



MERCER SUPER TRUST MERCER DIRECT MEMBER GUIDE

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As a member of the Mercer Super Trust, you can access Mercer's Direct Investment service through the Mercer Direct investment option (Mercer Direct). 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 through your existing Mercer Super Trust account, with easy online access and one statement.

IMPORTANT INFORMATION

This Mercer Direct Member Guide (Guide) should be read in conjunction with the Product Disclosure Statement (PDS) or member kit you received on joining your plan in the Mercer Super Trust, together with any other member materials you have received and the Mercer Direct Terms and Conditions available through the Mercer Direct Online section of the secure member website.

The information in this Guide is current at the date of release 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 "Key terms" section at the end of this Guide for an explanation of key terms and phrases.

Mercer Superannuation (Australia) Limited is the trustee of the Mercer Super Trust and issues this Guide.

This Guide contains general information only, and does not take into account your particular financial needs, circumstances or objectives. In addition to reading this Guide, you should assess your own financial situation before making any decision about your superannuation. You may also want to consult a financial adviser.

Investment returns or the return of any capital invested through Mercer Direct is not guaranteed and past returns are not a reliable indicator of future returns.

THINGS TO CONSIDER BEFORE INVESTING

The self-directed nature of Mercer Direct means there may be different risks to the other investment options available to you as a member of the Mercer Super Trust, and you should take the time to understand them.

Some issues you should consider before investing in Mercer Direct include:

- 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.
- 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. The Retirement Income Simulator, available on the secure member site, 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, countries and investment managers you can balance the risks and returns according to what you are comfortable with. There is a risk that a lack of diversification can increase volatility.
- Superannuation is a long term investment. 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, how often will you 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 of the Mercer Super Trust 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 exciting but it's also complicated. With greater control comes a greater responsibility to understand the nature of your investments, their degree of risk and potential returns.

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

 1800 633 403

 merceradvice.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.

The screenshot displays the Mercer Direct Online interface. At the top, there's a navigation menu with 'Summary', 'Shares', 'Term Deposits', 'Cash', 'Corporate Actions', 'Markets', and 'Reports'. Below this, a summary bar shows four key figures: Direct Investment Balance (\$12,968.47), Shares (\$1,382.16), Term Deposits (\$5,000.00), and Available Cash (\$6,086.31). A green banner indicates an outstanding corporate action. The main content is divided into three sections: 'Shares', 'Term deposits', and 'Cash account', each with a 'Show' button. The 'Shares' section lists two holdings: AMP Limited (115 shares, avg price \$9.30, last price \$8.22, profit/loss -\$119, -0.2%) and BHP Billiton Limited (22 shares, avg price \$36.57, last price \$35.58, profit/loss -\$21.43, -0.5%). The 'Term deposits' section shows one deposit with Macquarie Bank, 1 month term, 2.85% interest rate, maturity date 14/07/2014, and amount invested \$5,000.00. The 'Cash account' section shows a current interest rate of 1.50% and an amount of \$6,086.31.

MERCER DIRECT ONLINE ALLOWS YOU TO:

Buy and sell (place orders) shares and ETFs:

You can place orders to buy and sell shares from your investments list or by entering the share code. See pages 13 and 14 for more information.

View orders: View all your open and pending orders.

Set up a dividend reinvestment plan (DRP):

You can determine whether to receive dividends as cash payments to your cash account or as additional shares, see pages 15 and 16 for more information.

Select term deposits: You can place a request for a term deposit online and if your order is received by 11.59pm (AEST) it will be purchased on your behalf the next business day.

Rollover term deposits: You can decide in advance whether you wish to rollover your term deposit as is (for the same amount and term) and receive any interest earned to your cash account, or rollover the whole amount (deposit amount and interest) in a new term deposit. Or do nothing and have the full amount paid into your cash account. See page 18 for more information.

View your investments and generate reports:

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

Research shares and ETFs: Investment profiles and market communications can be accessed from both the Summary and Markets pages.

Confirm transactions: You can view recent transactions online.

RISKS OF TRANACTING ONLINE

The Mercer Super Trust aims to provide you with uninterrupted access to the Mercer Direct Online section of the secure member website.

However the Mercer Super Trust accepts no responsibility (to the extent permitted by law) if the secure member website or the Mercer Direct Online section of it are unavailable. The Mercer Super Trust reserves the right to temporarily change, suspend or cancel operations in the secure member website or Mercer Direct Online section of it without prior notice.

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 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 you may have the benefit of a 14 day 'cooling off' period. The Mercer Super Trust is not entitled to any 'cooling off period' because it is considered to be a wholesale investor.
- If you invested directly in listed securities or a term deposit, 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 your investments in Mercer Direct are held by Bond Street Custodians Limited (ABN 57 008 607 065; AFSL No 237489) under a Custody Deed for the benefit of Mercer Superannuation (Australia) Limited (MSAL) as Trustee.

You need to agree to the full terms and conditions when you first invest in Mercer Direct, available on the secure member website.

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.

DIRECT INVESTMENTS IN YOUR PENSION ACCOUNT

Mercer Direct is available to members of the Allocated Pension Division of the Mercer Super Trust. However, you cannot transfer a Mercer Direct investment directly from the Corporate Superannuation Division to the Allocated Pension Division. If you are transferring from the Corporate Superannuation Division to the Allocated Pension Division, you will need to sell your Mercer Direct investments in the Corporate Superannuation Division to enable the transfer of your account to the Allocated Pension Division. Once this transfer is complete, you can then purchase new Mercer Direct investments in your pension account. Selling your Mercer Direct investments within your super account may have tax consequences, please refer to the tax section on pages 19 and 20.

CHOOSING THE RIGHT INVESTMENTS

Investing in Mercer Direct is different from the other investment options available through your plan in the Mercer Super Trust. Because you choose your own investments 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.

The table below provides an indicative view of the investments available through Mercer Direct.

TYPE OF INVESTMENT	OBJECTIVE	STANDARD RISK MEASURE	MINIMUM SUGGESTED TIMEFRAME	EXPECTED FREQUENCY OF NEGATIVE RETURNS
Shares	Long-term capital growth with some income	Very High	7 years	6 or more years out of every 20 years
ETFs	Market performance, before fees and charges, of a particular group of assets	High*	7 years	Expected frequency will depend on the profile of the individual ETF and the underlying investment mix [#]
Term Deposits	An income stream with a very low risk of capital loss	Very Low	1 year or less	Typically a negative return is not expected [^]

* Risk for ETFs will vary depending on the ETF chosen but, because ETFs are listed, risk can be categorised as 'High' or 'Medium to High'. For more information, refer to the Investment Profile for any ETF you are considering, through the Mercer Direct Online section of the secure member website, or read the PDS on the ETF provider's website

[#] ETFs are traded on the ASX, so the expected frequency can be similar to shares, however diversification within the ETF can reduce volatility. For more information, refer to the PDS on the ETF provider's website.

[^] 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.

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. You can refer to the Morningstar Investment Profiles available through the Mercer Direct Online section of the secure member website, and Product

Disclosure Statements for the ETFs which are available on the ETF provider's website, as well as any other sources.

The information provided in the Morningstar Investment Profiles is 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.



GETTING STARTED

ELIGIBILITY

To invest in Mercer Direct you must initially have a minimum of \$20,000 in your Mercer Super Trust account (i.e. the total of your Ready-Made and Select-Your-Own investments).

You can invest a maximum of 80% of your Mercer Super Trust account in Mercer Direct, subject to a minimum account balance of \$5,000 remaining in your Ready-Made and Select-Your-Own investments.

Generally all members of all plans within the Mercer Super Trust will have access to Mercer Direct. However, if you have limited or no investment choice in your plan, then Mercer Direct will not be available to you.

If you are unsure whether Mercer Direct is available to you, call the Helpline on **1800 682 525** or login to your Mercer Super Trust account and navigate to "Update Your Investments". If Mercer Direct is available to members of your plan it will appear in the list of available investment options.

YOUR EMAIL ADDRESS IS KEY

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

MAKING THE SWITCH TO MERCER DIRECT

1. Log in to your account on the secure member website using your employer ID, member number and PIN.
2. Click on the 'Investments' tab,
3. Choose the amount you want to switch from your current investment option(s) to Mercer Direct.

The switch will be confirmed within 2 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.

You will not be able to switch a dollar amount representing less than 5% of an individual investment option to avoid leaving small, residual balances.

Once you have completed a switch and funds have been transferred to your Mercer Direct cash account, a 'details' link is provided within the 'Your Investments' page of your online account.

This link will take you to the Mercer Direct Online section where you can:

- Check the value of your investments;
- Transact in shares, ETFs and term deposits;
- Place buy and sell orders on market (during ASX trading hours);
- View your open orders and trading history; and
- View detailed information about the share market as it is updated.

You can track your investments in the Mercer Direct Online section of the secure member website.

TOOLS AVAILABLE THROUGH MERCER DIRECT

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

These reports 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 your cash account;
- Realised and unrealised gains and losses within your investments; and
- ASX listed company, ETF and market information.

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 profiles* provided by Morningstar Australasia Pty Ltd.

The information hasn't been prepared by MSAL, but we wanted to share it with you as you may find it useful.

* The information provided in these profiles is from a third party source and the trustee of the Mercer Super Trust 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.

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 Mercer Direct cash account (see page 11) at all times, to cover your transactions and related fees and taxes.
2. A maximum of 80% of your account in the Mercer Super Trust (ie the total of your Mercer Direct, Ready-Made and Select-Your-Own investments) can be invested in Mercer Direct.
3. You cannot invest more than 20% of your Mercer Super Trust account in a single security or ETF (no such limit applies to term deposits).

Before deciding to invest in any Mercer Direct investment you should consider whether such an investment is appropriate for you with regards to your objectives, personal situation and needs. You should also consider obtaining financial advice tailored to your own personal circumstances.

KEEP AN EYE ON YOUR MINIMUMS

You need to ensure you retain the minimum of \$5,000 in your Mercer Super Trust account. If you fall below this amount, you will be contacted by email with a reminder to top up your Mercer Super Trust account balance. If you don't restore your account balance to the \$5,000 minimum, Mercer will automatically transfer the amount needed from the following sources (in order of priority, until the minimum is achieved):

1. Available funds in your Mercer Direct cash account,
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 investment options according to your investment strategy for future superannuation contributions or proportionate to your investments in the Allocated Pension Division outside of Mercer Direct if you are a member of the Allocated Pension Division.

You will also need to maintain a minimum balance of \$500 in your Mercer Direct cash account.

Your cash account balance could fall below \$500 if you have chosen to re-invest your dividends in more shares or rollover principal and interest for a term deposit, in which case tax will be deducted from your cash account.

If your account falls below zero, the amount required to return it to the \$500 minimum will be deducted from your other Mercer Super Trust investment options according to your investment strategy for future super contributions. If you are a member of the Allocated Pension Division, the amount will be deducted proportionate to your investments in the Allocated Pension Division outside of Mercer Direct.

HOW DOES MERCER DIRECT WORK?

WHEN CAN I TRANSACT?

Requests received before 4pm on any business day will generally appear in your Mercer Direct cash account within two business days. Once your first transfer to Mercer Direct is completed, your cash account will open automatically (accessible via your online account) 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?	WHEN WILL ALL DETAILS BE UPDATED?
Cash transfers from your Ready-Made and Select-Your-Own investment options to Mercer Direct	Daily	4pm (AEST) each business day (Day 0)	Next business day (Day 1)	On the second business day (Day 2) following the request, at unit price on Day 0.
Cash transfers from Mercer Direct to your Ready-Made and Select-Your-Own investment options	Daily	4pm (AEST) each business day (Day 0)	Next business day (Day 1)	On the second business day (Day 2) following the request, at unit price on Day 0.
Term Deposit investment	Daily	11.59pm (AEST) on a business day (Day 0)	Next business day (Day 1)	On the second business day (Day 2) following the request, at unit price on Day 0.
Share and ETF trades	During ASX trading hours	ASX close (Day 0)	Immediately* (Day 0)	On the second business day (Day 2) following the request, at unit price on Day 0.

Note:

1. 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.
2. Once cash is available in your Mercer Direct cash account, you are able to purchase shares, ETFs and Term Deposits. Any un-invested cash remains in your Mercer Direct cash account.

* Except where system is unavailable and outside market hours.

YOUR CASH ACCOUNT

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

- Buy and sell investments;
- Receive income from investments;
- Pay any taxes and charges relating to your Mercer Direct account; and
- Fund transfers from your Mercer Direct account back to your Mercer Super Trust account.

To invest in listed securities or term deposits you must have sufficient available funds in your cash account to fund the purchase. The available cash balance is calculated as your cash account balance less the \$500 minimum cash balance and pending transactions.

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

ABOUT THE CASH ACCOUNT

The cash account is held through Mercer Super Trust's custodian (which for Mercer Direct is Bond Street Custodians Limited ABN 57 008 607 065).

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, such as Macquarie Bank). Your interest in the cash account will not be directly protected by the Australian Government's Financial Claim Scheme. However, you may have a pro-rata interest in the Mercer Super Trust's aggregate cap amount of A\$250,000 per account holder, per ADI. Further information can be found at www.apra.gov.au.

A buy-sell spread does not apply to the cash account.

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

Accrued interest is not reported within your cash account until it is paid.

The interest rate that applies to the cash account is set by Macquarie[#] and can vary on a daily basis. Accordingly, there is no guarantee of a particular rate of interest being earned.

Details of the applicable interest rates are available at Mercer Direct online.

[#] Macquarie means any member of the Macquarie Group.

THE COSTS OF MERCER DIRECT

ADMINISTRATION FEES

A portfolio administration fee of \$200 per annum (\$16.67 per month) including GST is charged. This fee is deducted monthly from your investments outside of Mercer Direct in accordance with your investment strategy for future contributions. If you are a member of the Allocated Pension Division, the amount will be deducted on a pro-rata basis across all your investments in the Allocated Pension Division outside of Mercer Direct. The fee will be based on the total number of days in the month your Mercer Direct account has been open.

The portfolio administration fee is indexed annually (in increments of \$5 only where the cumulative increase since the previous indexation is \$4 or more) each 1 January to Average Weekly Ordinary Time Earnings. The fee for 2016 is set out in this Guide. The next potential indexation will be 1 January 2017.

An asset-based administration fee* of 0.10% pa of your balance within Mercer Direct will also be deducted from your other Mercer Super Trust investments each month in accordance with your investment strategy for future contributions. If you are a member of the Allocated Pension Division, the amount will be deducted on a pro-rata basis across all your investments in the Allocated Pension Division outside of Mercer Direct.

Your plan may offer a nil asset based administration fee for any balance that is above a pre-determined limit as described in your PDS or member kit 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.

An estimated expense allowance* range of from 0.00% pa to 0.05% pa and an estimated indirect cost ratio* range of from 0.00% pa to 0.06% pa will be charged on your balance within Mercer Direct.

* These charges will be deducted from your other Mercer Super Trust investments each month in accordance with your investment strategy for future contributions or on a pro-rata basis across all your investments in the Allocated Pension Division outside of Mercer Direct if you are an Allocated Pension Division member, calculated as the applicable charge times your balance in Mercer Direct on the last day of the month, divided by 12.

FEES FOR LISTED SHARES AND EXCHANGE TRADED FUNDS

BROKERAGE FEES

Brokerage fees apply when you trade shares and exchange traded funds (ETFs).

A flat fee of \$13.75 (including GST) applies to the first \$4,167 of your trade.

As the total value of your trade increases, the brokerage paid as a percentage decreases as set out in the following table:

TRANSACTION AMOUNT	BROKERAGE FEE (EXCLUDING GST)	BROKERAGE FEE (INCLUDING GST)
\$0 – \$4,167.99	\$12.50 (flat fee)	\$13.75 (flat fee)
\$4,168 – \$10,000.99	0.30%	0.33%
\$10,001 – \$30,000.99	0.20%	0.22%
\$30,001 – \$50,000.99	0.18%	0.198%
\$50,001 – \$100,000.99	0.15%	0.165%
for trade component \$100,001+	0.10%	0.11%

The brokerage fee is deducted from your Mercer Direct cash account at the time the trade is processed. GST will be applied at this time.

MANAGEMENT FEES FOR EXCHANGE TRADED FUNDS (ETFs)

ETFs generally have lower fees than managed funds not traded on the exchange. Fees incurred by the ETF, including management fees, custody costs and other expenses may be deducted from the returns from the underlying securities in the ETF. Because the price quoted on the ASX for the ETF reflects all fees and expenses of the ETF, the total return may be different to the return of the index the ETF is aiming to track.

TERM DEPOSIT BREAK FEE

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. See the terms and conditions of the term deposit provider for more details about any break fees, available through Mercer Direct Online.

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 on the S&P/ASX 300 Index and ETFs.

The shares listed on 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 the Mercer Direct investment option can invest in:

- The 300 securities that form part of the S&P/ASX 300 Index at the time their order is placed; and
- A range of exchange traded funds (ETFs) determined by the trustee of the Mercer Super Trust. For an updated list of the ETFs available, please visit the Mercer Direct Online section of the secure member website. 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 the secure member website where you can transact directly from the summary screen. 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 Markets section 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.

If you need help transacting online, a 'Help' feature is available with the answers to many frequently asked questions.

You can find a list of the ETFs available on the Mercer Direct section of the secure member website, or for information on individual ETFs refer to the PDS on the ETF provider's website.

TYPES OF LISTED SECURITIES ORDERS

There are a number of ways you can place orders to buy or sell listed securities depending on whether timing or price is more important to you. When you place a buy or sell order it will be either "at limit" or "at market to limit", subject to orderly market conditions.

An "*at market to limit*" order is a request to buy or sell a listed security at the best price available at that time (subject to orderly market conditions). You can choose whether a market to limit order is valid for "today only" or "until cancelled", which determines the amount of time the order remains open if it is unfilled.

Sometimes it will only be possible to fill part of a market to limit order at the time. If this occurs an "at limit" order will be placed for the remaining shares, at the same price as the market to limit price. You may amend the remaining part of the order at this time.

An "*at limit*" buy order is an instruction to buy listed securities at a price up to your specified maximum price. Likewise an "at limit" sell order sets a minimum price listed securities can be sold at. You can also nominate an expiry date for the order.

Orders for “*today only*” are only open for a single business day. A “*until cancelled*” order remains open until they are filled or until you cancel it. If neither of these occurs ASX business rules require that the order will expire 22 business days from the day it was placed.

Trades through Mercer Direct will be placed in accordance with the Trading Terms and Conditions, available through the Mercer Direct Online section of the secure member website.

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 12 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 +2 business days (T+2)’ basis. The secure member website details will reflect the T+2 settlement.

When you submit a request to buy listed securities, funds will be reserved to pay for that purchase from your cash account. The money will be deducted from your cash account balance two business days later, unless the order is cancelled before the purchase occurs. This is to prevent you from overdrawing your cash account.

When you sell listed securities the proceeds cannot be used for another transaction or transfer until settlement occurs and the proceeds are cleared in your cash account.

WHAT HAPPENS IF AN ORDER FAILS

If you request an order that is contrary to the rules of Mercer Direct (for example, if you try and invest more than 20% of your total balance in the Mercer Super Trust in a single share), the order request will be rejected after it is entered online. If an order fails to find a buyer or seller at your desired price it will be cancelled in accordance with the Trading Terms and Conditions. In some circumstances, orders may not be completed or may be purged under the Trading Terms and Conditions. You can find these terms and conditions on the secure member website.

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 Trading 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 market-to-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 Macquarie.
- 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 (if it has not been executed or cancelled within 22 business days of your request being processed).
- The order has been purged in accordance with ASX rules.
- A trading restriction is imposed on Macquarie.
- 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, publicly listed companies 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 the Mercer Direct investment option 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 e-mail and you can make your election through the secure member website. 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 of a particular share you might exceed the limit of 20% of your total account balance in that share, or end up with more than 80% of your total balance in Mercer Direct.

The trustee will not participate in off-market share buy-backs, partly paid shares (instalment receipts), or class actions in the Mercer Direct investment option and it 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 account 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.

DIVIDEND REINVESTMENT PLANS

For many shares you can decide to reinvest the dividends or have them paid into your cash account. If you wish to put a dividend reinvestment plan (DRP) in place, you must make this election online. Cash payments and/or DRP will not be available for all listed securities.

The default option is usually to pay the distribution into your cash account.

Tax on earnings will be collected from your cash account regardless of whether you accept dividends in cash or through a DRP. Where you have selected a DRP, this can cause the balance of your cash account to fall below the required minimum.

When you reinvest your dividends the amount of the dividend payment is rarely equal to the cost of an exact number of shares – there is almost always a dividend amount left over.

Depending on the DRP rules this amount could be treated in various ways. It may be:

- Retained by the issuer of the listed security on your behalf, added to future dividend and distribution payments and allocated under a future DRP allocation; or
- Retained by the issuer of the listed security with no future benefit to you. The amount may be retained by the issuer or is sometimes paid by the issuer to a charity.

You can change your reinvestment election online at any time.

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.

- Once placed, you may be able to change a listed security order with a status of 'on market' or 'invalid'. These can be amended online.
- Where a market-to-limit 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, available through the Mercer Direct Online section of the secure member website.
- 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 a best execution policy. 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. This policy is available from macquarie.com.au/melbestexecution.

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 low level of return but they are also less volatile than other types of investments.

Term deposits are purchased through Mercer Direct using available cash in your cash account. At the end of the term, the 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 account.

CHOICE OF TERM DEPOSITS

The terms available on term deposits typically range from one month to one year. For an updated list of the term deposits available through Mercer Direct, go to the Term Deposits section of Mercer Direct Online. 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 Bond Street Custodians Limited as custodian for MSAL as Trustee of the Mercer Super Trust. Bond Street Custodians Ltd is the legal owner of a term deposit held through Mercer Direct.

While members receive the benefits of investing in a term deposit (for example, interest payments), they are not the legal owners of the term deposit and do not have any direct rights or interests in it. Your term deposit may be pooled with other investors' funds who invest with the same provider for the same term as you.

The 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. 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 www.apra.gov.au.

GETTING STARTED IN TERM DEPOSITS

Once you have completed a switch and funds have been transferred to your cash account, log into the secure member website and look for 'Term Deposits' within Mercer Direct Online, where you will find the available term deposits. Click on the 'Buy Term Deposit' button and follow the instructions to make your investment.

The minimum amount you can invest in a single term deposit is \$5,000 and 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 account. Please refer to the Term Deposit Terms and Conditions available at Mercer Direct Online for minimum and maximum investments available.

If you do not have sufficient funds to purchase a term deposit and retain at least \$500 in your cash account, 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 account. Funds will be deducted from your cash account on the day the application is made to the issuer of the term deposit.

You can track your term deposit maturity date(s) in the Summary page of Mercer Direct Online.

TERM DEPOSIT INTEREST RATES

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

The interest earned will be calculated based on the total number of days you are invested in the term deposit.

The interest rate applicable will be available through Mercer Direct Online in the Term Deposits section.

Any interest you earn from a term deposit will be reported through Mercer Direct Online when it is paid into your cash account. We will not report on any accrued interest before a term deposit matures.

You can elect for interest on term deposits to be:

- Paid into your cash account 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 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 only roll over the entire term deposit, partial rollovers are not available.

Rollover elections must be made or cancelled before 5pm (AEST) at least one business day prior to maturity.

The proceeds from the maturing term deposit are first credited to your cash account and then invested in the next available term deposit. The proceeds will remain in your cash account until the next term deposit starts.

If you have nominated to rollover your term deposit principal plus interest, tax on the interest will first be deducted from your cash account. If this causes your cash account balance to fall below the \$500 minimum or if the deduction of the tax on interest reduces

your cash account balance to less than the principal plus interest total, then your rollover request will not be actioned. You should always check your cash account balance before rolling over a matured term deposit.

You will receive an e-mail one week before the maturity date of a term deposit to remind you that you can choose to reinvest your money into another term deposit or have the amount paid into your cash account.

This will trigger the following sequence of events:

1. Your principal and interest from the maturing term deposit will initially be credited to your cash account.
2. Tax on interest received from a term deposit will be deducted from your cash account after maturity. If there are insufficient funds in your cash account to pay for the tax, we will switch money from your other Mercer Super Trust investments.
3. An application into the next term deposit will be visible online.
4. Your available cash account balance will reduce by the amount you are reinvesting.
5. The funds will be deducted from your cash account at the date of the next commencement date for the new term deposit.
6. If there is insufficient money in your cash account at this time the new application will not proceed.

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 using the 'Term deposit break request' form.

A request to break a term deposit prior to maturity is subject to the Term Deposit Terms and Conditions (available online) and 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 account when you break your term deposit. You should read the terms and conditions issued by the term deposit provider for more information.

TAX AND YOUR INVESTMENTS

TAX BENEFITS OF INVESTING IN MERCER DIRECT

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

If you are in a super account you may be charged tax progressively at 15% of the gross income earned on your investments. (No tax is charged on pension accounts.)

Capital gains will be charged tax 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.

This adjustment will be credited to your cash account and may include capital losses and other adjustments relating to your account.

Pension accounts will not be charged tax on their investment earnings.

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 a concessional tax rate of 15% and benefits from concessional capital gains treatment and refunds of franking credits subject to meeting certain conditions.

TAX ON INVESTMENT INCOME

A provision for tax is raised progressively on the income derived within the fund at a rate of 15%. This includes the following income types; 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.

Please note that for pension members 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%. 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.

Pension members are not subject to any capital gains tax within Mercer Direct.

HOW WILL CAPITAL LOSSES BE TREATED?

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 – 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%).

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

Pension members are eligible and will share in the benefit of franking credits (even though they do not pay tax on the income they derive).

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 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 occurred but you are no longer invested in the Mercer Direct investment option, the applicable tax credits will be allocated to your Mercer Super Trust account according to your investment strategy for future 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 made through it. Once all trades have settled and/or term deposits cashed out and all proceeds are available in your cash account, it can be closed.

To exit Mercer Direct you will need to switch your entire balance in the Mercer Direct investment option to a Ready-Made or Select-Your-Own investment option.

The cash account will remain open until any 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 a Ready-Made or Select -Your-Own investment option.

SERVICE PROVIDERS

The Mercer Direct Investment service is provided through an arrangement with Macquarie Investment Management Limited (MIML) ABN 66 002 867 003 AFSL 237492, with investments held by Bond Street Custodians Limited ABN 57 008 607 065 AFSL 237489. Both MIML and Bond Street Custodians Limited are wholly owned subsidiaries of Macquarie Group Limited ABN 94 122 169 279. Other than the cash account which is a deposit with Macquarie Bank Limited ABN 46 008 583 542 AFSL 237502, neither Macquarie Bank nor any Macquarie Group company guarantees the performance of Mercer Direct.

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.



KEY TERMS

Below are some key terms you might come across using Mercer Direct.

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 cash account 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).

Corporate actions

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

Dividend reinvestment plan

A Dividend Reinvestment Plan (DRP) automatically reinvests your dividends into more shares rather than providing them as a cash payment.

Exchange Traded Fund

An Exchange Traded Fund (ETF) is a managed fund that tracks a market or sector index and is traded on a securities 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.

Macquarie

An entity within the Macquarie Group.

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.

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 nonrenounceable (shareholders must either take up the rights or let them lapse). Once the rights have lapsed they no longer exist.

Sell price

The price applied when money is withdrawn from an investment option, including withdrawals from your account for investment switches and payments, direct fees, insurance premiums and tax deducted directly from your account. The sell price is used to calculate your account balance.

Share

Equity in a company trading on the ASX.

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'.

MERCER SUPER TRUST



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