



## DEFINED FEES

July 2017

Set out below are definitions of the various fee types referred to through your Product Disclosure Statement.

### Activity fees

A fee is an activity fee if:

- (a) the fee relates to costs incurred by the trustee of the Mercer Super Trust that are directly related to an activity of the trustee:
  - (i) that is engaged in at the request, or with the consent of a member; or
  - (ii) that relates to a member and is required by law; and
- (b) those costs are not otherwise charged as an administration fee, an investment fee, a buy-sell spread, a switching fee, an exit fee, an advice fee or an insurance fee.

### Administration fees

An administration fee is a fee that relates to the administration or operation of the Mercer Super Trust and includes costs that relate to that administration or operation, other than:

- (a) borrowing costs; and
- (b) indirect costs that are not paid out of the Mercer Super Trust that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee of the Mercer Super Trust or in an interposed vehicle or derivative financial product; and
- (c) costs that are otherwise charged as an investment fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

### Advice fees

A fee is an advice fee if:

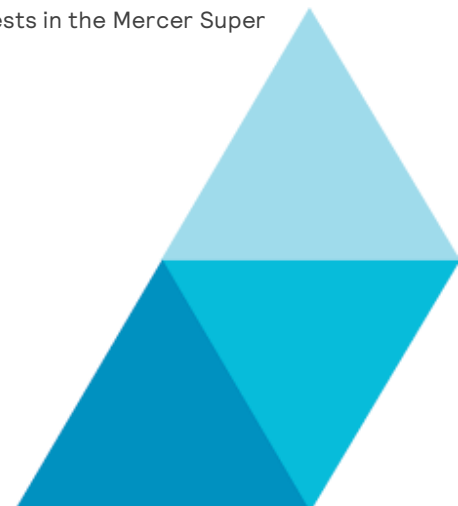
- (a) the fee relates directly to costs incurred by the trustee of the Mercer Super Trust because of the provision of financial product advice to a member by:
  - (i) a trustee of the Mercer Super Trust; or
  - (ii) another person acting as an employee of, or under an arrangement with, the trustee of the Mercer Super Trust; and
- (b) those costs are not otherwise charged as an administration fee, an investment fee, a switching fee, an exit fee, an activity fee or an insurance fee.

### Buy-sell spreads

A buy-sell spread is a fee to recover transaction costs incurred by the trustee of the Mercer Super Trust in relation to the sale and purchase of assets of the Mercer Super Trust.

### Exit fees

An exit fee is a fee to recover the costs of disposing of all or part of members' interests in the Mercer Super Trust.





### Indirect Cost Ratio

The Indirect Cost Ratio (ICR), for the MySuper product (applicable to your plan in the Mercer Super Trust) or any other investment option offered by the Mercer Super Trust, is the ratio of the total of the indirect costs for the MySuper product (applicable to your plan in the Mercer Super Trust) or any other investment option, to the total average net assets of the Mercer Super Trust attributed to the MySuper product (applicable to your plan in the Mercer Super Trust) or any other investment option.

Note: A fee deducted from a member's account or paid out of the Mercer Super Trust is not an indirect cost.

### Insurance fees

A fee is an insurance fee if:

- (a) the fee relates directly to either or both of the following:
  - (i) insurance premiums paid by the trustee of the Mercer Super Trust in relation to a member of the Mercer Super Trust;
  - (ii) costs incurred by the trustee of the Mercer Super Trust in relation to the provision of insurance for a member of the Mercer Super Trust; and
- (b) the fee does not relate to any part of a premium paid or cost incurred in relation to a life policy or a contract of insurance that relates to a benefit to the member that is based on the performance of an investment rather than the realisation of a risk; and
- (c) the premiums and costs to which the fee relates are not otherwise charged as an administration fee, an investment fee, a switching fee, an exit fee, an activity fee or an advice fee.

### Investment fees

An investment fee is a fee that relates to the investment of the assets of the Mercer Super Trust and includes:

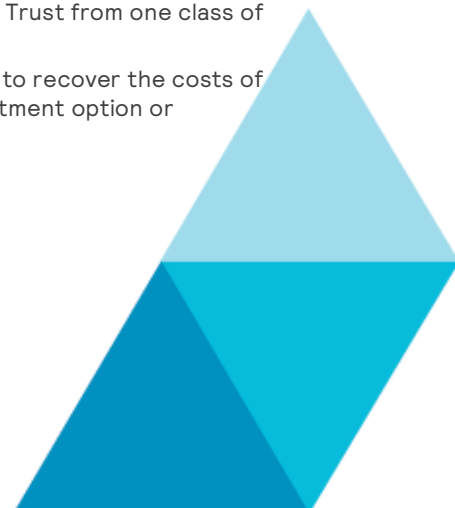
- (a) fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees\*); and
- (b) costs that relate to the investment of assets of the Mercer Super Trust, other than:
  - (i) borrowing costs; and
  - (ii) indirect costs that are paid out of the Mercer Super Trust that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee of the Mercer Super Trust or in an interposed vehicle or derivative financial product; and
  - (iii) costs that are not otherwise charged as an administration fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

*\* There are currently no performance fees included in the investment fees. This is because the trustee does not directly charge or incur any performance fees. Where an external investment trust or manager (that is used to invest the assets of an investment option) charges a performance related fee, these fees form part of the ICR of the relevant investment option.*

### Switching fees

A switching fee for a MySuper product (applicable to your plan in the Mercer Super Trust) means a fee to recover the costs of switching all or part of a member's interest in the Mercer Super Trust from one class of beneficial interest in the Mercer Super Trust to another.

A switching fee for superannuation products, other than a MySuper product, is a fee to recover the costs of switching all or part of a member's interest in the Mercer Super Trust from one investment option or product in the Mercer Super Trust to another.





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