

Target Market Determination

Mercer Super Trust

Corporate Superannuation Division

16 October 2023



Legal disclaimer

A Target Market Determination (TMD) is required under section 994B of the Corporations Act 2001. It sets out the target market for the product, triggers to review the target market and certain other information. It forms part of the Mercer Superannuation (Australia) Limited design and distribution framework for the product.

This document is not a Product Disclosure Statement and is not a summary of the product features or terms of the product. This document does not take into account any person's individual objectives, financial situation or needs. Customers interested in acquiring this product should carefully read the Product Disclosure Statements before making a decision whether to buy this product. The Product Disclosure Statements can be obtained from mercersuper.com.au/pds.

This TMD sets out the target market for the Corporate Superannuation Division (CSD) of the Mercer Super Trust (MST). This TMD includes all plans in the CSD, Mercer Business Super, and Mercer SmartSuper. Not all attributes are available in every plan or section in the CSD.

Important terms in this TMD are defined at the end of the document.

1. Product summary

1.1	Name of product	Mercer Super Trust - Corporate Superannuation Division
	Fund ABN	19 905 422 981
	Issuer name	Mercer Superannuation (Australia) Limited (MSAL)
	Issuer AFSL	235906
1.2	TMD date	16 October
	TMD date last reviewed	1 April 2023
	TMD Version	6
1.3	Product description	<p>This is a product for customers of:</p> <p>A plan in the CSD, Mercer Business Super or Mercer SmartSuper:</p> <ul style="list-style-type: none"> • to accumulate savings for retirement through a superannuation plan established by an employer, • to continue to accumulate savings for retirement through a superannuation plan after cessation of employment, • want a choice in investment options. <p>This product is not a self-managed super fund.</p> <p>This Target Market Determination only relates to the non-MySuper options in this product.</p>
1.4	Key product attributes	<ul style="list-style-type: none"> • A CSD plan customer's spouse/family member may also be able to join, subject to availability in the plan. • The customer can make investment choices in this product. • This product is subject to superannuation preservation legislation. • Insurance cover generally available for eligible customers is: <ul style="list-style-type: none"> — Death (including Terminal Illness), — Total and Permanent Disablement (TPD), and — Income Protection (subject to availability in the plan). • The product attributes will vary depending on the plan.

Target Market

The Target Market is the class of persons who are the type of customer set out below, who have the needs and objectives set out below and are in the financial situation set out below.

2. Needs and Objectives of Customer

2.1 TMD indicator key

The Customer Attributes for which the product is likely to be appropriate have been assessed using a red/amber/green rating methodology with appropriate colour coding:

In target market
Potentially in target market
Not considered in target market

Instructions

Generally, a customer is unlikely to be in the target market for the product if:

- **one or more** of their Customer Attributes correspond to a **red** rating, or
- **three or more** of their Customer Attributes correspond to an **amber** rating.

2.2 Customer objectives

A customer with **any one or more** of the following short-term and long-term objectives:

- to accumulate capital/wealth for retirement,
- to hold capital/wealth during retirement,
- to provide a source of income during retirement,
- to provide an environment for concessional taxation of savings, or
- to obtain protection through having insurance (subject to availability in the plan).

2.3 Level of decision making

Customer's desired level of decision making	Product consistency with target market
Fully self-managed, including fund administration (SMSF)	Not considered in target market
Investment options chosen by customer from extensive investment menu	In target market
Investment options chosen by customer from limited investment menu	In target market
Default investment options applied where no investments selected	In target market
A range of death and disability insurance arrangements able to be applied for and subject to underwriting	In target market

Customer's desired level of decision making	Product consistency with target market
Default death and disability insurance arrangements to be automatically applied upon joining the plan	In target market

2.4 Product investment menu

Looking to invest in one, or a combination of, investment options that sit within the following categories of investment:

Customer's desired type of strategy on investment menu	Product consistency with target market
Diversified actively managed multi sector options	In target market
Sustainable Plus investment options	In target market
Sector options	In target market
Passive options	In target market
Direct Investment Options (subject to availability in the CSD Plan)	In target market

2.5 Insurance Options available

Customers in the accumulation phase are the target market for the insurance options within each product of the CSD as shown in the table below.

- Customers receive default cover upon meeting the eligibility criteria of the product (see below for further details of the eligibility criteria for each product).
- Insurance designs are based on factors such as age and salary that provide the type and amount of cover that reflects customers' likely needs.
- Typically, the amount of cover is highest when customers' needs are highest (e.g. to service debt and financial needs of dependents), then reduces as customers' approach retirement. Customers have flexibility with the insurance options in the CSD and can apply to increase, decrease or cancel their insurance cover at any time depending on their needs.

Customers in the target market are those:

- Seeking insurance cover to assist with financial or financial in-kind commitments that will not otherwise be satisfied in the event of death, terminal illness or disability (as applicable), and
- who satisfy the eligibility requirements for the product's insurance cover.

Insurance Cover available	CSD Plans	Mercer Business Super	Mercer SmartSuper	Mercer SmartSuper Plan: Individual Section
Death cover including Terminal Illness (TI) cover Provides a lump sum benefit to those who depend on the customer for financial security if the customer is diagnosed with a terminal illness or passes away.	In target market	In target market	In target market	In target market
Total and Permanent Disablement (TPD) cover Protects a customer if they are no longer able to work due to a permanent illness or injury. <i>(TPD cover cannot be held separately and must be held jointly with Death cover.)</i>	In target market	In target market	In target market	In target market
Income Protection (IP) cover Provides a monthly benefit while a customer recovers from a temporary illness or injury.	In target market	In target market	In target market	Not Applicable

Customers not in the target market for the insurance options within each product of the CSD include those who:

- do not meet the eligibility criteria to access insurance cover as detailed below,
- are actively serving in the armed forces (policy exclusions for injury, disability and illness caused by war or participation in active service in the armed forces limit the ability to claim for these customers),
- want to hold an amount of TPD cover separately to their amount of Death cover.

Eligibility for insurance cover

To be eligible to access insurance cover, you must:

- be a customer of a CSD plan, Mercer Business Super or Mercer SmartSuper (Mercer super plan),
- have rolled over funds into, made super contributions to, or have your employer make super contributions on your behalf to your Mercer super plan account,
- be an Australian resident on the day you become eligible for insurance cover,
- be aged 25 years or older and have reached a balance of \$6,000 in your Mercer super plan account to receive automatic basic cover, alternatively you may opt-in to receive this cover sooner, and

- meet the eligibility criteria shown in the table below.

Cover Type	Eligibility Criteria	CSD plans	Mercer Business Super	Mercer SmartSuper	Mercer SmartSuper Plan: Individual Section
Death & TI	Apply for cover between ages	15 to 64*	14 to 64*	15 to 64	14 to 79
TPD	Apply for cover between ages	15 to 64*	14 to 64*	15 to 59	14 to 74
IP	Apply for cover between ages	15 to 64	14 to 64	17 to 59	N/A
	Be working at least	15 hours per week	15 hours per week	20 hours per week	N/A

* Death and TPD Cover may be available after age 64 in certain circumstances. Refer to the Insurance booklet applicable to your plan for details.

3. Financial situation of customer

3.1 Life stage of customer

Life stage of customer	Product consistency with target market
Child (under 18), subject to eligibility rules	In target market
Accumulation phase (over 18)	In target market
Pension draw down phase (any age)	Not in target market

3.2 Intended size of investment

Customer's intended account balance	Product consistency with target market			
	CSD plans	Mercer Business Super	Mercer SmartSuper	Mercer SmartSuper Plan: Individual Section
Below \$500	Not in target market	Not in target market	Not in target market	Not in target market
Over \$500	In target market	In target market	In target market	In target market

3.3 Customer selected investment options

This section of the TMD is relevant to customers who choose one or more investment options when entering the product (that is, customers who do not rely on the default investment option).

The investment menu is designed to provide a range of choices across the risk/return spectrum and with a corresponding suggested minimum time for holding the investment option. It is therefore encouraged that customers utilise the Risk Attitude Questionnaire found in the Customers' Dashboard (available once joined the plan), and/or the free limited financial advice service through the Helpline, or seek their own financial advice.

Each of the sections in the table below should be taken into account individually.

Investment Option Standard Risk Measure	Very High Risk	High Risk	Medium-High Risk	Medium Risk	Low-Medium Risk	Low Risk	Very Low Risk
Customer's Risk Appetite							
Very Confident							
Confident							
Slightly Confident							
Slightly Cautious							
Cautious							
Very Cautious							
Customer's investment timeframe							
Short (< 3 years)							
Medium (3 ≤ 7 years)							
Long (> 7 years)							
Customer's intended option use							
Solution/Standalone (75-100%)							
Core Component (25-75%)							
Satellite/small allocation (<25%)							
Customer's need to switch investments							
Any timeframe							

*There may be penalties associated with early withdrawal of term deposits

4. Other elements of TMD

4.1 Appropriateness requirements

Explanation of consistency of key attributes with TMD

Mercer Superannuation (Australia) Limited has reviewed the manner in which existing customers are using the product as at the date of this TMD. This review of customer data and behaviour confirms that the key product attributes (as listed in section 1) are consistent with customer needs and objectives.

4.2 Distribution Conditions/Restrictions

Distribution channel	Permitted channel?	Distribution conditions/Restrictions
Direct retail, where permitted	Yes	There is a direct retail functionality available, subject to availability in the plan
Personal advice	Yes	An adviser can only recommend the product not establish an account on behalf of the customer
Customers enrolled via their employer	Yes	Can be a customer of this product as an employee
Through authorised representatives by general advice or intrafund advice	Yes	
Robo advice	Yes	

4.3 Review Triggers

- Any event or circumstance that would suggest the TMD is no longer appropriate. This may include (but is not limited to):
 - The occurrence of a significant dealing.
 - A material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) regarding product design, product availability or product distribution.
 - Material changes to key product attributes and terms and/or conditions.
 - An unexpected change in:
 - The number, duration, nature and amount of Death, Terminal Illness, TPD or Income Protection claims paid, declined or withdrawn, or
 - Insurance cancellation rates.
 - The use of Product Intervention Powers, regulator orders or directions in relation to the distribution of this product.
 - External events such as adverse media coverage or regulatory attention.
- The trustee (MSAL) of this product makes a determination for purposes of s52(9) of Superannuation Industry (Supervision) Act 1993 that the financial interests of the customers who hold this product are not being promoted.

4.4 Mandatory review periods

Review periods	Maximum period for review
Initial review	NA – initial review has already occurred
Subsequent review	3 years and 3 months

4.5 Distributor Information Reporting Requirements

Regulated person(s)	Requirement	Reporting deadline
All distributors	To the extent a distributor is aware of dealings outside the target market these should be reported to the issuer, including reason why acquisition is outside of target market, and whether acquisition occurred under personal advice.	Quarterly *
All distributors	Complaints (as defined in section 994A(1) of the Act) relating to the master trust and options offered on the master trust, where the nature of the complaints relate to product design, insurance claims, product availability and distribution conditions. The distributor should provide all the content of the complaint, having regard to privacy.	Quarterly *
All distributors	Significant dealing outside of target market under s994F(6) of the Act. See Definitions for further detail.	As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing.

* Quarterly reporting is due 10 business days after the end of the March, June, September and December quarters.

4.6 Important terms within this TMD Document

Term	Definition
Income Protection	The term Income Protection includes Total but Temporary Disablement (TTD) and Salary Continuance Insurance (SCI).
Material Change	A material change is a change to the product attributes, fees, charges, terms and conditions or the manner of distribution that may cause the TMD to no longer be appropriate.
Product Disclosure Statement	The Product Disclosure Statement is a summary of the features of the relevant plan in the Corporate Superannuation Division of the Mercer Super Trust. It includes references to important information contained in a series of booklets that are specific to each plan.

Term	Definition
Extensive Investment Menu	More than 10 investment options.
Limited Investment Menu	Less than 10 investment options.
Robo Advice	A self-guided online wealth management service that provides automated investment advice at low costs and low account minimums, employing portfolio management algorithm. Also known as Digital Advice.

Customer's intended product use

Standalone (75-100%)	The customer intends to hold the investment as either a part or the majority (up to 100%) of their total investable assets (see definition below).
Core Component (25-75%)	The customer intends to hold the investment as a major component, up to 75%, of their total investable assets (see definition below).
Satellite/small allocation (<25%)	The customer intends to hold the investment as a smaller part of their total portfolio, as an indication it would be suitable for up to 25% of the total investable assets (see definition below).

Customer's Risk (ability to bear loss) and Return profile

Issuers should undertake a comprehensive risk assessment for each product. The FSC strongly recommends adoption of the Standard Risk Measure (SRM) to calculate the likely number of negative annual returns over a 20 year period, using the guidance and methodology outlined in the [Standard Risk Measure Guidance Paper For Trustees](#). SRM is not a complete assessment of risk and potential loss. For example, it does not detail important issues such as the potential size of a negative return or that a positive return could still be less than a customer requires to meet their investment objectives/needs. Issuers may wish to supplement the SRM methodology by also considering other risk factors. For example, some products may use leverage, derivatives or short selling, may have liquidity or withdrawal limitations, or otherwise may have a complex structure or increased investment risks, which should be documented together with the SRM to substantiate the product risk rating.

Very high	<p>The customer has a more aggressive or very high risk appetite, seeks to maximise returns and can accept higher potential losses (e.g. has the ability to bear 6 or more negative returns over a 20 year period (SRM 7) and possibly other risk factors, such as leverage).</p> <p>Customer typically prefers growth assets such as shares, property and alternative assets.</p>
High	The customer is higher risk in nature and can accept higher potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 6)) in order to target a higher target return profile.

Term	Definition
	<p>Customer typically prefers predominantly growth assets such as shares, property and alternative assets with only a smaller or moderate holding in defensive assets such as cash and fixed income.</p>
Medium	<p>The customer is moderate or medium risk in nature, seeking to minimise potential losses (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5)) and comfortable with a moderate target return profile.</p> <p>Customer typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income.</p>
Low	<p>The customer is conservative or low risk in nature, seeks to minimise potential losses (e.g. has the ability to bear up to 1 negative return over a 20 year period (SRM 1 to 2)) and is comfortable with a low target return profile.</p> <p>Consumer typically prefers defensive assets such as cash and fixed income.</p>
Significant dealings	<p>Section 994F(6) of the Corporations Act 2001 requires distributors to notify the issuer if they become aware of a significant dealing in the product that is not consistent with the TMD. Neither the Act nor ASIC defines when a dealing is 'significant' and distributors have discretion to apply its ordinary meaning.</p> <p>The issuer will rely on notifications of significant dealings to monitor and review the product, this TMD, and its distribution strategy, and to meet its own obligation to report significant dealings to ASIC.</p> <p>Dealings outside this TMD may be significant because:</p> <ul style="list-style-type: none"> • they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or • they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the customer (or class of customer). <p>In each case, the distributor should have regard to:</p> <ul style="list-style-type: none"> • the nature and risk profile of the product (which may be indicated by the product's risk rating or withdrawal timeframes), • the actual or potential harm to a customer (which may be indicated by the value of the customer's investment, their intended product use or their ability to bear loss), and • the nature and extent of the inconsistency of distribution with the TMD (which may be indicated by the number of red or amber ratings attributed to the customer). <p>Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if:</p> <ul style="list-style-type: none"> • it constitutes more than half of the distributor's total retail product distribution conduct in relation to the product over the reporting period, • the customer's intended product use is Solution / Standalone, or

Term	Definition
	<ul style="list-style-type: none">the customer's intended product use is Core component and the customer's risk (ability to bear loss) and return profile is Low.