

# Target Market Determination

**Mercer Super Trust**

**Corporate Superannuation Division**

24 May 2024



# 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 TMD 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 (PDS) 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 PDS before making a decision whether to buy this product.

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. Capitalised terms have the meaning given to them in the product's PDS, unless otherwise defined. The PDS for each plan is available and can be obtained from [mercersuper.com.au/pds](https://mercersuper.com.au/pds).

Issued by Mercer Superannuation (Australia) Limited (**MSAL**) ABN 79 004 717 533, Australian Financial Services Licence 235906, the trustee of the Mercer Super Trust ABN 19 905 422 981 ('Mercer Super').

# 1. Product summary

1.1	<b>Name of product</b>	Corporate Superannuation Division
	<b>Issuer name</b>	Mercer Superannuation (Australia) Limited (MSAL)
	<b>Issuer AFSL</b>	235906
	<b>Fund Name</b>	Mercer Super Trust
	<b>Fund ABN</b>	19 905 422 981
1.2	<b>TMD issue date</b>	24 May 2024
	<b>TMD Version</b>	7
	<b>Distribution status of product</b>	Open
1.3	<b>Product description</b>	<p>This is a superannuation product for customers of:</p> <p>A plan in the CSD, Mercer Business Super or Mercer SmartSuper:</p> <ul style="list-style-type: none"> <li>to accumulate savings for retirement through a superannuation plan established by an employer,</li> <li>to continue to accumulate savings for retirement through a superannuation plan after cessation of employment, or</li> <li>who want a choice of investment options.</li> </ul> <p>This product is not a self-managed super fund (SMSF). This TMD only relates to the non-MySuper options in this product.</p>
1.4	<b>Key product attributes</b>	<ul style="list-style-type: none"> <li>This product is an accumulation account.</li> <li>A CSD plan customer's spouse/family member may also be able to join, subject to availability in the plan.</li> <li>The customer can make investment choices in this product.</li> <li>This product is subject to superannuation preservation legislation.</li> <li>Insurance cover generally available for eligible customers is: <ul style="list-style-type: none"> <li>Death (including Terminal Illness),</li> <li>Total and Permanent Disablement (TPD), and</li> <li>Income Protection (subject to availability in the plan).</li> </ul> </li> <li>Online access. Allows customers to manage their accounts online including to: <ul style="list-style-type: none"> <li>Check account balance, account activity and download account statements.</li> <li>Switch investment options.</li> <li>Check insurance.</li> <li>Check beneficiaries.</li> </ul> </li> <li>The product attributes will vary depending on the plan.</li> </ul>

## Target Market

The Target Market is for the class of customers who have the needs and objectives 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

For an individual customer, the CSD is likely to be consistent 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 intended 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

<b>Customer's intended level of decision making</b>	<b>Product consistency with target market</b>
Default investment options applied where no investments selected	<b>In target market</b>
A range of death and disability insurance arrangements able to be applied for and subject to underwriting	<b>In target market</b>
Default death and disability insurance arrangements available upon joining the plan subject to meeting the eligibility criteria of the product (see below for further details of the eligibility criteria for each product)	<b>In target market</b>

## 2.4 Product investment menu

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

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

## 2.5 Number of investment holdings

<b>Customer's intended holding of multiple investment options/ strategies</b>	<b>Product consistency with target market</b>
Low – customer intends to hold no more than 6 investment options	<b>In target market</b>
Medium – customer intends to hold between 7 and 10 investment options	<b>In target market</b>
High – customer intends to hold more than 10 investment options	<b>Not considered in target market</b>

## 2.6 Financial Advice

Customer's desired availability of financial advice	Product consistency with target market
Customer wishes to have the option to receive comprehensive personal financial advice paid by them through the fund.	In target market
Customer wishes to have the option to receive personal financial advice through the fund that relates to the customer's interest in the fund (intrafund advice).	In target market
Customer does not wish to have the option to receive advice through the fund.	In target market
Customer wishes to have the option to authorise an external financial adviser to assist in managing the customer's interest in the fund.	In target market

## 2.7 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 to cover the 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
<b>Death cover including Terminal Illness (TI) cover</b>  Provides a lump sum benefit to those who depend on the customer for financial security if the customer is	In target market	In target market	In target market	In target market

Insurance Cover available	CSD Plans	Mercer Business Super	Mercer SmartSuper	Mercer SmartSuper Plan: Individual Section
diagnosed with a terminal illness or passes away.				
<b>Total and Permanent Disablement (TPD) cover</b>  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
<b>Income Protection (IP) cover</b>  Provides a monthly benefit while a customer recovers from a temporary illness or injury.	In target market*	In target market*	In target market	Not considered in target market

\* IP cover may cease when a customer leaves their employer.

**Customers not considered 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

A customer must meet the following criteria to be eligible to access insurance cover:

- 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 an employer make super contributions on their behalf to the Mercer super plan account,
- be an Australian resident on the day they become eligible for insurance cover,
- be aged 25 years or older and have reached a balance of \$6,000 in the Mercer super plan account to receive cover automatically, alternatively they 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 the relevant Mercer super 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 considered 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 considered in target market	Not considered in target market	Not considered in target market	Not considered 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 after joining the product), and/or the free limited financial advice service available 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
<b>Customer's risk appetite</b>							
Very confident							
Confident							
Slightly confident							
Slightly cautious							
Cautious							
Very cautious							
<b>Customer's investment timeframe</b>							
Short (<3 years)							
Medium (3 ≤ 7 years)							
Long (> 7 years)							
<b>Customer's intended option use</b>							
Solution/Standalone (75% - 100%)							
Core component (25% - 75%)							
Satellite/small allocation (<25%)							
<b>Customer's need to switch investments</b>							
Any timeframe							

## 4. Other elements of TMD

### 4.1 Appropriateness requirements

#### Explanation of consistency of key attributes with TMD

MSAL 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 an Authorised Representative of an Australian Financial Services License holder	Yes	
Robo advice	Yes	
Indirect	Yes	<ul style="list-style-type: none"> <li>A customer can have their super benefits transferred into the plan from another part of the Fund.</li> <li>The spouse of a customer can also be a customer of this product through a family law split.</li> </ul>

## 4.3 Review Triggers

- Where MSAL has determined that any of the following occurred, including but not limited to:
  - The occurrence of a significant dealing.
  - Material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) regarding product design, product availability or any distribution condition.
  - 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 issuing of a Significant Event Notice for this product where the product issuer considers this reasonably suggests that this TMD is no longer appropriate.

- h) The issuer's monitoring of investment performance under SPS 530 (including APRA heatmaps) reasonably suggests the TMD is no longer appropriate.
2. 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	Complaints (as defined in section 994A(1) of the Act) relating to the product. 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 as soon as practicable, but no later than 10 business days after the end of the March, June, September and December quarters.

Distributors must report to MSAL.

## 4.6 Important terms within this TMD Document

Term	Definition
<b>Extensive Investment Menu</b>	More than 10 investment options.
<b>Income Protection</b>	The term Income Protection includes Total but Temporary Disablement (TTD) and Salary Continuance Insurance (SCI).
<b>Limited Investment Menu</b>	Less than 10 investment options.
<b>Material Change</b>	A material change is a change to the product attributes, fees, charges, terms and conditions or the manner of distribution which may cause the TMD to no longer be appropriate.

Term	Definition
<b>Product Disclosure Statement</b>	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.
<b>Robo Advice</b>	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.
<b>Significant dealings</b>	<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"> <li>• they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or</li> <li>• 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).</li> </ul> <p>In each case, the distributor should have regard to:</p> <ul style="list-style-type: none"> <li>• the nature and risk profile of the product (which may be indicated by the product's risk rating or withdrawal timeframes),</li> <li>• 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</li> <li>• 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).</li> </ul> <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"> <li>• it constitutes more than half of the distributor's total retail product distribution conduct in relation to the product over the reporting period,</li> <li>• the customer's intended product use is Solution / Standalone, or</li> <li>• the customer's intended product use is Core component and the customer's risk (ability to bear loss) and return profile is Low.</li> </ul>
<b>Customer's intended product use</b>	
<b>Standalone (75-100%)</b>	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).

Term	Definition
<b>Core Component (25-75%)</b>	The customer intends to hold the investment as a major component, up to 75%, of their total investable assets (see definition below).
<b>Satellite/small allocation (&lt;25%)</b>	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

This TMD uses the Standard Risk Measure (SRM) to estimate the likely number of negative annual returns for an option over a 20-year period. However, 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. The SRM methodology may be supplemented by other risk factors. For example, some options 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.

A customer's desired product return profile would generally take into account the impact of fees, costs and taxes.

<b>Very high</b>	<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>
<b>High</b>	<p>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.</p> <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>
<b>Medium</b>	<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>
<b>Low</b>	<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>Customer typically prefers defensive assets such as cash and fixed income.</p>