

Mercer Direct Member Guide

27 March 2024

Mercer Super Trust



Contents

As a member of the Mercer Super Trust, you can access Mercer’s Direct Investment service through the Mercer Direct investment option (Mercer Direct) if available in your plan within the Corporate Superannuation Division, or if you hold an account in Mercer SmartRetirement Income. This gives you greater control over your investments. You can trade on the market, monitor your account and generate reports on your portfolio, all conveniently accessed online through your Mercer Super Trust account.

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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 Online section of the secure member website or at https://cms2.onevue.com.au/index.php/download_file/view_inline/3270.

The information in this Guide is current at the date of issue and is subject to change. The most recent version will be available through the Mercer Direct Online section of the secure member website.

As you read through this Guide, you may find terms you are unfamiliar with. See the 'Glossary of key terms' section at the end of this Guide for an explanation of key terms and phrases.

Mercer Superannuation (Australia) Limited (MSAL) is the trustee of the Mercer Super Trust. In this Guide, MSAL is referred to as 'trustee', 'we', 'our' or 'us'. The trustee is the issuer of this Guide.

Mercer Financial Advisers are authorised representatives of Mercer Financial Advice (Australia) Pty Ltd (MFAAPL) ABN 76 153 168 293 AFSL 411766.

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

Investment performance, earnings or the return of any capital invested through Mercer Direct are not guaranteed. Past performance is not a reliable indicator of future performance.

Service providers

The Mercer Direct investment service is provided through an arrangement with OneVue Wealth Services Limited ABN 70 120 380 627 AFSL 308868.

Mercer has made references to the names, products and services of service providers with their consent. This consent has not been withdrawn at the date of issue of this Guide.

Things to consider before investing

Investing in Mercer Direct is different from the other investment options available through the Mercer Super Trust. With Mercer Direct, you choose your own investments and your portfolio is likely to be unique. With this greater degree of control comes 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.

You should consider the following before investing in Mercer Direct:

- Do you have investments outside super? You should consider any savings and investments that will contribute to your income in retirement, not just your Mercer Super Trust balance.
- What is your current age and your expected retirement age? The amount of investment risk you may be willing to take at least partly depends on how close you are to retiring. Typically, members will reduce their investment risk as they approach retirement and consider how their income needs will be met. As a member of the Mercer Super Trust, you have access to the Retirement Income Simulator, available on the secure member site. This can help you analyse your current position, desired retirement benefit, investment risks and return as well as other factors.
- What are your investment objectives? Consider your investment objectives and whether Mercer Direct will help meet these objectives.
- Do you have adequate diversification? By spreading your investments across different asset classes, you can reduce market risk, inflation risk and liquidity risk.
- How are you intending to use Mercer Direct? Mercer Direct allows you to easily and conveniently buy and sell shares, but it should not be used to attempt to time the market or make short term investment decisions. Frequent trading can also lead to higher costs overall.
- Once you have selected your investments through Mercer Direct, consider how often you will monitor and compare them against your objectives. As the market changes, will you alter your mix of investments if they no longer meet your objectives?

Mercer Direct puts you in control of choosing and monitoring your investments. This means you are responsible for ensuring your investments represent the mix of investments and objectives that are right for you. The trustee takes no responsibility for the investment performance or your selected investments.

It's good advice that makes the difference

Establishing and maintaining your own investment portfolio can be complicated.

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

A Mercer Financial Adviser can provide you with advice on your investment choices and help you make the most of your finances.



You can speak to a Mercer Financial Adviser over the phone or make an appointment for a face-to-face consultation by calling us or booking online.

Phone **1800 682 525** or visit merceraadvice.com/book

Using Mercer Direct Online

Mercer Direct Online is the section of the secure member website where you can monitor, transact and manage your Mercer Direct investments.



What Mercer Direct Online allows you to do

Buy and sell (place orders) shares and Exchange Traded Funds (ETFs)

You can place orders from the *Transact* tab to buy and sell shares from your investments list or by entering the share code. Refer to the 'Listed securities' section of this Guide for more information.

Buy term deposits

You can place a request for a term deposit online. If your order is received before 1.30pm (AEST/AEDT) it will be invested the same day or if your order is received on or after 1.30pm (AEST/AEDT) it will be purchased on your behalf the next business day. Your details will be updated on the next business day following the request being actioned – refer to the 'Term deposit' section of this Guide for more information.

View orders

View all your open and pending orders.

Rollover term deposits

You will be notified via email seven days prior to your term deposit maturity or you can also view this information in the *Action* tab. You can decide to rollover your term deposit as is (for the same amount and term) and receive any interest earned to your Cash Hub, or you can rollover the whole amount (deposit amount and interest) into a new term deposit. You can also decide to do nothing and have the full amount paid into your Cash Hub. For more information, refer to 'Rolling over a term deposit (maturity election)' section of this Guide. If you have not placed a term deposit maturity instruction by the cut off time on the day of maturity, then the principal and interest will be redeemed on the maturity date and paid to your Cash Hub.

View your investments and generate reports

A range of reports on your portfolio are available on the *Reports* tab.

Research shares and ETFs

You can access investment research from the *Research* tab.

Access corporate actions

You can participate in corporate actions and will be notified of those related to your investments in the *Action* tab.

Confirm transactions

You can view recent transactions online through reports on the *Report* tab.

Risks of transacting online

There may be risks associated with transacting online.

The trustee accepts no responsibility (to the extent permitted by law) if the secure member website or the Mercer Direct section of the secure member website are unavailable.

The trustee reserves the right to temporarily change, suspend or cancel operations in the secure member website or the Mercer Direct section of the secure member website without prior notice.

Other risks can include:

- If you cancel a term deposit before the maturity date, the term deposit provider may withhold some or all of the earnings that would have been due had you held the term deposit to maturity. Refer to the 'Term Deposits' section of this Guide and to the terms and conditions of the term deposit provider for further information on any break fees, available on the Mercer Direct section of the secure member website.
- If you do not keep your registered email address up to date, you will miss being advised of and participating in any applicable corporate actions. If you do not respond by the due date, the corporate action will expire and this may have an impact on your investments in the Mercer Direct investment option.

You should also refer to the relevant *Investments* booklet applicable for your Plan, if you are in the Corporate Superannuation Division, or for your pension account, if you are in Mercer SmartRetirement Income, to understand different types of investment risks.

Differences between Mercer Direct and other investment options

There are some important differences between investing in shares, ETFs or term deposits directly in your own name and investing through Mercer Direct.

These include:

- All investments acquired through Mercer Direct are held in the trustee's name, not in your name. This means you will not receive communications from the issuer of listed securities or term deposits.
- Investment earnings within a super fund (except on certain exempt pensions) are taxed at 15%, which may be lower than your marginal tax rate. As a result, you may pay less tax on any earnings from term deposits and/or listed securities held through Mercer Direct than you would if you held these investments directly.
- When investing in listed securities and term deposits through Mercer Direct, the Mercer Super Trust's fees and costs will apply.
- If you invested directly in a term deposit outside of Mercer Direct, you may have the benefit of a 14 day cooling off period. The Mercer Super Trust (as the holder of the investment) is not entitled to any cooling off period as it is considered to be a wholesale investor.
- If you invested directly in listed securities or a term deposit outside of Mercer Direct, any queries or complaints you have would be handled directly by the issuer of the equity or term deposit. When you invest through Mercer Direct, any queries or complaints you have will be handled according to the Mercer Super Trust's enquiries and complaints handling procedures.

All shares and ETFs in Mercer Direct are held by OneVue Wealth Services Limited ABN 70 120 380 627 AFSL 308868 (OneVue) under a custody agreement for the benefit of the trustee.

You need to agree to the full terms and conditions when you first invest in Mercer Direct, available at https://cms2.onevue.com.au/index.php/download_file/view_inline/3270.

You should take these differences into account when considering any disclosure document or other information relating to listed securities or term deposits available through Mercer Direct.

Choosing the right investments

Mercer Direct allows you to take control of your investments. You can choose from a range of shares and a selection of ETFs listed on the Australian Securities Exchange (ASX 300), as well as a range of term deposits.

Mercer Direct offers extra investment choice and control, combined with the convenience of maintaining a single account within the Mercer Super Trust, with easy online access and one consolidated annual statement.

Mercer Direct use an online trading platform where you can trade in real time (during ASX trading hours), monitor your account, generate reports and access information. Where applicable, investment profiles may be available on the Mercer Direct section of the secure website and the Product Disclosure Statements for ETFs are available on the ETF provider's website.

Any Investment Profiles are from a third party source and the trustee does not endorse the contents. While we believe the profiles are reliable, the trustee accepts no responsibility for any errors or omissions.

Shares, ETFs and term deposits available within Mercer Direct may change due to changes in the composition of the ASX, the addition of new ETFs, listed investment companies, other ASX traded products and/or trustee decisions.

The table below provides an indicative view of the investments available through Mercer Direct for you to determine if they are the appropriate instruments to include in your Investment Portfolio.

| Type of investment | Objective | Standard risk measure | Minimum suggested timeframe | Expected frequency of negative returns |
|--------------------|---|-----------------------|-----------------------------|--|
| Shares | To provide long-term capital growth with some income. | 7 - Very High | 7 years | 6 or more years out of every 20 years |
| ETFs | To provide market-linked performance, before fees and charges, of a particular group of assets. | 6 - High ¹ | 7 years | Expected frequency will depend on the profile of the individual ETF and the underlying investment mix ² |
| Term deposits | To provide an income stream with a very low risk of capital loss ³ | 1 - Very low | 1 year or less | Typically a negative return is not expected |

The investment objectives above are only general in nature and are only a guide as to how investments of this nature will typically behave. The characteristics of your chosen investments may be quite different and you or your financial adviser will need to research your individual investments.

¹ Risks for ETFs will vary depending on the ETF chosen. As ETFs are listed on the ASX, risks can typically be categorised as '6 - High' or '5 - Medium to High'. For more information, refer to the Research tab of Mercer Direct Online for any ETF you are considering, or read the PDS on the ETF provider's website.

² ETFs are traded on the ASX, so the expected frequency of a negative annual return may be similar to shares. However, diversification within the ETF can reduce volatility. For more information, read the PDS on the ETF provider's website.

³ If you withdraw your investment from a term deposit before the end of the term, the term deposit provider may withhold some or all of the earnings that would have been due had you not withdrawn before the end of the term.

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 risk across investment options. The SRM is based on industry guidance and is not a complete assessment 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, or
- 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 a standard risk measure 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 not a guarantee of the number or frequency of negative annual returns for an investment option.

Getting started

Eligibility for Member Direct

Generally, members in the Corporate Superannuation Division will have access to Mercer Direct. However, if you are a super member with limited or no investment choice, then Mercer Direct may not be available to you.

Mercer Direct is also available for allocated pension accounts and Transition to Retirement (TTR) allocated pension accounts in Mercer SmartRetirement Income.

If you are unsure whether Mercer Direct is available to you, call the Helpline on **1800 682 525** if you are a super member, **1800 671 369** if you are a pension member, or login to your Mercer Super Trust account and navigate to 'Update Your Investments'. If Mercer Direct is available to you it will appear in the list of available investment options.

| Corporate Superannuation Division | Mercer SmartRetirement Income |
|--|---|
| <ul style="list-style-type: none"> You must initially have a minimum super account balance of \$20,000 in other investment options. You can invest a maximum of 80% of your total balance in Mercer Direct Invest. If you reach this maximum, you may be prevented from submitting any buy orders for any new shares or ETFs. In addition to your investment in Mercer Direct, you must have a minimum account balance of \$5,000 in your other investment options. | <ul style="list-style-type: none"> You must initially have a minimum pension account balance of \$20,000 in other investment options. You can invest a maximum of 80% of your total balance in Mercer Direct Invest. If you reach this maximum, you may be prevented from submitting any buy orders for any new shares or ETFs. |

Making the switch to Mercer Direct

1. Log in to your account on the secure member website using your employer ID (where applicable), member number and PIN.
2. Click the 'My investments' button towards the bottom of your homepage.
3. Choose the amount you want to switch from your current investment option(s) to Mercer Direct.

The switch will be confirmed within two business days and then you can start investing.

The minimum amount you can switch to Mercer Direct in one transaction is \$500.

You can switch up to 95% of an individual investment option (as a dollar amount) or nominate the entire balance to be switched. To avoid leaving small residual balances, you will not be able to switch a dollar amount representing less than 5% of an individual investment option.

Once you have completed a switch and funds have been transferred to your Cash Hub, a 'Go' button will appear alongside Mercer Direct under your 'Current Investments' list in your online account. The 'Go' button will take you to Mercer Direct Online where you can:

- Check the value of your investments
- Transact in shares, ETFs and term deposits
- Place buy and sell orders (during ASX trading hours)
- View your open orders and order history
- View latest research on shares and ETFs.



Your email address is important

Make sure you keep it up to date as it must be provided when switching into Mercer Direct.

Investment limits

If you invest in Mercer Direct, you need to take an active role in managing your investments. You need to monitor your balances to ensure you are maintaining the minimums required to invest in Mercer Direct.

The following investment limits apply to Mercer Direct:

1. You need to maintain at least \$500 in your Cash Hub at all times to cover your transactions and related fees and any taxes.
2. A maximum of 80% of your account balance in the Mercer Super Trust can be invested in Mercer Direct. In addition, if you are a super member in the Corporate Superannuation Division, this maximum is also subject to a minimum account balance of \$5,000 remaining in your other investment options.
3. You cannot invest more than 20% of your Mercer Super Trust account in a single share holding or ETF (no such limit applies to term deposits).

If your Mercer Direct account balance exceeds 80% of your total account balance, or if you have more than 20% of your account balance invested in a single share holding or ETF, you may be prevented from placing any future buy orders for any new shares or ETFs.

Before deciding to invest in Mercer Direct you should consider whether it is appropriate to your objectives, financial situation and needs. You should seek financial advice tailored to your personal circumstances.

Keep an eye on your minimums

If you are a member in the Corporate Superannuation Division, you need to retain a minimum of \$5,000 in your other investment options. If you fall below this amount, we will email you with a reminder to top up your super account balance.

If you don't restore your super account balance to the \$5,000 minimum, we will transfer the amount needed from the following sources (in order of priority, until the minimum is restored):

1. Available funds in your Cash Hub
2. Listed securities in your Mercer Direct portfolio starting with your largest holding
3. Your term deposits – withdrawal from your term deposit may result in break fees being charged by the issuer and deducted from your investment.

The amount transferred will be invested in your other Mercer Super Trust investment options according to your investment strategy.

All super and pension members will also need to maintain a minimum balance of \$500 in your Cash Hub.

Your Cash Hub balance could fall below \$500 if your rollover principal and interest for a term deposit, because tax (where applicable) will be deducted from your Cash Hub.

If your Cash Hub balance falls below \$500, the amount required to return it to the \$500 minimum will be deducted from your other investment options according to your investment strategy for future super contributions. If you are a pension member, the amount will be deducted proportionate to your investments in Mercer SmartRetirement Income excluding Mercer Direct.

Tools available through Mercer Direct online

The service also provides a current summary of your investments as well as a number of online reports.

Reports are in the Report tab and are generally updated each weekday (based on data as at the close of the previous business day).

Reports include details of:

- Your overall Mercer Direct balance and the market value of your investments at the previous business day's closing prices
- All your transactions in Mercer Direct
- Details of any income you have received from your investments, including interest on your Cash Hub
- Realised and unrealised gains and losses within your investments.

You can also find research on the individual shares listed in the S&P/ASX 300 Index and the ETFs available via Mercer Direct in the Individual Investment profiles⁴.

⁴ The information provided in these profiles is from a third party source and the trustee does not endorse the contents. While they are believed to be reliable, no responsibility for errors or omissions is accepted by the trustee of the Mercer Super Trust.

How does Mercer Direct work?

When can I transact?

Requests received before 4pm on any business day will generally appear in your Cash Hub within two business days. Once your first transfer to Mercer Direct is completed, your Cash Hub will open automatically (accessible via your Mercer Super Trust online account as described in 'Making the switch to Mercer Direct' in the 'Getting started' section of this Guide) ready for you to invest in shares, ETFs and term deposits.

| Type of transaction | How often can I transact? | What is the deadline for my request? | When will my request be actioned? ⁵ | When will all details be updated? |
|---|---------------------------|---|--|---|
| Cash transfers from your other Mercer Super Trust investment options to Mercer Direct | Daily | 4pm (AEST) each business day (Day 0) | Next business day (Day 1) | Second business day following the request, at unit price on Day 0 (Day 2) |
| Cash transfers from Mercer Direct to your other Mercer Super Trust investment options | Daily | 4pm (AEST) each business day (Day 0) | Next business day (Day 1) | Second business day following the request, at unit price on Day 0 (Day 2) |
| Term deposits | Daily | Before 1:30pm (AEST) on a business day (Day 0) | Same day (Day 0) | Second business day following the request being actioned (Day 2) |
| | | On or after 1:30pm (AEST) on a business day (Day 0) | Next business day (Day 1) | Second business day following the request being actioned (Day 3) |
| Share and ETF trades | During ASX trading hours | ASX close (Day 0) | Immediately (Day 0) | Second business day following the request being actioned (Day 2) |

Please keep in mind:

- Delays can be expected due to public holidays, exceptional market conditions or other unforeseen circumstances that lead to a delay in unit prices being calculated for other Mercer Super Trust investment options.
- Once cash is available in your Cash Hub, you are able to purchase shares, ETFs and term deposits. Any uninvested cash remains in your Cash Hub.

⁵ These timeframes apply except where systems are unavailable and outside market hours.

Your Cash Hub

Your Cash Hub acts as a hub between your Mercer Direct investments and your other investments in the Mercer Super Trust, allowing you to:

- Buy and sell shares, ETFs and term deposits
- Receive income from shares, ETFs and term deposits
- Pay any taxes and charges relating to your Mercer Direct account
- Fund transfers from your Mercer Direct account back to your Mercer Super Trust account and vice versa.

To invest in shares or term deposits you must have sufficient available funds in your Cash Hub to fund the purchase. The available cash balance is calculated as your Cash Hub balance less the \$500 minimum cash balance, pending transactions and open orders.

If your Cash Hub balance falls below the \$500 minimum balance, we may top-up your Cash Hub by transferring funds from your other Mercer Super Trust investment options outside of Mercer Direct.

About the Cash Hub

The Cash Hub is held through Mercer Super Trust's custodian for Mercer Direct, OneVue, or its appointed sub-custodians.

Your cash is pooled with other members' cash and held in the custodian's name with you as the beneficial owner of your cash amount.

The Financial Claims Scheme (FCS) (commonly referred to as the Australian Government deposit guarantee) guarantees the deposits of account holders up to a limit of \$250,000 per account holder per Authorised Deposit-Taking Institution (ADI). Your interest in the Cash Hub will not be directly protected by the FCS.

However, you may have a pro-rata interest in the Mercer Super Trust's aggregate cap amount of \$250,000 per account holder, per ADI. Further information can be found at apra.gov.au.

A buy-sell spread does not apply to the Cash Hub.

The interest that applies to the Cash Hub will be calculated daily and paid to your Cash Hub on a monthly basis in arrears, on or around the fifth business day of the month.

Accrued interest is not reported within your Cash Hub until it is paid.

The interest rate that applies to the Cash Hub is set by OneVue and can vary on a daily basis. Accordingly, there is no guarantee of a particular rate of interest being earned.

Fees and costs of Mercer Direct

| Type of fee | Amount | Description |
|---|---|--|
| Administration fees and costs | | |
| Asset-based administration fee⁶ | 0.10% p.a. of your account balance in Mercer Direct | <p>The asset-based administration fee is deducted monthly from your investment options outside of Mercer Direct, in accordance with your investment strategy for future super contributions, or for pension members, proportionally from your investment options outside Mercer Direct.</p> <p>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.</p> |
| Estimated expense allowance⁶ | 0.05% p.a. of your account balance in Mercer Direct | <p>The estimated expense allowance is deducted from your investment options outside Mercer Direct each month in accordance with your investment strategy for future super contributions, or for pension members, proportionally from your investment options outside Mercer Direct. This amount is calculated as the applicable charge multiplied by your balance in Mercer Direct on the last day of the month, divided by 12.</p> |
| Portfolio administration fee⁶ | \$220 p.a. (\$18.33 per month) | <p>The Mercer Direct portfolio administration fee is deducted monthly from your investment options outside of Mercer Direct, in accordance with your investment strategy for future super contributions, or for pension members, proportionally from your investment options outside Mercer Direct. The fee is based on the total number of days in the month your Mercer Direct account has been open.</p> <p>The Mercer Direct portfolio administration fee is indexed annually on 1 January to generally reflect Average Weekly Ordinary Time Earnings. The next indexation is due on 1 January 2025. This fee is indexed in increments of \$5 only where the cumulative increase since the previous indexation is \$4 or more.</p> |
| Other fees | | |
| Brokerage fee | 0.11% (including GST), with a minimum fee of \$22 (including GST) | <p>A brokerage fee applies only to members who have invested in shares or ETFs within Mercer Direct.</p> <p>A brokerage fee applies to each trade and will be deducted from your Cash Hub at the time the trade is processed.</p> <p>For example, if you invested in Mercer Direct and purchased \$90,000 worth of shares, the brokerage fee charged and deducted from your Cash Hub would be \$99 inclusive of GST (i.e. 0.11% of \$90,000).</p> |
| Management fee for ETFs | This fee depends on the ETFs you select | <p>A management fee applies only to members who are invested in ETFs within Mercer Direct.</p> <p>Fees incurred by the ETF, including management fees, custody costs and other expenses, may be deducted from the returns from underlying securities in the ETF. See the Mercer Direct section of the secure member website for a list of available ETFs. You should refer to the ETF provider's website and disclosure documents for information on the fees and costs that may apply.</p> |

⁶ This fee is generally calculated and deducted on the last day of the month, except where systems are unavailable and outside market hours.

Listed securities

Listed securities are investments that represent part ownership of a company or trust. Through Mercer Direct you have access to two main types of listed securities: the shares listed in the S&P/ASX 300 Index and ETFs.

The shares listed in the S&P/ASX 300 Index are the 300 largest Australian shares based on the total value of the shares on issue. These securities make up approximately 80% of the Australian equity market and include financial services companies, manufacturers of consumer goods, energy companies, telecommunications, health care, consumer discretionary, utilities and information technology companies.

ETFs are funds that invest in a number of securities. They usually aim to provide the same returns as a particular index or benchmark by investing in a range of securities that make up that index or benchmark. The index or benchmark may be Australian shares, overseas shares, fixed interest or a commodity.

Members in Mercer Direct can invest in:

- The securities that form part of the S&P/ASX 300 Index at the time their order is placed, and
- A range of ETFs that are determined by the trustee. The trustee may vary the list of ETFs available from time to time.

To buy and sell listed securities, you will need to log in to Mercer Direct Online where you can transact directly from the Transact tab. Simply search for the company name or ASX code of the ETF or share you want to buy or sell. You can also access market information about specific listed securities in the Research tab of Mercer Direct Online.

The shares included in the S&P/ASX300 will change over time, particularly those companies with lower market capitalisations. If you purchase shares in a company and it is later replaced in the index, you will not be able to buy more shares in that company, but you can continue to hold those shares and sell them when you wish.



For more information on individual ETFs, you can refer to the Research tab (available through Mercer Direct Online), or the Product Disclosure Statement on the ETF provider's website or you can request a copy from us.

Types of listed securities orders

You can place orders as below:

- **Buy Price Limit** – input an amount you will buy that is the maximum per share you want your order to be executed at. Your order will be executed at the input price or below if the order can be met. For buy orders, a hold will be placed on your Cash Hub for your order amount. These funds will remain on hold until the order is either settled or cancelled.
- **Sell Price Limit** – input an amount you will sell that is minimum per share you want your order to be executed at. Your order will be executed at the input price or above if the order can be met.

You also need to specify an expiry date whether it's:

- **Good for a day** – orders will expire at the end of the trading date.
- **Good unless cancelled** – order will expire 30 days after the order is submitted.
- **Set an expiry date** – order will expire on a specified date.

Trades through Mercer Direct Online will be placed in accordance with the terms and conditions available at https://cms2.onevue.com.au/index.php/download_file/view_inline/3270.

Timing of orders

Shares and ETFs are valued at their last available trading price on the ASX.

Any orders you request will generally be placed on market once they are confirmed online. This means that as long as the ASX is trading that day, and your order is confirmed online between 10am and 4pm (AEST), it will generally be placed on market as soon as possible, where there is an available and orderly market for that security.

Some ETFs may increase or decrease in price at specific times of the day, due to time differences between the ASX trading hours and the trading hours of the overseas exchanges on which they are listed.

You must hold listed securities before you can sell them (i.e. you cannot sell shares that you have ordered to purchase until the purchase has settled) and if you sell shares they must settle before you can use the cash proceeds to fund another purchase.

Brokerage and trade limits

The minimum trade value is \$500. When you are buying or selling listed securities you must trade at least \$500, unless the value of an investment has fallen below \$500. In that case a sale of less than \$500 will be accepted.

Brokerage is calculated on the value of your trade and will be added to the price of a buy transaction or deducted from the sale proceeds of a sell transaction. See page 8 for more information on how brokerage is calculated and deducted.

Once you have logged in to Mercer Direct Online you can view confirmations for recent transactions online.

Trading and settlement

Settlement will usually occur on a trade date plus two business days (T+2) basis. The secure member website details will reflect T+2 settlement.

When you submit a request to buy listed securities, money will be reserved to pay for that purchase from your Cash Hub. The money will be deducted from your Cash Hub at the time the order is executed, unless the order is cancelled before the purchase occurs. This is to prevent you from overdrawing your Cash Hub.

When you sell listed securities, the proceeds cannot be used for another transaction or transfer until settlement is complete and the proceeds are cleared in your Cash Hub.

What happens if an order is unable to be submitted or completed?

If you request an order that is contrary to the rules of Mercer Direct (for example, if you try to invest more than 20% of your total account balance in a single share holding), the order will not be able to be submitted.

If an order execution is not completed at your desired price it will remain in the order history until the expiry date or in accordance with the terms and conditions. Once the order has expired it will be purged.

In some circumstances, orders may not be completed or may be purged under the terms and conditions available at https://cms2.onevue.com.au/index.php/download_file/view_inline/3270.

Incomplete orders

Your orders may not be completed, or they may be purged from the market in certain circumstances, subject to the rules and regulations of the ASX and the terms and conditions. This could happen if, for example:

- ASX rules and regulations prevent the order from being completed.
- There is no market for that security.
- There has been a suspension or other trading halt on that security.
- A limit order is going to cause a significant change to the market price or trade volumes.
- The price at which an order is placed is deemed to be too far from the prevailing market price, either by the ASX or by OneVue.
- A security is quoted 'Ex' as defined by the ASX for the purposes of determining an entitlement to shares, an offer to shareholders, a dividend or distribution payment or for any other reason.
- The trade has been executed in error.
- The trade will or is likely to interfere with the integrity or orderly nature of the market in any way.
- The basis for a security's quotation on the ASX changes.
- The security has been removed from official quotation on the ASX.
- The trade is likely to result in a breach of the law or ASX rules and regulations.
- The order expires.
- The order has been purged in accordance with ASX rules.
- A trading restriction is imposed on OneVue.
- There has been a disruption in the operation of the ASX, or
- The ASX determines the order should be purged for any other reason.

Corporate actions

From time to time, companies and funds take actions in relation to their shares. These are known as corporate actions.

In a corporate action, members may be given a choice of options and they can choose the option they believe is more beneficial given their own circumstances. This is called an elective corporate action. Where investors are not given a choice, it is called a mandatory corporate action.

When you hold shares through Mercer Direct, you will often be able to make an election in the case of an elective corporate action. Complex corporate actions can be delayed while issues, such as capital gains implications, are being considered. This can cause delays in processing the action or paying an associated benefit but the transaction will always be processed at the effective date of the corporate action so that members are not disadvantaged.

You will be advised of eligible corporate actions by email and via Mercer Direct Online where you can make your election. If you do not respond by the due date the action will expire so it's in your interest to keep your registered email address up to date. If a corporate action results in you increasing your holding in a particular company's shares, you might exceed the limit of 20% of your total account balance in that share holding or end up with more than 80% of your total balance in Mercer Direct. If you reach either of these maximums, you may be prevented from submitting any new buy orders for any new shares or ETFs.

The trustee will not participate in off-market share buy-backs, partly paid shares (instalment receipts) or class actions in Mercer Direct. The trustee reserves the right not to take part in other actions as and when they arise.

Payment of dividends

To be eligible for a dividend, you must have purchased the shares before the ex-dividend date. Dividend or distribution payments will generally be credited to your Cash Hub within a few days of the payment date, which is the date on which a company's dividend is paid to shareholders or when an ETF's distribution is paid.

Other important information about buying and selling listed securities in Mercer Direct

Trading within Mercer Direct will be conducted according to the trading terms and conditions. In particular, you should note that:

- You cannot trade in a listed security while it is suspended from trading on the ASX. Normal market rules dictating expiry timeframes for orders will still apply while a listed security is suspended.
- Under certain circumstances, if a trade is delayed or not able to be placed, ASX rules may not allow your trade to be placed in part or full.
- Where an order cannot be fulfilled at the best prevailing price due to lack of volume in the market, the remaining volume of the order will be executed at a limit price. The order will not be completed until volume becomes available or you adjust the limit price. Please refer to the trading terms and conditions at https://cms2.onevue.com.au/index.php/download_file/view_inline/3270
- If you hold a security that is no longer part of the S&P/ASX 300 index you may continue to hold that security, receive dividends and act on eligible corporate actions, but you may not purchase more of it (unless it returns to the index). You can sell a security that has fallen outside the S&P/ASX 300 index subject to an available market and orderly market considerations.
- Where an ETF is no longer approved by the Mercer Super Trust, you may continue to hold that ETF and receive distribution payments, but you may not purchase more of it. You can sell an ETF that is no longer approved subject to an available market and orderly market considerations.
- Execution of orders through Mercer Direct is subject to the terms and conditions. The policy ensures all reasonable steps are taken to deliver the best outcome for each member in relation to the execution and allocation of orders. The terms and conditions are available at https://cms2.onevue.com.au/index.php/download_file/view_inline/3270

Term deposits

Investing in term deposits

Term deposits are investments with an interest rate that is fixed for a set term. Generally, term deposits offer a lower level of return when compared to investments like shares or ETFs but they are also less volatile than other types of investments.

Term deposits are purchased through Mercer Direct using available cash in your Cash Hub. At the end of the investment term, the term deposit matures and pays the agreed amount of interest in addition to the amount invested. Any taxes on the earnings from your term deposit will be deducted from your Cash Hub.

Choice of term deposits

The term deposits available typically range from one month to twelve months. A list of the available term deposits available is provided on the Mercer Direct page of the secure member website. The trustee may vary term deposit providers and terms from time to time.

Ownership of term deposits in Mercer Direct

The term deposits offered through Mercer Direct are held through OneVue or its appointed sub-custodian.

While you receive the benefits of investing in a term deposit (e.g. interest payments), you are not the legal owner of the term deposit and do not have any direct rights or interests in it.



Important: The Financial Claims Scheme (FCS), commonly referred to as the Australian Government deposit guarantee, guarantees the deposits of account holders up to a limit of \$250,000 per account holder per ADI. Term deposits are not fully covered by the FCS. Because your term deposit may be pooled with other investors, you will be eligible for the FCS guarantee only in the proportion represented by your term deposit when pooled with other investors. Further information can be found at apra.gov.au.

Getting started in term deposits

Once you have completed a switch and funds have been transferred to your Cash Hub, log into Mercer Direct Online and look for 'Term deposits' in the *Transact* tab which appears when you first log in. The available term deposits will be listed here. Click on the 'Term deposit' button and follow the prompts to make your investment.

The minimum amount you can invest in a single term deposit is \$5,000. However, the minimum investment amount may be higher depending on the provider. You may invest all your available cash in Mercer Direct in one or more term deposits, subject to the term deposit provider's maximum investment and retaining at least \$500 in your Cash Hub.

If you do not have sufficient funds to purchase a term deposit and retain at least \$500 in your Cash Hub, you will first need to switch money into Mercer Direct or sell other shares or ETFs that you hold within Mercer Direct and make your application again.

Applications for term deposits are generally invested the following business day provided you have sufficient funds in your Cash Hub. Funds will be deducted from your Cash Hub on the day the application is made to the issuer of the term deposit.

You will be notified seven days prior to your term deposit maturity by email and in the *Action* tab of Mercer Direct Online.

Term deposit interest rates

The interest earned on term deposits are fixed for the term of the investment subject to early termination adjustments.

The applicable interest rate is available through Mercer Direct Online in the *Research* tab in the *Term deposits* section.

The interest rate is set by the issuer of the term deposit and can vary. The interest rate applicable will be the advertised rate on the effective date of your term deposit. The interest earned will be calculated based on the total number of days you are invested in the term deposit.

Any interest you earn from a term deposit will be reported through Mercer Direct Online when it is paid into your Cash Hub.

You can elect for interest on term deposits to be:

- Paid into your Cash Hub upon maturity, or
- Reinvested or rolled over into a new term deposit, together with the principal amount.

Rolling over a term deposit (maturity election)

You will be notified via email seven days prior to your upcoming term deposit maturity. You may choose to roll over the term deposit to a new term deposit for the same term from the same issuer. You can roll over either:

- The principal, or
- The principal plus any interest earned.

The interest rate for the new term deposit will be the prevailing rate at the time of processing the new term deposit application.

You can instruct us to start a new term deposit with the same term by rolling over the principal only or the principal and interest, or have the principal and interest paid to your Cash Hub. If you do not make a selection, the principal plus interest will be paid into your Cash Hub.

If you have nominated to rollover your term deposit principal plus interest, any tax on the interest will be deducted from your proceeds prior to being deposited to your Cash Hub. If this causes your Cash Hub balance to fall below the \$500 minimum or if the deduction of any tax on interest reduces your Cash Hub balance to less than \$500 minimum, it will be deducted from your other Mercer Super Trust investment options according to your investment strategy for future super contributions (or proportionately across your investment options if you are a pension member). You should always check your Cash Hub balance before rolling over a matured term deposit.

Breaking a term deposit prior to maturity

Any request to break a term deposit before the agreed maturity must be made directly to the Mercer Super Trust in writing. A notice period and interest adjustment may apply.

The fee for breaking a term deposit prior to maturity will depend on the issuer and may change from time to time without notice. This amount will be deducted from the interest paid to your Cash Hub when you break your term deposit. The term deposit provider may withhold some or all of the earnings that would have been due had you held the term deposit to maturity.



Warning: Refer to the term deposit provider for any applicable fees associated with ending a term deposit prior to its maturity.

Tax and your investments

Tax benefits of investing in Mercer Direct

Individual tax processing means you benefit directly from any franking credits or capital loss tax benefits attributable to your investments.

If you have a super account or a TTR allocated pension account that is in pre-retirement phase:

- You will be charged tax progressively at 15% of the gross income earned on your investments.
- Capital gains will be charged tax at 10% or 15% based on the period that you held the investment.
- You may receive an annual taxation adjustment for the tax year ending 30 June, after the tax position of the Mercer Super Trust has been determined.
- Any such tax adjustment will be credited to your Cash Hub and may include tax credits for capital losses and other adjustments relating to your account.

If you have an allocated pension account or retirement-phase TTR allocated pension account, you will not be charged tax on your investment earnings but may receive an annual tax adjustment for any franking credits attributable to your account.

All investments in Mercer Direct are made through the Mercer Super Trust. The Mercer Super Trust is a complying superannuation fund that pays tax on its income and capital gains at concessional tax rates and benefits from concessional capital gains treatment, franking credits and other concessions (such as the tax exemption for earnings on eligible pension accounts) subject to meeting certain conditions.

Tax on investment income

For taxed accounts (super accounts and pre-retirement phase TTR allocated pension accounts), a provision for tax is raised progressively on the income derived within the fund at a rate of 15%. This includes income types such as bank interest, term deposit interest, dividends and distributions. The tax amount will be collected from your account at the time the income amounts are processed and held in a bank account until required to be paid out of the fund.

For allocated pension accounts and retirement-phase TTR allocated pension accounts, there will be no tax deducted on investment earnings including income received.

The tax impact of components of income and franking credits will be factored into the tax provision at year end and included in the year-end tax adjustment.

Tax on capital gains

When you sell an asset, a capital gain or loss will be realised. Where a capital gain is realised and the asset has been held for less than 12 months, tax will be deducted at a rate of 15% if you are in a super account. Where a capital gain is realised and the asset has been held for greater than 12 months, it will be eligible for the discounted rate of 10%.

Tax will be deducted in the same manner as set out earlier and held in a bank account until required to be paid out.

Any capital gain or loss as the result of a corporate action(s) will be applied during end-of-financial-year processing.

Allocated pension accounts and retirement-phase TTR allocated pension accounts are not subject to any capital gains tax within Mercer Direct.

How will capital losses be treated?

If you have a super account or pre-retirement phase TTR allocated pension account, as part of calculating your annual tax adjustment, capital losses on the sale of your assets will be applied against capital gains you have realised. At the end of the financial year, where your capital losses exceed your capital gains, the Mercer Super Trust may either:

- Pay a benefit of between 10% and 15% of all or part of your net capital loss, or
- Carry forward the net capital loss so that it can be used in a future end-of-financial-year tax adjustment.

The ability to pay you a capital loss benefit will depend on the overall capital gains position of Mercer Direct and the Mercer Super Trust.

Franking credits benefits

Franking credits are attached to dividend payments and represent the amount of tax already paid on a dividend by a company at the company tax rate that, subject to certain conditions being met, represent a credit of tax that can be claimed back by the super fund (which pays tax at the concessional rate of 15% on your earnings if you are in a super account).

The benefit of franking credits will be processed as part of the annual tax adjustment.

Allocated pension members are also eligible and will share in the benefit of franking credits.

You must hold shares for at least 45 days before you are eligible for franking credits from any dividends.

Annual tax adjustments

The Mercer Super Trust carries out an annual tax adjustment process for Mercer Direct. These adjustments typically include franking credits, capital losses and allocation of tax components of income and corporate actions received during the year.

This process ensures you get the full benefit of franking credits generated by your individual investments and aligns the financial year tax positions across the investments.

To receive the applicable tax adjustment, you must be a Mercer Super Trust member with the same member account when the end-of-financial-year processing occurs. If you are eligible to receive a tax adjustment after the end-of-financial year processing has completed but you are no longer invested in Mercer Direct, the applicable tax credits will be allocated to your Mercer Super Trust account according to your investment strategy for future super contributions, or for pension members, proportionate to your non-Mercer Direct investments.

If you are eligible to receive a tax adjustment after the end-of-financial year processing has occurred but you are no longer a Mercer Super Trust member, you will lose the benefits of any applicable tax adjustment.

Exiting Mercer Direct

If you wish to close your Mercer Direct account, you must first sell all your investments in it. Once all trades have settled and/or term deposits cashed out, and all pending income proceeds are available in your Cash Hub, your Mercer Direct account can be closed. You will need to switch your entire Cash Hub balance to your other Mercer Super Trust investment options.

The Cash Hub will remain open until all outstanding dividends or distributions have been received and all corporate actions have been processed. Once all of these amounts are paid, these funds will be transferred to your Mercer Super Trust account and your Mercer Direct account will be closed.

Partial payments

All partial payments will be paid from your Mercer Super Trust account. If there are insufficient funds in your Mercer Super Trust account to process the payment, the payment request will be rejected and you will be asked to re-submit it once you have made sufficient funds available by selling your Mercer Direct investments and switching that resulting cash to your Mercer Super Trust investment options.

If your Plan in the Corporate Superannuation Division is closing

If you are a Corporate Superannuation Division member and your plan in the Mercer Super Trust is closing and you have an amount invested in Mercer Direct, we will write to you setting out the details of your Plan's closure and what you need to do in relation to your Mercer Direct investment.

Glossary of key terms

Asset class

Type of asset that share common features, predominately its potential return and volatility. The main asset classes are shares, property, cash and bonds.

Australian Securities Exchange (ASX)

The primary market for buying and selling shares, ETFs and other publicly listed securities.

Available cash

The amount of cash available in your Member Direct Cash Hub in excess of the \$500 minimum balance.

Brokerage

A fee charged by a broker for the execution of a transaction, such as buying or selling listed securities; expressed as either a percentage of the total value of the transaction or a flat dollar figure.

Buy or sell order

When you place a trade to buy or sell shares or ETFs.

Capital gains tax

A tax on the increase in the capital value of an investment, payable when the capital gain is realised (i.e. when the investment is sold).

Consumer Price Index (CPI)

CPI is a measure of the rate of inflation. In Australia, it is based on a selection of household goods and services.

Corporate actions

An action taken by a publicly listed company relating to its securities.

Exchange Traded Fund (ETF)

ETFs are a listed basket of securities that track a market or sector index and aim to provide the same returns as that market or sector index. ETFs are traded like normal stocks on a stock exchange.

Franking credit

Tax credits that are passed on to shareholders who have received franked dividends in relation to their shareholdings. This is also called an imputation credit.

Index

An index measures the changes in value of a market or sectors of a market. For example, the S&P/ASX 300 Index (See definition below).

Listed securities

An investment instrument (such as shares, bonds or options) that is registered and listed with a stock exchange. For Mercer Direct, this includes shares and ETFs in the ASX300.

Maturity

The term of a fixed interest security, such as a term deposit.

Mercer Direct Online

The section of the secure member website that provides all the information you'll need to monitor, transact and manage your Mercer Direct investments.

Minimum suggested timeframe

The minimum time you should consider holding your investment in an investment option. This is a guide only.

Objectives

These identify the type of return the option aims to achieve for members. The objectives are sometimes stated in terms of a particular named index, e.g. the Bloomberg AusBond Bank Bill Index, or a target that relates to the Consumer Price Index (CPI).

The objectives of each investment option should not be treated, or relied upon as a forecast, indicator or guarantee of any future returns or performance for that option. The value of investments may rise and fall, in any of the options.

Portfolio

The total basket of investments in a particular option or as chosen by a member. Some investment options may not have all the same asset classes in their portfolio as others.

Rights issues

When raising money from shareholders, a company can opt to do a rights issue. In this instance, existing shareholders have the right to buy a specified number of new shares from the company at a specified price within a specified time. A rights issue is offered to all existing shareholders individually and may be rejected, accepted in full or (in a typical rights issue) accepted in part by each shareholder. Rights are often transferable, allowing the shareholder to sell them on the open market.

Rights can be renounceable (can be sold separately from the share to other investors during the life of the right) or non-renounceable (shareholders must either take up the rights or let them lapse). Once the rights have lapsed they no longer exist.

Shares

A share is an investment that represents part ownership of a company. The Mercer Direct investment option gives you access to shares listed on the S&P/ASX 300 Index.

Standard & Poor's ASX 300 Index (S&P/ASX 300 Index)

The S&P/ASX 300 Index is recognised as the industry standard for measuring the performance of the top 300 companies in the Australian share market.

Stock code

A unique code used to identify companies listed on the ASX. Also called an ASX code.

Term deposits

A term deposit is a deposit held with a financial institution for a fixed term with a fixed rate of interest payable at the end of the term. These are generally short-term with maturities ranging anywhere from one month to 12 months.

Transition to Retirement (TTR) allocated pension

A TTR allocated pension will be in retirement-phase if you have reached age 65, or if you are younger than age 65 but you have let us know and we are satisfied that you have met one of the following conditions of release:

- Leaving an employer at or after age 60
- Permanently retiring
- Meeting the criteria for permanent incapacity (as defined by super laws)
- Meeting the criteria for a terminal medical condition (as defined by super laws).

In any other case, a TTR allocated pension will be in pre-retirement phase.

Refer to the PDS for Mercer SmartRetirement Income for more information.

If you have any questions about your super, contact us at:

Mercer Super Trust

GPO Box 4303

Melbourne VIC 3001

Helpline **1800 682 525**

Or visit [mercersuper.com.au](https://www.mercersuper.com.au)