABN 32 005 315 917, which is part of the Mercer global group of companies (Mercer).

MSAL is responsible for the contents of this Guide and is the issuer of this Guide. MFAAPL or FNZ are not responsible for the issue of, or any statements in this Guide. They do not make any recommendation or provide any opinion regarding Mercer Direct or an investment in it.

The value of the investments may rise and fall from time to time. MSAL, MFAAPL or FNZ do not guarantee the investment performance, earnings, or the return of any capital invested in it.

'MERCER' is an Australian registered trademark of MAPL.

This Guide contains general information only, is not part of the PDS, and does not take into account your individual objectives, personal financial situation or needs. Before acting on this information, you should consider whether it is appropriate to your individual objectives, personal financial situation and needs. You should get financial advice tailored to your personal circumstances.

A Target Market Determination setting out the class of people for whom the Corporate Superannuation Division and Mercer SmartRetirement Income products may be suitable can be found at **mercersuper.com.au/tmd**

What is Mercer Direct?

Mercer Direct allows you to invest some of your super in:

- Listed securities, including:
 - Shares that are included in the Standard & Poor's Australian Securities Exchange 300 Index (**S&P/ASX 300**). This index comprises the largest 300 companies listed on the Australian Securities Exchange (**ASX**) based on their market capitalisation.
 - A range of exchange traded funds (**ETFs**) that are available on the ASX. ETFs are investment funds that are traded like shares, and generally hold similar securities and weightings to a market index so as to closely replicate the performance of the relevant index.
- Term deposits, where you can invest for a fixed term and receive a fixed interest rate.

Mercer Direct uses an online trading platform which you can access by signing in to your Mercer Super account at **mercersuper.com.au/login** using your personal login details.

Within the platform you can trade your Mercer Direct investments, monitor your investment holdings, generate valuation, income and tax reports and access news and research about your Mercer Direct investment options.

Who can invest in Mercer Direct?

To invest in Mercer Direct you must:

- Have an account in the Corporate Superannuation Division* or you have a Mercer SmartRetirement Income account that is in retirement phase*.
- Have at least \$20,000 in your Mercer Super account.
- Be willing and able to conduct all your Mercer Direct transactions online, and receive all correspondence regarding your Mercer Direct investments via email.

- * Mercer Direct is not available on:
- Defined benefit accounts
 - If your accounts where employer has requested the trustee disable this feature, and
 - Mercer SmartRetirement Income accounts that are in transition to retirement phase.

To check whether you can invest in Mercer Direct, check the PDS for your Plan and/or sign in to your Mercer Super account at **mercersuper.com.au/login** using your personal login details. If you have any questions you can also call the Helpline on **1800 682 525**.

Further rules apply depending on the type of investments you choose to invest in through Mercer Direct. These are explained later in this Guide.



Important

Your employer may require you to disclose your Mercer Direct investments. Please consider your employment and disclosure obligations before investing.

Things to consider before investing in Mercer Direct

While Mercer Direct provides you with more control over how your super is invested, this also means that you have a greater responsibility to understand the nature of your investments and their ability to generate your intended return and satisfy your desired level of risk.

Establishing and maintaining your own investment portfolio can be complex.

Before utilising Mercer Direct, you should consider whether you have the skills, experience and time to accept this responsibility and actively manage your investments. You should seek advice from a licensed, or appropriately authorised, financial adviser before you make any investment decisions.

The trustee takes no responsibility for the investment performance of your Mercer Direct investments.



Looking for financial advice?

Call **1800 702 993** to speak to a Mercer financial adviser or find out more at **mercersuper.com.au/advice**.

How to set up a Mercer Direct account

Step 1 – Sign in to your Mercer Super account at **mercersuper.com.au/login** using your personal login details and navigate to the Mercer Direct investment option via the Investments page.

Step 2 – Choose the amount you want to switch from your other Mercer Super investment options to Mercer Direct. The minimum is \$500.

Step 3 – When you receive confirmation that the switch has occurred:

- Sign in to your Mercer Super account at **mercersuper.com.au/login** using your personal login details.
- Navigate to the Mercer Direct investment option via the Investments page.
- You will see your Mercer Direct account has been set up and the amount you switched into Mercer Direct is in your *transaction account*.

Mercer Direct transaction account

The transaction account is the administration hub for your Mercer Direct investments. It is used to:

- Transfer funds between your Mercer Direct investments and other Mercer Super investment options.
- Buy and sell listed securities.
- Invest in term deposits.
- Receive dividends, distributions and interest that relate to your Mercer Direct investments and transaction account.
- Pay any fees and costs that relate to your Mercer Direct investments.
- Pay any tax, and receive any tax refunds, that relate to your Mercer Direct investments.



You must have at least \$500 in your transaction account at all times. This ensures you have sufficient funds available to pay fees, costs and tax that might apply.

Money that goes into your transaction account

- Amounts you switch from your other Mercer Super investment options
- Proceeds from the sale of ASX300 shares and ETF's
- Proceeds from a maturing term deposit
- Dividends, distributions and interest that relate to your Mercer Direct investments and transaction account
- Tax receipts that relate to your Mercer Direct investments



Money that comes out of your transaction account

- Amounts you switch to your other Mercer Super investment options
- Funds used to purchase ASX300 shares and ETF's, or invest in term deposits
- Fees and costs that relate to your Mercer Direct investments
- Tax payable that relate to your Mercer Direct investments

Interest on your transaction account

The interest that applies to the balance of your transaction account will be calculated daily and paid to your transaction account monthly in arrears, on or around the first business day of the month.

The interest rate that applies is set by the trustee's custodian and can vary on a daily basis. There is no guarantee of a particular rate of interest being earned. You can find the current interest rate when viewing your transaction account within Mercer Direct.

How to transact in Mercer Direct

Sign in to your Mercer Super account at mercersuper.com.au/login using your personal login details and navigate to the Mercer Direct investment option. From here you'll find options to:

- Buy and sell listed securities.
- Invest in term deposits.
- Manage dividend, distribution, and term deposit reinvestment arrangements.
- Participate in corporate actions (if you are eligible to do so).
- Generate valuation, income and tax reports relating to your Mercer Direct investments.
- Access news and research relating to Mercer Direct investment options. Note that this research is provided by a third party unrelated to the trustee. The trustee does not endorse the research contents or any opinions expressed, and the trustee accepts no responsibility for any errors or omissions. You should seek advice from a licensed, or appropriately authorised, financial adviser before you make any investment decisions.

Transaction time frames

The table below summarises the types of transactions you can make through Mercer Direct and how and when they will be processed.

When you place a request, you must have sufficient available funds in your transaction account to satisfy the request (including any fees such as brokerage costs), and the various limits set out in the 'Investment limits' section of this Guide.

Type of transaction request	When can I place a transaction request in Mercer Direct?
Switch from another Mercer Super investment option to your Mercer Direct transaction account	Switch requests can be placed anytime. Requests placed before 4pm AEST/AEDT on a business day will generally be settled in two business days.
Switch from Mercer Direct transaction account to your other Mercer Super investment options	Switch requests can be placed anytime. Requests placed before 4pm AEST/AEDT on a business day will generally be settled in two business days.
Invest in a term deposit	Term deposit requests can be placed at any time, however the actual investment will not occur until the following Friday. i.e. Requests received between Friday 12:01am and Thursday 11:59pm AEST/AEDT will be invested on the following Friday (or the next available business day if the Friday is not a business day).
Place a buy or sell market order for a listed security	Market order requests can only be placed during ASX trading hours, being business days between 10am and 4pm AEDT/AEST. Requests are placed on market almost immediately. Settlement generally takes two business days.
Place a buy or sell limit order for a for a listed security	Limit order requests can be placed anytime. Requests are placed on market almost immediately, however trades will only occur during ASX trading hours. Once your limit order conditions have been met, settlement generally takes two business days.

A 'business day' is any day that's not a Saturday, Sunday, national public holiday (including the King's Birthday for all states except QLD and WA), or any day that the ASX is closed.

As with any service that uses technology, there is some risk that the administration system's hardware and software may fail, causing a delay in the processing and reporting of your transaction. Delays may also occur due to exceptional market conditions or other unforeseen circumstances. The trustee does not accept responsibility (to the extent permitted by law) for any circumstances outside of its control.

Investment limits

If you invest in Mercer Direct, you need to take an active role in managing your Mercer Super account and ensure you adhere to the following investment limits at all times.

Limit	If you breach a limit, you'll receive an email asking you to rectify the matter within an appropriate time frame. If you do not rectify the matter, the following will occur.
You must have at least \$500 in your transaction account at all times.	The amount required to return your transaction account to \$500 will be deducted from your other Mercer Direct investments - this may give rise to tax and other consequences that could impact your account. If you do not hold other Mercer Direct investments, your Mercer Direct account will be closed and any balance returned to your Mercer Super account.
A maximum of 80% of your Mercer Super account balance can be invested in Mercer Direct.	Until such time as the limit is satisfied, you will be unable to: • Purchase any further listed securities • Invest in any new term deposits • Switch funds from any other Mercer Super investment option into Mercer Direct.
In your other Mercer Super investments options (i.e. not Mercer Direct) you must have: \$5,000	We will restore your Mercer Super investment options to the required value by switching the amount needed from your Mercer Direct investments in the following order: 1. Available funds in your transaction account. 2. Selling down your listed securities, starting with your largest holding, which may result in brokerage costs being deducted from your investment. 3. Withdrawal from your term deposit, which may result in you receiving a reduced amount of interest compared to if your term deposit was able to reach maturity. This may give rise to tax and other consequences that could impact your account. The amount switched will be invested proportionate to your other Mercer Super investments excluding Mercer Direct. If you do not hold sufficient funds in your Mercer Direct account, your Mercer Direct account will be closed and any balance returned to your Mercer Super account.
You cannot invest more than 20% of your Mercer Super account balance in a single listed security. This limit does not apply to term deposits.	Until such time as the limit is satisfied, you will be unable to invest any additional funds into the listed security.

Investments available in Mercer Direct

If you invest in Mercer Direct, you need to take an active role in managing your Mercer Super account and ensure you adhere to the following investment limits at all times.

Shares	ETF's	Term deposits
Designed for members who want to invest a proportion of their account balance in specific shares listed on the S&P/ASX 300 and who can tolerate a very high level of risk over seven years or longer.	Designed for members who want to invest a proportion of their account balance in a wide choice of ETFs and can tolerate a high level of risk over seven years or longer.	Designed for members who want to invest a proportion of their account balance in term deposits (typically ranging from a one to 12 month period) and can tolerate a very low level of risk over one year or less.
Objective – To provide long-term capital growth with some income.	Objective – To provide market-linked performance, before fees and charges, of a particular group of assets.	Objective – To provide an income stream with a very low risk of capital loss.
Standard risk measure Risk Band and Label	Standard risk measure Risk Band and Label	Standard risk measure Risk Band and Label
7 - Very high	6 - High*	1 - Very low
Minimum suggested timeframe Seven years	Minimum suggested timeframe Seven years	Minimum suggested timeframe One year or less
Further details provided on page 9	Further details provided on page 9	Further details provided on page 11

* Risks for ETFs will vary depending on the ETF chosen, but because ETFs are listed, risks can typically be categorised as 'High' or 'High to Medium'. ETFs are traded on the ASX, so the expected frequency of a negative annual return may be similar to shares, however diversification within an ETF can reduce volatility. For more information, refer to the 'Explore' page on the Mercer Direct section of the platform for any ETF you are considering, and read the Product Disclosure Statement and Target Market Determination on the ETF provider's website.

Standard risk measure

The Standard Risk Measure (SRM) is the estimated number of negative annual returns in any 20-year period. It is a tool to help you compare investment options. The SRM is an industry guide and is not a complete assessment of all forms of investment risk. It does not take into account:

- What the size of a negative return could be
- If the size of a positive return will be enough to meet your objectives
- The impact of administration fees and tax on the likelihood of a negative return.

You should check you are comfortable with the risks and potential losses associated with your chosen investment option(s).

The seven risk labels of the SRM are listed below.

Risk band	Risk labels	Estimated number of negative annual returns over any 20-year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

Risk labels are indicative only. Risk labels should not be considered to be a guarantee, or a forecast of the number or frequency of negative annual returns that a fund may experience.

Listed securities including shares and ETF's

Mercer Direct gives you access to shares listed in the S&P/ASX 300 as well as selected ETFs.

The listed securities available via Mercer Direct may change at any time due to changes in the composition of the S&P/ASX 300, the removal of ETFs from the ASX, or the trustee decisions to add or remove ETFs and other ASX listed products to/from Mercer Direct.

Where a share falls out of the S&P/ASX 300, an ETF is no longer available via Mercer Direct or a security is suspended from trading, and the security continues to be listed on the ASX:

- You can continue to hold or sell that security, however you cannot purchase more of it.
- If applicable, you will continue to receive dividends/distributions and may be eligible to participate in corporate actions.
- You will not be able to participate in a dividend/distribution reinvestment plan.

Trading listed securities

Trade requests can be placed as either a *market order* or *limit order*.

Market orders will immediately buy or sell the relevant security at the prevailing market price. Market orders can only be placed during ASX trading hours, being business days between 10am and 4pm AEDT/AEST.

Limit orders enable you to set a maximum price for your buy orders and a minimum price for your sell orders. A trade will not occur until there is a willing buyer or seller for your order at the price you have nominated. Limit orders can be placed at any time, however the trade will only occur if the conditions are met during ASX trading hours. Unsettled limit orders will remain on market for 30 days unless you choose to cancel it earlier.

If a limit order is only able to be partially settled, the remainder of the order will remain on market for 30 days from the day you first placed the order, unless you choose to cancel it earlier. If your order takes multiple transactions to fill, brokerage will apply to each transaction. Refer to the 'Fees and costs' section in this Guide.

Rules that apply when placing orders

The following rules apply when placing orders. If any order fails to satisfy all rules, the order will be rejected.

- A minimum trade value of \$500 applies. If the value of a single investment has fallen below \$500, a sale for the full amount of that investment is permitted.
- A maximum buy order of \$250,000 applies.

- You must have available funds in your transaction account to satisfy any order (including any fees such as brokerage), plus the various limits set out in the 'Investment limits' section of this Guide.
- Once you've submitted an order, we will set aside funds in your transaction account to ensure the order can be settled and fees paid.
- You cannot sell listed securities that you have ordered to purchase until the purchase has settled and appears in your Mercer Direct account.
- You cannot place an order in respect of a listed security while it is suspended from trading on the ASX.
- Trading in listed securities is subject to the rules and regulations of the ASX and the Australian Securities and Investments Commission.

Orders may not be able to be completed

In certain circumstances your orders may not be completed, or they may be purged from the market, subject to the rules and regulations of the ASX.

The trustee does not accept responsibility (to the extent permitted by law) for any circumstances outside of its control.

Dividends and distributions

To be eligible to receive dividends or distributions that are payable by a listed security, you must be invested in the relevant security on the day prior to the date that is declared as the securities ex-dividend date.

Once a dividend or distribution is received by us, it will generally appear in your transaction account the following business day, and any applicable tax will be deducted from your transaction account shortly afterwards. Refer to the 'Tax on your Mercer Direct investment income' section of this Guide for further details.

Dividend reinvestment plan (DRP)

You can choose to participate in a DRP if it is available for any security in which you are invested.

If you don't make a choice, any dividends or distributions will be paid to your transaction account.

If you choose to participate, any dividends or distributions you are entitled to receive will be automatically used to buy additional shares or units in the relevant security, instead of the dividend or distribution being paid into your transaction account and will not incur a brokerage fee. As listed securities can only be purchased as whole shares or units, any residual entitlements will be paid into your transaction account.

Dividends and distributions reinvested via a DRP may still incur tax. If applicable, this will be deducted from your transaction account shortly after the allocation of shares/units have been applied to your account. Therefore you must ensure you have sufficient funds in your transaction account to cover this tax. Refer to the 'Tax on your Mercer Direct investment income' section of this Guide for further details.

Corporate actions

A corporate action is any action taken by the issuer of a listed security that has a material impact on the company, fund, shareholders and/or unitholders. Examples of corporate actions include share buybacks, rights issues, entitlement offers, capital reconstructions and delisting.

Corporate actions may be:

- **Mandatory:** these will generally occur without you needing to make any election and you will automatically participate.
- **Elective:** these are voluntary, and you may be able to choose to participate. We will notify you by email if you are eligible to participate in an elective corporate action.



Keep your contact details up to date

We can only send you information if we have your current contact details. You can update your details at mercersuper.com.au/login (sign in using your personal login) or call the Helpline

You will need to make any elections via the Mercer Direct platform before the applicable cut-off date, else your eligibility to participate will expire. If you don't make an election, the corporate action's nominated default option (as defined under the terms of the corporate action) will apply to you. This may be to take no action and could result in a forfeiture or loss of securities, entitlements or consideration due.



You should seek advice from a licensed, or appropriately authorised, financial adviser before you make any investment decisions.

Both elective and mandatory corporate actions may impact whether your Mercer Direct account continues to adhere to the 'Investment Limits' set out earlier in this Guide. You should monitor your account closely to identify whether any corrective actions are required.

Where we notify you of an elective corporate action that you are eligible for, it is not a recommendation for participation. The corporate action offer documentation is general information and does not take account of your personal circumstances.

The trustee will not participate in partly paid shares (instalment receipts) or class actions in respect of any Mercer Direct investments. The trustee reserves the right not to take part in other actions as and when they arise.

Trading restrictions and suspensions

If you hold a listed security that becomes restricted or suspended, you will generally be able to continue to hold that security unless it is delisted from the ASX. However, you will not be able to sell your holdings or purchase additional holdings until the restriction/suspension is removed. This may impact your ability to transfer funds out of Mercer Direct and/or close your Mercer Direct account.

Trading restrictions and suspensions may be imposed by us, the ASX or the issuer of a listed security and can last a few hours, days, months or years.



Term deposits

Term deposits are investments with an interest rate that is fixed for a set term. At the end of the set term, the term deposit matures and you receive your original investment plus the relevant amount of interest.

Mercer Direct gives you access to variety of term deposit providers, each offering their own terms and conditions. The trustee may vary term deposit providers and terms from time to time.

To view the available providers and their terms and conditions, sign in to your Mercer Super account at **mercersuper.com.au/login** using your personal login details and navigate to the Mercer Direct investment option.

Rules that apply when investing in a term deposit

The following rules apply when investing in a term deposit. If any investment request fails to satisfy all rules, the request will be rejected.

- Your request must satisfy the minimum and maximum investment rules set by the term deposit provider. The options available generally range from a minimum of \$5,000 to a maximum of \$5 million.
- You must have sufficient available funds in your transaction account to satisfy any term deposit investment request, plus the various limits set out in the 'Investment limits' section of this Guide.

Interest on term deposits

The interest rate earned on term deposits will be fixed for the term of the investment. The amount of interest earned will be calculated based on the total number of days you are invested in the term deposit.

Term deposit requests received between 12:01am Friday and 11:59pm each Thursday AEST/AEDT are invested on the following Friday, or the next available business day if the Friday is not a business day.

The interest rate applicable will be the term deposit provider's advertised rate when the term deposit closes to applications, which is 11:59pm each Thursday AEST/AEDT.

To view the current advertised rates, sign in to your Mercer Super account at **mercersuper.com.au/login** using your personal login details and navigate to the Mercer Direct investment option.

What happens when a term deposit matures?

We will notify you by email when a term deposit is approaching its maturity date.

On the maturity date, your original investment plus the relevant amount of interest will be paid to your transaction account. Any applicable tax will be deducted from your transaction account shortly afterwards. Refer to the 'Tax on your Mercer Direct investment income' section in this Guide for further details.

If you have instructed us to reinvest your term deposit, this will occur as detailed in the 'Reinvesting your term deposit' section of this Guide. You can change or cancel your reinvestment instructions until 11:59pm AEST/AEDT on the business day that is two business days before the existing term deposit matures.



Keep your contact details up to date

We can only send you information if we have your current contact details. You can update your details at **mercersuper.com.au/login** (sign in using your personal login) or call the Helpline

Reinvesting your term deposit

You can instruct us to automatically reinvest your term deposit at maturity into a new term deposit. If you choose this option we will reinvest it for the same term as applied to the maturing term deposit, and we will ask you to choose from the following options:

- Reinvest only the original principal amount, or both the principal and interest amounts.
- Reinvest with the same provider, or reinvest with the provider that is offering the best interest rate for the applicable term.
- Reinvest for only one new term or continue to reinvest until you instruct otherwise.

The interest rate that will apply to the new term deposit will be the prevailing rate at the time the reinvestment request is processed by us. This is likely to be different than the interest rate that applied to the maturing term deposit.

Reinvestment requests are processed weekly. Therefore, the proceeds from a maturing term deposit that arrive in your transaction account between Friday 12:01am and Thursday 11:59pm AEST/AEDT will remain in your transaction account until they are reinvested in a new term deposit on the following Friday (or the next available business day if the Friday is not a business day).

You can change or cancel your reinvestment instructions until 11:59pm AEST/AEDT on the business day that is two business days before the existing term deposit matures.

Reinvestment requests will be subject to any changes to investment limits that have occurred since the maturing term deposit was first invested.

Breaking a term deposit prior to maturity

Any request to break a term deposit before the agreed maturity must be made directly to the trustee in writing and generally requires 30 days' notice.

If we approve your request, the interest you receive in respect of your term deposit will reflect the number of days you actually held the term deposit.



Understanding investment risks

All investments, including super, carry some risks. Investment options each have different levels and types of risks, depending on the assets they invest in. Generally, assets with the highest long-term return also carry the highest level of risk. Returns for each investment option will vary and future returns may be different to past returns. Your investment could rise or fall in value or produce a return that is less than expected. Rises and falls in value can happen quickly and for many reasons.

Investment risk generally describes the risk of an investor getting back less money than they put in. Taxes, expenses and low or negative investment returns can also have an impact on investment risk in super.

You can help manage risk by choosing investment options that are diversified across different asset classes, regions and investment managers.

In addition to the risks explained in the 'Understanding investment risks' section of the *Investments booklet*, Mercer Direct also has the following risks:

Risk of online transacting	As with any technology based service, there is a risk that either the Mercer Super member portal or the Mercer Direct investment option may become unavailable, temporarily disabling your ability to place transactions and/or causing a delay in the processing of your transactions. We accept no responsibility (to the extent permitted by law) if this occurs.
Risk of us not being able to contact you	If you do not keep your contact details up to date in Mercer Super, there is a risk that you will not receive important information regarding your Mercer Direct investments. For example, you will not receive notification regarding a corporate action in which you are eligible to participate and therefore your opportunity to participate in the corporate action may expire before you have had the opportunity to respond.
Risk of being unable to sell your Mercer Direct investments	If you hold a listed security that encounters a trading restriction or suspension, you will not be able to sell your holdings until the trading restriction or suspension is removed. Restrictions and suspensions can last a few hours, days, months or years.

Differences between investing via Mercer Direct and investing directly

There are differences between investing in listed securities or term deposits directly in your own name in comparison to investing via Mercer Direct. For example:

- Investments acquired through Mercer Direct are held in the trustee's name by the trustee or the trustee's custodian and you are the beneficial owner.
- You can only view and transact in Mercer Direct online through the platform.
- You do not have any cooling-off rights, other than in respect of your initial investment in Mercer Super.
- You will forego voting rights and there is no guarantee that you will be able to participate in corporate actions or other benefits generally associated with the ownership of ASX listed securities. Any participation or benefit is entirely at the discretion of the trustee.
- In certain circumstances, the trustee has the right to sell (or dispose of) your investments without the need to take into account any of your investment, personal and tax considerations or obtain your instructions about which investments are to be sold.
- Your transaction account and any term deposits will not be covered by the Australian Government's Financial Claims Scheme.

This is not an exhaustive list of the differences.

You should research and understand all of the differences that can arise, and take these differences into account when considering whether to invest via Mercer Direct.

Fees and costs of Mercer Direct

Type of fee or cost	Amount ¹	How and when paid
Ongoing annual fees and costs		
Administration fees and costs²	0.10% p.a. of your Mercer Direct account balance as an asset-based administration fee.	Calculated daily and deducted proportionally from your investment options outside Mercer Direct monthly. If you are a Corporate Superannuation Division member, your Plan's investment options may have a nil asset-based administration fee for any balance that is above a pre-determined limit, as described in your PDS or member information you received on joining your Plan, together with any other member materials you have received. If this is the case, your Mercer Direct balance does not count towards that limit.
	Plus 0.05% p.a. of your Mercer Direct account balance as an estimated expense allowance.	Calculated as the applicable charge multiplied by your Mercer Direct account balance on the last day of the month, divided by 12. Deducted proportionally from your investment options outside Mercer Direct monthly.
	Plus an estimated 0.002% p.a. of Mercer Super Trust assets as other administration costs.	Deducted from the member reserve. This cost is not charged directly to your super account but will reduce the member reserve balance held by the Mercer Super Trust.
	Plus \$220 p.a. (\$18.33 per month) as a portfolio administration fee.	Calculated based on the total number of days in the month your Mercer Direct account has been open. Deducted proportionally from your investment options outside Mercer Direct each month. The Mercer Direct portfolio administration fee may be indexed annually each 1 January to generally reflect Average Weekly Ordinary Time Earnings. This fee is indexed only in increments of \$5, when the cumulative increase since the previous indexation is \$4 or more.
Other fees and costs		
Management fee for ETFs	This fee depends on the ETFs you choose to invest in.	Fees incurred by the ETF, including management fees, custody costs and other expenses, may be deducted from the returns of the underlying securities in the ETF. You should refer to the ETF provider's disclosure documents for information on the fees and costs that may apply.
Brokerage fee	0.09225% with a minimum fee of \$11.99.	A brokerage fee applies only to members who have invested in shares or ETFs within Mercer Direct. A brokerage fee applies to each trade and will be deducted from your transaction account at the time the trade is processed. For example, if you invested in Mercer Direct and purchased \$90,000 worth of shares, the brokerage fee charged and deducted from your transaction account would be \$83.03 (i.e. 0.09225% of \$90,000).

¹ All figures disclosed include the net effect of GST and any Reduced Input Tax Credits that we are able to claim.

² Administration fees and costs are generally calculated and deducted on the last day of the month, except where systems are unavailable and outside business hours.

Tax on your Mercer Direct investment income

The information in this section is a general description of the tax treatment that will apply in respect of income and capital gains earned by your Mercer Direct investments, and is based on our understanding of the tax laws that apply to Australian or New Zealand citizens or permanent residents as at the date of this Guide.

Different tax rules may apply if you are an Australian or New Zealand citizen or a permanent resident but are currently not a resident of Australia for tax purposes.

With respect to tax that applies to income and capital gains earned by your other Mercer Super investments:

- Corporate Superannuation Division members should refer to the 'How super is taxed' section of the 'How your super works' booklet or "Product Guide" for further details.
- Mercer SmartRetirement Income members should refer to the 'Tax and Centrelink' section of the Product Disclosure Statement.

The tax treatment of superannuation and pensions is complex and may change at any time. We recommend that you obtain advice from a licensed, or appropriately authorised, financial adviser about how the tax laws affect you.

Tax on investment income

No tax is payable in respect of any interest, dividends and distributions earned by Mercer Direct investments in a Mercer SmartRetirement Income account that is in retirement phase.

Tax of 15% applies in respect of any interest, dividends and distributions earned by Mercer Direct investments in a Corporate Superannuation Division account. This will be deducted from your transaction account as follows:

Type of income	When will tax be deducted from your transaction account
Interest earned by your transaction account or a term deposit	When the interest is paid to your transaction account.
Share dividends	• When the dividend is paid to your transaction account, or • If you participate in a dividend reinvestment plan, when the shares arising from the reinvestment are allocated to your Mercer Direct account.
ETF distributions	When the distribution is paid to your transaction account. Where estimated distribution components are provided by the ETF issuer, tax will be calculated based on the estimated taxable components. Where no estimates are received, tax will be calculated based on the total distribution received.

Capital gains tax

If you sell a listed security at a higher price than you paid to buy it, you may need to pay tax on the difference, known as a 'capital gains tax' (**CGT**).

No CGT is payable in respect of capital gains earned by Mercer Direct investments in a Mercer SmartRetirement Income account that is in retirement phase.

In respect of capital gains earned by Mercer Direct investments in a Corporate Superannuation Division account:

- For listed securities held for less than 12 months, a CGT rate of 15% applies.
- For listed securities held for 12 months or more, concessional tax rules mean that an effective CGT rate of 10% applies.

If you sell a listed security at a lower price than you paid to buy it (known as a capital loss), the capital loss may be used to offset your capital gains and therefore reduce the amount of CGT you pay.

Based on your trading activity, quarterly deductions or refunds will be applied to your transaction account for CGT on realised net capital gains and losses within seven days of the following dates: 30 September*, 31 December, 31 March and 30 June. The quarterly CGT deduction or refund will take into account any realised capital gains or losses since the previous period and recalculate the financial year to date CGT asset/liability.

- * Refund entitlements for the quarter ending 30 September will not be applied to your transaction account. Any entitlement will be accrued and allowed for in the deduction or refund that will be applied to your account in respect of the quarter ending 31 December.

Annual tax true-up

An annual tax true-up calculation is performed around 31 December for the prior tax year. This process re-calculates your tax liability based on all Mercer Direct investment income and CGT events for the preceding financial year, and will include any updated tax component information that has been provided to us in respect of dividends/distributions that you have received. If this process results in an adjustment to the amount of tax you are required to pay, the relevant deduction or refund will generally be applied to your transaction account in January.

Tax arrangements when closing your Mercer Direct investment option

Prior to closing your Mercer Direct investment option, you will first need to sell down all investment holdings. In the event of your death or other valid reason, we will initiate this sell down process on behalf of you or your beneficiaries.

If you have a Corporate Superannuation Division account, once your holdings are sold down and the proceeds have been paid to your transaction account, we will calculate your tax liability based on all Mercer Direct investment income and CGT events for the current financial year. This may also extend to the prior financial year if the annual tax true-up calculation has not yet occurred for that year.

If this process results in an adjustment to the amount of tax you are required to pay, the relevant deduction or refund will be applied to your transaction account before your Mercer Direct investment option is closed.

Once the above process is completed, you can close your Mercer Direct investment option by transferring the entire balance of your transaction account to another Mercer Super investment option.

Note:

- If your CGT events result in you being in a net capital loss position, you will receive 10% of the value of your net capital loss.
- After closing your Mercer Direct investment option, you will no longer participate in the annual true-up calculation. This means that you will forgo any benefits or obligations that subsequently arise from any updated tax component information that is provided to us in respect of dividends/distributions that you have received.
- If you have a Mercer SmartRetirement Income account that is in retirement phase, as no tax is payable in respect of your investment earnings in this account, this process will not apply to you.

Franking credits

When a company pays dividends to its shareholders, it may attach franking credits (sometimes referred to as imputation credits) based on the amount of tax it has already paid on its profits.

If you have a Corporate Super Division account, the tax you pay on any dividends/distributions will be adjusted for any franking credits that are attached to them.

If you have a Mercer SmartRetirement Income account that is in retirement phase, as you are not required to pay tax on dividends/distributions, any franking credits that are attached to them are paid in full into your transaction account.

To be eligible to receive the benefits of franking credits, you must hold the relevant listed security for at least 45 days (excluding the days of acquisition and disposal) including the date the share goes ex-dividend or such longer period as may apply in respect of a particular security.

If you have received a franked dividend, but investment in the security has not lasted 45 days, and you dispose of that security before the expiration of 45 days, the franking credit entitlement will be reversed from your transaction account.

Withdrawals, rollovers and account closures

To withdraw any funds from the Mercer Direct investment option (including partial withdrawals, rollovers and account closures), you must first switch the required amount from your transaction account into your other Mercer Super investment options. You can then request to have the relevant amount paid/rolled over from your other Mercer Super investment options.

Depending on the amount you request this may require you to sell some or all of your listed securities and/or break term deposits prior to their maturity. If so:

- You will be unable to switch the required amount from your transaction account into your other Mercer Super investment options until the relevant trades are settled and/or the relevant term deposits have been redeemed.
- You will incur brokerage in respect of any listed security trades. Refer to the 'Fees and costs' section of this Guide for details.
- You will receive a reduced amount of interest in respect of any broken term deposit, which will be based upon the actual number of days you held the term deposit rather than the original term.



How to contact us

Phone

Call the Helpline on **1800 682 525** or if calling from outside Australia on **+61 3 8306 0900** from 8am to 7pm (AEST/AEDT) Monday to Friday.

We can help you in a number of languages, simply ask for a translator when you call.

Mail

Mercer Super Trust
GPO Box 4303
Melbourne VIC 3001

Please include your Plan name and your member number when writing to us.

Online

mercersuper.com.au

Our website is available 24 hours per day, seven days per week. However, the website may not be available when we need to carry out scheduled updates or maintenance. If, for any reason, our online services are not available, you may call the Helpline for assistance. If our online services are not available, we are not responsible for any loss because you were unable to perform transactions during that time.



Keep your contact details up to date

We can only send you information if we have your current contact details. You can update your details at **mercersuper.com.au/login** (sign in using your personal login) or call the Helpline.

If the law permits, we may send member communications to you electronically (including member statements and significant event notices) by:

- Email
- SMS
- A link to a website so you can download them.

We can also post any documents to you. When you receive your personal login details, simply update your communication preferences online under 'Personal Details' or call the Helpline.

If you have any questions contact us at:

Mercer Super Trust
GPO Box 4303
Melbourne VIC 3001
Helpline **1800 671 369**

Or visit **mercersuper.com.au**