## Contents

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Welcome to the Member Direct investment option</td>
<td>5</td>
</tr>
<tr>
<td>Fees and charges</td>
<td>8</td>
</tr>
<tr>
<td>How your account works</td>
<td>9</td>
</tr>
<tr>
<td>Constructing your AustralianSuper portfolio</td>
<td>13</td>
</tr>
<tr>
<td>Member Direct platform</td>
<td>20</td>
</tr>
<tr>
<td>Tax and your investments</td>
<td>24</td>
</tr>
<tr>
<td>Getting started</td>
<td>27</td>
</tr>
</tbody>
</table>
The Member Direct investment option offers you more control and choice with the investment of your super or retirement income.
About this guide
This booklet should be read in conjunction with the Member Direct investment option Terms and Conditions available at australiansuper.com/MemberDirectTCs.

The information in this booklet is current at the time of issue and is subject to change. For the most up-to-date information on this option, please visit australiansuper.com/MemberDirect.
Welcome to the Member Direct investment option

The Member Direct investment option offers you more control and choice with the investment of your super or retirement income. You can invest in shares, Exchange Traded Funds (ETFs), term deposits and cash – all from an easy-to-use online platform.
The Member Direct investment option offers you more control and choice with the investment of your super or retirement income. You can invest in shares, Exchange Traded Funds (ETFs), term deposits and cash – all from an easy-to-use online platform.

You also get access to real-time trading, extensive market information, independent research and investment tools to help you make informed investment decisions and manage your portfolio.

This option suits members who want to be actively involved in managing their investments.

Features include:
- cash account with competitive interest rate
- S&P/ASX 300 shares, ETFs, term deposits and cash
- extensive market information and stock analysis
- consolidated portfolio reporting
- low administration and brokerage fees.

Who can invest?
To be eligible to invest in the Member Direct investment option you must be an AustralianSuper member and meet the minimum balance requirements shown below:

<table>
<thead>
<tr>
<th>Account type</th>
<th>Minimum balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Super</td>
<td>$10,000</td>
</tr>
<tr>
<td>Choice Income</td>
<td>$50,000</td>
</tr>
</tbody>
</table>

You can only register one account (either super or Choice Income) for the Member Direct investment option at any time. Members using a TTR Income account can only invest with Member Direct in their super account.

Other important conditions
Once you open a Member Direct account, you must keep some money invested in AustralianSuper’s other investment options at all times. The minimum amount required is different for super and Choice Income accounts.

<table>
<thead>
<tr>
<th>Account type</th>
<th>Minimum balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Super</td>
<td>$5,000</td>
</tr>
<tr>
<td>Choice Income</td>
<td>$10,000 (or 13 months of income payments, whichever is greater.)</td>
</tr>
</tbody>
</table>

Income payments for Choice Income members are deducted from AustralianSuper’s other investment options. You must keep enough money in your other investment options to cover 13 months of income payments – this is called the Income payment reserve*. We will notify you if your balance is below this reserve.

If you have a Member Direct Choice Income account and your total AustralianSuper account balance falls below $30,000, you will need to close your Member Direct account and transfer any remaining funds to your other AustralianSuper investment options.

* Your Income payment reserve counts towards your minimum balance invested in other options. So for Choice Income members the minimum balance to be invested in other investment options is $10,000, or your Income payment reserve, whichever is greater.
Features of the Member Direct investment option

The Member Direct investment option gives you access to a cash account, real time trading in shares and Exchange Traded Funds (ETFs), plus a selection of term deposits – all from an easy-to-use online platform. Member Direct also includes extensive market and company research and investment tools to help you keep track of your investments.

Features of the Member Direct investment option

| Features                                                       | Member Direct investment option |
|                                                               |                                |
| Homepage that can be customised with market information relevant to you | ✓                               |
| Easy-to-use online investment platform                         | ✓                               |
| Central cash account with competitive interest rate             | ✓                               |
| Shares, ETFs, term deposits and cash                           | ✓                               |
| Real time online trading                                       | ✓                               |
| Live stock quotes and 20 minute delayed market data            | ✓                               |
| Dividend Reinvestment Plan                                     | ✓                               |
| Comprehensive company and market information                   | ✓                               |
| Independent company research and recommendations               | ✓                               |
| Investment tools including watchlists                          | ✓                               |
| Investment education and tutorials                              | ✓                               |
| Consolidated portfolio tax and reporting                       | ✓                               |
| Low administration and brokerage fees                          | ✓                               |
| Seamless Transfer to Choice Income*                            | ✓                               |

A cost effective alternative

The Member Direct investment option offers a cost-effective alternative for members who are interested in the self managed approach to saving for retirement. It offers:

› **Control and flexibility**: it enables you to tailor your investment strategy by combining the shares, ETFs, term deposits and cash you choose yourself with investments managed for you in AustralianSuper’s other investment options.

› **Less paperwork**: with the Member Direct option, AustralianSuper takes care of all the administration, compliance and reporting requirements, so you don’t have to.

› **Lower costs**: one of the major advantages of the Member Direct option is that there are no set-up costs and ongoing fees are low. To find out more about fees and costs for the Member Direct option see page 8.

An alternative to an ATO regulated fund

Data from the ATO’s most recent report shows that the average expense ratios for SMSFs decline in direct proportion to increase in SMSF fund size. For SMSFs with balances under $200,000, the reported average return on assets was negative (refer table).

This table shows the average annual operating expenses and average return on assets for SMSFs by fund size in 2016.

<table>
<thead>
<tr>
<th>SMSFs – 2016 average operating expense ratio and average Return on Assets for different account balances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund size</td>
</tr>
<tr>
<td>$1 – $50,000</td>
</tr>
<tr>
<td>$50,001 – $100,000</td>
</tr>
<tr>
<td>$100,001 – $200,000</td>
</tr>
<tr>
<td>$200,001 – $500,000</td>
</tr>
<tr>
<td>$500,001 – $1 million</td>
</tr>
<tr>
<td>$1,000,001 – $2 million</td>
</tr>
<tr>
<td>$2,000,001 and higher</td>
</tr>
</tbody>
</table>

Source: ATO ‘Self-managed super funds: a statistical overview 2015–16’

* Refer page 26
† Expense ratio includes administration, operating and investment expenses
‡ Calculated by multiplying the Average operating expense ratio and the Fund size
Fees and charges

Fees and charges outlined below were current at the date of publication, but may change in the future. To check current fees, please go to australiansuper.com/MemberDirect

The following fees apply to Member Direct:
› Cash account fee
› Portfolio administration fee (PAF)
› Brokerage costs (if you trade in shares and ETFs)
› You may also incur penalties if you break your term deposits before they mature.

<table>
<thead>
<tr>
<th>Cash account option</th>
<th>Term Deposits option</th>
<th>Shares &amp; ETFs option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash account fee*</td>
<td>0.12% pa of the balance in the cash account</td>
<td>0.12% pa of the balance in the cash account</td>
</tr>
<tr>
<td>Portfolio administration fee (PAF)*</td>
<td>–</td>
<td>$395 pa</td>
</tr>
</tbody>
</table>

Term deposit & Brokerage costs
- If you (or your beneficiaries) redeem your term deposit(s) prior to their maturity date, penalties will apply. Refer to table on Term Deposit costs.
- If you choose to trade in share and ETFs brokerage fees will apply starting with a flat fee applies to the first $5,000 of your trade. Scaled cumulative brokerage rates apply above this. Refer to table on Brokerage costs.

For details on the management fees for the ETFs, please visit the ETF provider’s website. For a list of available ETFs visit australiansuper.com/MemberDirect

Other fees
- You will also pay an AustralianSuper administration fee and investment fees for investment options that are managed by AustralianSuper for you (e.g. PreMixed or DIY Mix options). Investment management fees vary depending on the investment option you choose. See the Investment Guide for more details.

* All fees are GST inclusive. They are calculated daily and automatically deducted from your cash account on the first business day of each month.

Brokerage costs
Different brokerage rates will apply to each component of your trade value above $5,000 based on the levels above.

<table>
<thead>
<tr>
<th>Transaction amount ex GST</th>
<th>Brokerage Fee ex GST</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 to $5,000</td>
<td>$15.00</td>
</tr>
<tr>
<td>$5,001 to $10,000</td>
<td>0.30%</td>
</tr>
<tr>
<td>$10,001 to $30,000</td>
<td>0.20%</td>
</tr>
<tr>
<td>$30,001 to $50,000</td>
<td>0.16%</td>
</tr>
<tr>
<td>$50,001 +</td>
<td>0.12%</td>
</tr>
</tbody>
</table>

Term Deposit costs
Our effective rate of interest will be reduced in accordance with the following discount factors. Principal reductions and other costs may also apply.

<table>
<thead>
<tr>
<th>ME Bank Term Deposits</th>
<th>NAB Term Deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time invested (% of total term)</td>
<td>Interest rate reduces</td>
</tr>
<tr>
<td>0 to &lt;20</td>
<td>90%</td>
</tr>
<tr>
<td>20 to &lt;40</td>
<td>80%</td>
</tr>
<tr>
<td>40 to &lt;60</td>
<td>60%</td>
</tr>
<tr>
<td>60 to &lt;80</td>
<td>40%</td>
</tr>
<tr>
<td>80 to &lt;100</td>
<td>20%</td>
</tr>
</tbody>
</table>

Seek professional advice
Investments purchased through the Member Direct investment option form part of a self-directed investment strategy.

We strongly encourage you to seek advice from a financial adviser before choosing the Member Direct investment option and formulating your investment strategy. A professional financial adviser can help you develop an investment strategy to meet your personal circumstances and needs.

AustralianSuper can refer you to a financial adviser for an initial consultation to discuss your personal circumstances and advice needs. If you decide to proceed, the adviser can prepare a written financial plan, called a Statement of Advice, on a no-commission, fee-for-service basis. Costs are agreed upfront and are based on the complexity of the advice. You may also be able to pay for some or all of the advice from your account balance.

For more information on your advice options with AustralianSuper call 1300 300 273 between 8am to 8pm (AEST/AEDT) weekdays or visit australiansuper.com/Find-an-Adviser

The financial advice you receive will be provided under the Australian Financial Services Licence of third parties and not by AustralianSuper Pty Ltd (AustralianSuper) and therefore is not the responsibility of AustralianSuper.
You need to register and open a cash account to invest in shares, ETFs, term deposits and cash and change your other AustralianSuper investment options.
Your cash account

To start investing in Member Direct, you need to open a cash account and transfer a minimum of $400 into your cash account. This is used to cover your Portfolio Administration Fee.

You transfer the funds you want to invest in the Member Direct option from your other AustralianSuper investment options - you must keep the specified minimum amount in your other AustralianSuper investment options (see Other important conditions on page 6).

You can start investing once your funds are available in your Member Direct cash account. You'll need to make sure you have enough money to cover your trade (including any brokerage). Member Direct will automatically calculate and display your available cash when you start a transaction.

All investment income such as interest and dividends not being reinvested through a dividend reinvestment plan, proceeds from investment sales and cash transfers from your other AustralianSuper investment options are deposited into your cash account. Fees, tax payments (if applicable), investment purchases and cash transfers to your other AustralianSuper investment options are deducted from your cash account.

For more information about dividend reinvestment plans, see page 12.

Earn a competitive interest rate

The cash account offers a competitive interest rate. Interest is accrued daily and credited to your cash account monthly (in arrears). The cash account interest rate can fluctuate - for current rates visit australiansuper.com/MemberDirect

Your cash account
- the hub of the Member Direct investment option

Your cash account operates like an online bank account. It offers a competitive interest rate and you can use the funds in it to invest in shares, ETFs and term deposits.

Pre-Mixed
Managed for you

DIY
Managed for you

Member Direct
Managed by you

Member Direct investment options

<table>
<thead>
<tr>
<th>Cash Account</th>
<th>Term Deposits</th>
<th>Shares &amp; ETFs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Account</td>
<td>Cash Account</td>
<td>Cash Account</td>
</tr>
<tr>
<td></td>
<td>Term Deposits</td>
<td>Term Deposits</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Shares &amp; ETFs</td>
</tr>
</tbody>
</table>

To invest you will need to open a cash account, which has a competitive high interest rate.

Includes the cash account option plus you can also invest in term deposits.

Includes the first two options plus the ability to buy and sell shares and ETFs.

Market News, Information & Research

All the options include access to market news, information and research. Eligible members can choose to access this information without the need to open a cash account.
Transacting on Member Direct

Making cash transfers to and from Cash account
You can transfer cash into the Member Direct cash account once every business day.
You can also transfer cash from the Member Direct investment option into your other AustralianSuper options. How cash transfers are applied to your other AustralianSuper investments depends on the type of account you have.

› Super account: Cash transfers into the Member Direct option come out of your other investment options according to how your existing account balance is invested. Cash transfers out of the Member Direct investment option are invested according to your investment choice for new contributions to your account.

› Choice Income account: Cash transfers in and out of the Member Direct investment option are withdrawn from or credited to your other investment options in the same proportion as your existing balance is invested.

Cash transfers are settled on a ‘T+2’ basis. This means your transfer is settled on the second business day after it is requested. Your cash will be available in your account two business days after you make the request.

The request cycle runs from 4pm AEST/AEDT each business day until 3.59pm AEST/AEDT the following business day. Requests placed on or after 4pm AEST/AEDT will take an extra business day.

You can view any pending cash transfers under the ‘pending’ tab in the ‘Transact/Cash transfer’ section. You can cancel a pending cash transfer request before 4pm AEST/AEDT.

Investing in term deposits
You can invest in term deposits once a week. If we receive your request before 11.59pm AEST/AEDT on a Thursday your account will be invested on Friday (or the next business day if it is a public holiday). If your request is received after this time it will take effect from the following Friday.

You can cancel your request at any time before 11.59pm AEST/AEDT on Thursday. After this time your request cannot be cancelled. You can view any pending term deposit orders on Member Direct in the ‘pending’ tab, which is located under ‘Transact/Term deposits’.

Trading in shares and ETFs
You can buy and sell shares and ETFs at any time during the ASX trading day. You can also check live stock prices on the order pad when you are placing your trade.

You can place a buy or sell order for listed securities at the market price or set a price limit. An ‘at market’ order will be placed at the current market price. When you select ‘limit’ you can set the maximum price you are willing to pay for a security or the minimum price you are willing to sell it for.

Trades in shares and ETFs are executed immediately. Member Direct will automatically check you have sufficient funds in your cash account to settle your trade. Your available cash and brokerage costs are displayed on the order pad where you place your trade. The platform also checks your investment is within the minimum and maximum limits (see page 6) before submitting your order to our broker to put to market. We reserve the funds in your cash account to cover the trade plus brokerage costs until your order is either settled or cancelled.

Trades are settled on a ‘T+2’ basis. This means your trade is settled on the second business day after it is requested. When you place a sale the funds will immediately be included in your available balance. This is known as a ‘good value’ transaction.

Changing your AustralianSuper investment choices
You can change how your balance is invested in PreMixed and DIY investments though your account online. You do this by making an investment switch.

We will only process one investment switch request each business day. The request cycle runs from 4pm AEST/AEDT each business day until 3.59pm AEST/AEDT the following business day. If you place your investment switch request before 4pm AEST/AEDT on a business day your account will be invested in your new investment choice the next business day. Your new investment choice will appear in your account the following business day.

Requests placed on or after 4pm AEST/AEDT will take an extra business day.
You can't make an investment switch and cash transfer at the same time
Different processing times will apply depending on whether you make your investment switch or cash transfer first.

Making an investment switch first
If you request an investment switch before 4pm AEST/AEDT on a business day you can place a cash transfer request after 4pm AEST/AEDT on the next business day.

Making a cash transfer first
If you request a cash transfer before 4pm AEST/AEDT on a business day you can place an investment switch after 4pm AEST/AEDT on the same business day.

Cancelling your request
If you want to cancel your pending investment switch or cash transfer request, you’ll need to do it before 4pm AEST/AEDT on the business day that you made the request. You can then place a new request.

When is my investment switch or cash transfer effective?
When you request an investment switch or a cash transfer before 4pm AEST/AEDT on a business day, your transfer will show in your account two business days later. The investment switch is invested the business day after the request. The cash transfer is invested two business days after the request. To find out more about choosing or changing your investment options in Member Direct visit australiansuper.com/switching

Dividend Reinvestment Plans
A Dividend Reinvestment Plan (DRP) automatically reinvests dividends to buy more shares or ETFs. Alternatively, you can have your dividends paid into your cash account as cash.

You can choose to participate in a DRP for each stock you hold that offers this option. The Member Direct investment option gives you the flexibility to change your DRP preference at anytime, for all stocks in your portfolio, or on a stock by stock basis.

Reinvesting your dividends in shares or ETFs under a DRP usually results in a small cash residual as entitlements are allocated as whole shares. AustralianSuper pays any residual cash amounts and associated franking credits into your cash account.

Depending upon the DRP election you have made, and the relevant DRP plan rules, changes in your listed security holding may affect the portion of your holding participating in a DRP for any given dividend or distribution. You should review your DRP election following any increase or decrease in your listed security holding.

Corporate actions
A corporate action is an action taken by a publicly listed company relating to its securities. Frequently, corporate actions provide investors with different options so each investor can elect the option they believe is best suited to their personal circumstances (an ‘elective’ corporate action). Other corporate actions simply occur (these are called ‘mandatory’ corporate actions).

When a listed security you hold through the Member Direct investment option is affected by a corporate action, AustralianSuper reviews the corporate action and in most cases allows you to make an election in relation to that action. We will send you an alert through Member Direct and an email detailing any corporate actions that you can elect to participate in. An example is share buybacks.

Corporate actions such as voting at Annual General and Extraordinary Meetings are not available through the Member Direct investment option. Furthermore, within Member Direct, members are not able to participate in Class Actions as they do not directly own the investment.

Quick reference

<table>
<thead>
<tr>
<th>Member Direct transactions</th>
<th>How often can I transact?</th>
<th>When do I need to place my request by?</th>
<th>When is it invested?</th>
<th>When does it show in my account?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash transfers</td>
<td>Every business day*</td>
<td>3.59pm AEST/AEDT on a business day</td>
<td>Second business day (T+2)</td>
<td>Second business day (T+2)</td>
</tr>
<tr>
<td>Investment switches</td>
<td>Every business day*</td>
<td>3.59pm AEST/AEDT on a business day</td>
<td>Next business day (T+1)</td>
<td>Second business day (T+2)</td>
</tr>
<tr>
<td>Term deposit orders</td>
<td>Weekly</td>
<td>11.59pm AEST/AEDT Thursday</td>
<td>9am AEST/AEDT Friday</td>
<td>6pm AEST/AEDT Friday</td>
</tr>
<tr>
<td>Share and ETF trades</td>
<td>Anytime during ASX trading hours</td>
<td>ASX close</td>
<td>Immediately</td>
<td>Settlement occurs second business day (T+2)</td>
</tr>
</tbody>
</table>

* A cash transfer and an investment switch can’t both be requested within the same investment period.
The Member Direct investment option is AustralianSuper’s self-managed investment option. It enables you to combine investments in shares, ETFs, term deposits and cash with AustralianSuper’s other investment options to achieve your desired investment strategy.
The right investment strategy for you will depend on your investment objectives, risk profile and circumstances. The level of control you want to have over how and where your super is invested is also an important consideration.

A professional financial adviser can help you decide the right options for you.

Once you invest in the Member Direct investment option you must keep the specified minimum amount in one or more of AustralianSuper’s other investment options. See Other important conditions on page 6.

Your AustralianSuper investment options
With AustralianSuper you can decide how hands-on you want to be with your investments.

**Invest your own portfolio**

**Member Direct** options include cash, term deposits, shares & ETFs, which you choose yourself. It offers the most flexibility and control of all AustralianSuper options.

**Build your own strategy**

**DIY Mix options** are single asset class portfolios. You choose how much you want to invest in each in a mix that can also include one or more PreMixed options.

We use a combination of internal and external professional fund managers to manage your portfolio.

**Choose your option and leave it to us**

**PreMixed options** are diversified options that invest across different combinations of asset classes such as shares, property, infrastructure, fixed interest and cash.

We use a combination of internal and external professional fund managers to manage your portfolio.

Remember that super and retirement income are long-term investment strategies

Your investments will impact how much super you have and how long your savings will last in retirement. Here are a few pointers to help you invest for the long term.

Make a plan and stick to it
People who manage their own investments can sometimes become too emotionally involved in them. Emotions such as greed and fear can lead to investors making irrational short-term decisions that have negative results. It’s important for investors to remember that super is a long-term investment and saving vehicle for your retirement. A professional financial adviser can help you develop a long-term plan and stick to it.

Understand the investment risks
All styles of investment have a number of inherent risks, which can change over time. Make sure you understand how different risks can impact your retirement savings over different investment timeframes.

The balance between your level of comfort with risk and your desire for returns is the key to selecting the investments in your portfolio. For more information on investment risks, read the Investment Guide available at australiansuper.com/InvestmentGuide

Diversify
Investing in a range of securities, sectors and asset classes spreads your risk and means you don’t have to rely on the returns of a few investments.

Different investments perform better at different times. By following a diversified strategy, your better performing investments can help to offset your investments that aren’t performing so well. While this strategy can reduce some of the highs, it can also reduce the lows and provide more consistent investment returns.

Market timing and trading too often can be costly
Actively trying to ‘time the market’ can be counter productive. Selling when a share has dropped in value, for example, and missing just a few days of its rebound can make a large difference to your super balance on retirement. It is ‘time in the market’ that makes the difference over the long term.

Also, while trading in real time is a flexible and convenient way to invest, trading too often can result in increased brokerage costs and tax, which can impact long-term returns.

Invest for long-term growth
One mistake many direct investors make is to invest a large percentage of their portfolio in low-return assets like cash during periods of volatility. While this strategy may suit investors requiring short-term access to their funds it can erode long-term growth. Investors whose super and subsequently their retirement income will be invested for many years or decades may need to consider including assets that can outperform inflation and deliver long-term growth.

Short versus long-term investing in Australian shares
Investing for longer periods evens out short-term peaks and troughs in investment returns.

This graph compares Australian sharemarket returns over rolling one year and ten year periods. The orange line shows how volatile the sharemarket can be from year to year. The purple line shows how a longer investment time frame can smooth out the sharemarket’s highs and lows.
# Investments in the Member Direct option

<table>
<thead>
<tr>
<th>Investments</th>
<th>Shares and ETFs</th>
<th>Term deposits</th>
<th>Cash</th>
</tr>
</thead>
<tbody>
<tr>
<td>See Investment menu</td>
<td>See Investment menu</td>
<td>To provide a fixed interest rate return over a fixed term. You can view the current rates at australiansuper.com/MemberDirect</td>
<td>Cash account</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Shares</th>
<th>ETFs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares</td>
<td>– to maximise returns on capital through stock dividends and increases in share value.</td>
<td>ETFs</td>
</tr>
</tbody>
</table>

| Investment menu | The approved investments may change over time. You can view the current investment menu at australiansuper.com/MemberDirect |

<table>
<thead>
<tr>
<th>Investment frequency</th>
<th>Anytime during trading ASX hours</th>
<th>Weekly</th>
<th>Daily</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Investment limits</th>
<th>Shares and ETFs</th>
<th>Term deposits</th>
<th>Cash</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum 80% of your total AustralianSuper balance in shares and ETFs</td>
<td>Minimum investment is $2,000</td>
<td>Minimum balance of $400</td>
<td></td>
</tr>
<tr>
<td>Maximum 20% of your total super balance in a single stock or ETF†</td>
<td>Maximum investment in a single term deposit is $5 million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimum buy order is $1,500</td>
<td>No minimum sell order</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maximum buy order is $250,000</td>
<td>Can’t buy and sell same stock or ETF on same day</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimum buy order is $1,500</td>
<td>Can’t buy and sell same stock or ETF on same day</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimum investment is $2,000</td>
<td>Maximum investment in a single term deposit is $5 million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maximum buy order is $250,000</td>
<td>No minimum sell order</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimum buy order is $1,500</td>
<td>Can’t buy and sell same stock or ETF on same day</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Investment timeframe | See the information below for the risk levels that correspond to your investment timeframe |

<table>
<thead>
<tr>
<th>Risk levels for the time invested</th>
<th>Short-term (&lt; 5 years)</th>
<th>Medium-term (5 to 20 years)</th>
<th>Long-term (&gt; 20 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very high</td>
<td>Medium to high</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Very low</td>
<td>Medium to high</td>
<td>Very high</td>
<td></td>
</tr>
<tr>
<td>Very low</td>
<td>Medium to high</td>
<td>Very high</td>
<td></td>
</tr>
</tbody>
</table>

| Expected frequency of negative annual return | About 6 in every 20 years | Not expected | Not expected |

*See Other important conditions on page 6.
† The maximum amount you can invest in a single ETF may vary according to the type you invest in.

## About these objectives and risk levels

The objectives and risk levels shown in this table for shares and ETFs are based on investment portfolios with broad market exposure. These may be different for the individual investments you choose.

Different investments have different risks over different timeframes. In the above table:

- **Short-term risk** is the risk that your super savings will be reduced by volatility of investment markets and is the same as the Standard Risk Measure, which is used across the super industry and is based on the likelihood of negative returns in a given year.

- **Medium-term risk** balances two risks. The first is that your super savings will be reduced by volatility and the second is that your super savings will not keep up with inflation.

- **Long-term risk** is the risk that your super savings will not keep up with inflation.

More information on risks and your investment timeframe is available at australiansuper.com/RiskLevels.
Shares

Direct access to S&P/ASX 300

The Member Direct investment option includes shares in the S&P/ASX 300 Index, which comprises the top 300 companies listed on the Australian Securities Exchange (ASX) by size (called market capitalisation). This means you can access Australia’s most well-known companies and some of the smaller ‘niche’ companies in a range of industries. The Index may also include trusts (which pay trust distributions rather than dividends).

We may add other listed securities to the Investment menu over time. You can view the shares in the S&P/ASX 300 Index on Member Direct. You can view the approved list of investments at australiansuper.com/MemberDirect

Benefits and risks of investing in shares

Investing in shares gives you the opportunity to participate in the future profits and growth of Australian companies. Other benefits include:

› High long-term return potential: shares have historically earned higher returns than other asset classes over longer periods.
› Tax-effective income: shares can provide tax benefits to shareholders in the form of franking credits (also known as imputation credits). Any franking credits received by the fund are credited back to members’ accounts and can help to improve net investment returns. Please see page 25 for further details.
› Liquidity: Listed shares can be easily bought and sold on the ASX, making them a liquid investment

Risks include:

› Volatility: Share prices can be volatile over the short term.
› Lack of diversification: Direct share investors often fail to diversify adequately, which can increase volatility. You can increase diversification by investing in a variety of stocks across different industries or investing in ETFs or one or more of AustralianSuper’s other investment options.
› Market timing: Investors often try to pick the top and bottom of the market to maximise returns. Getting these decisions wrong can impact long-term returns.

Selecting stocks on Member Direct

With the Member Direct option you can research, select and track stocks. Member Direct includes extensive market and company research to help you analyse companies, and tools to keep track of your portfolio.

Features include:

› your portfolio details, including a consolidated view of your AustralianSuper investment options and asset allocation.
› share prices live and 20-minute delayed quotes.
› data and commentary from Australian and international markets to local industries and companies.
› independent analysis and recommendations for Australian companies.
› watchlists to keep an eye on the stocks you’re interested in, and those already in your portfolio.
› actions and alerts to let you know of corporate actions, dividend announcements and other important information.

Changes to stocks in the S&P/ASX 300 Index

The stocks included in the S&P/ASX 300 Index change over time. If you own shares in a stock that has been removed from the index, you can retain the shares and sell them at any time, but you will not be able to buy more shares in that stock.

Occasionally AustralianSuper may exclude stocks with certain structures — for example, a partially-paid security. Any exclusions will be noted on Member Direct.
The Member Direct investment option gives you access to a wide range of Exchange Traded Funds (ETFs) from different providers. You can view the current Investment menu on Member Direct and at australiansuper.com/MemberDirect.

What is an ETF?
An ETF is traded on an exchange like a stock but is structured like a traditional managed fund. ETFs contain a collection of securities and usually represent a particular market index (e.g., the S&P/ASX Small Ordinaries Index).

ETFs provide a low cost way to access a wide range of securities in Australian and international markets and different industry sectors without you having to select the stocks yourself.

How ETFs work
ETFs are constructed with reference to a specific index, like the S&P/ASX Small Ordinaries Index. The ETF portfolio will hold similar securities and weightings to the index, so it can closely replicate its performance. Market participants ensure ETFs trade at prices that are closely aligned to the net asset value of the underlying securities in the portfolio.

Like shares, you can buy and sell ETFs at any time during the trading day through the Member Direct option.

Benefits and risks of investing in ETFs
ETFs can provide a range of benefits for long-term super investors. These include:

- **Diversification**: ETFs provide instant exposure to a diversified portfolio of securities. Diversification reduces concentration risk in a portfolio.
- **Cost effective**: ETFs are a cost-effective way to invest in a diversified basket of stocks. ETF fees are generally lower than those of managed funds. Brokerage does apply.
- **Flexibility**: you can buy and sell ETFs any time during the trading day at market prices.
- **Transparency**: ETFs are listed on a securities exchange with market prices quoted throughout the trading day and portfolio holdings are published regularly so you know exactly what you own.
- **Liquidity**: as ETFs are traded on a securities exchange like shares they are easy to buy and sell.

While ETFs offer diversification, which can reduce risk, they are still subject to market risk. Investment markets can be volatile and investment values can rise and fall.

The level of risk will depend on the types of securities held in the ETFs’ underlying portfolio. For example, shares have a higher risk level over shorter time periods but offer the potential for higher long-term returns.
The Member Direct option offers a selection of term deposits from different issuers. You can view the current list of term deposits on Member Direct and at australiansuper.com/MemberDirect.

These investments have a locked-in term and interest rate, which is accrued daily. The interest rate is generally higher than a normal bank deposit interest rate. You can also automatically rollover your term deposit when it matures with same term and issuer or best rate options available.

**Interest rates**
Term deposit rates are reviewed each week and published on Member Direct.

You can also view the interest rate ranges at australiansuper.com/MemberDirect. Please note published rates are gross of tax.

The interest plus invested capital is credited to your Member Direct cash account at maturity. If you set up an automatic term deposit re-investment, the net proceeds from your maturing term deposit are first credited to you cash account and then invested in the next available term deposit.

**Benefits and risks of investing in term deposits**
Term deposits offer:
- stable investment returns
- a set interest rate for the life of the investment
- no investment management or brokerage fees
- competitive interest rates.

As the term plus the interest rate are fixed when you purchase a term deposit, and these types of investments are highly regulated, term deposits have a low risk level when used as a short-term investment. You are unlikely to lose your capital, and you know exactly what return you will receive on your investment over the set period. While it is unlikely you will lose money from a term deposit, there is an opportunity cost of locking in an interest rate. Interest rates can fluctuate so you could potentially miss out on a higher interest rate if interest rates rise during the term of your term deposit. Term deposits also have a higher risk level over longer investment timeframes, as they may not keep ahead of inflation. Term deposits are considered ‘illiquid’ investments, because once you have agreed on a term, you cannot redeem your cash earlier without incurring penalty interest.

**Financial Claims Scheme**
Term deposits available through the Member Direct investment option are not covered by the Government’s Financial Claims Scheme (FCS).

**Redeeming term deposits before maturity**
You can only break your term deposit early if you are a Choice Income member or you meet a superannuation condition of release. For details of the conditions of release view the Withdraw your super early page at australiansuper.com/AccessSuper.

If you (or your beneficiaries) redeem your term deposit(s) prior to the maturity date, the interest rate will be reduced. Interest rate reductions can vary for different providers and the time invested. For details see the current Member Direct Investment menu available at australiansuper.com/MemberDirect.
Member Direct platform

You can buy and sell shares and ETFs in real time, invest in term deposits and cash and switch between your AustralianSuper investment options. Member Direct has all the information and tools you need to stay on top of your portfolio.
Cover stories

Your Cover Stories is where all your front page news and research is kept and will be your Member Direct homepage. The newsfeed contains articles that you’re able to customise from AustralianSuper, UBS research and Morningstar Australasia.

Actions and alerts

Actions and alerts is your inbox where we will communicate any corporate actions or other important account information to you.

Portfolio drawer

A portfolio snapshot on every page lets you see all your balances in AustralianSuper and the Member Direct option at a glance.

It consolidates your Member Direct investments and other AustralianSuper investment options so you can view a breakdown of your entire portfolio.

To see your portfolio in more detail, click on the your balance to open the portfolio drawer.

Investment cards

Displays your individual portfolio holdings in detail. You can interact with each card to turn them over and see the current market price and market movement for today.

Homepage

This is the main menu on each page.
Manage my account

In this section you can complete transactions, view transaction histories and download reports.

Manage my account

In this section you can initiate transactions, view transaction histories and download and print reports.

Settings

In this section you can change your personal details, DRP preferences and change what you want to invest in.

Manage my option

In Settings you can select the option you want to invest in Member Direct (i.e. Cash account, Term Deposits and Share & ETFs).

Reports include:

1. Cash transaction report:
   Details cash account for a specific date range.

2. Dividend report:
   Details dividends paid on your share portfolio for a specific date range. Includes unfranked and franked dividend income, franking credits, tax withheld and net dividend income.

3. Portfolio valuation report:
   Breakdown of the current valuations of your cash, term deposits, shares, ETFs and other investment options. Also includes a consolidated valuation of your entire portfolio.

4. Fees and expenses report:
   Details fees and expenses such as administration fees, brokerage and data services for a specified date range.

5. Unrealised capital gains and tax report:
   Details unrealised capital gains and capital losses for your share portfolio for financial year periods.

6. Capital gains disposal and tax report:
   Details realised capital gains and unused realised capital losses on share sales for financial year periods.
Explore

In this section you can discover and read content related to investments and create your own customised information.

**Member Direct includes:**

**UBS Research and commentary which include:**

- company reports
- sector notes
- economic notes
- sales commentary.

**Morningstar commentary and data covering Australian financial market summaries and company news include:**

- company significant events
- consensus estimates
- current and historical share price movements, Australian and global index data and foreign exchange rates
- market gainers and losers, turnover, volume and value.
Tax and your investments

Super is one of the most tax-effective forms of investment, making it a great way to save for retirement.
How super is taxed

Tax is deducted when you or your employer make super contributions from your pre-tax salary. This is called contributions tax. Contributions up to certain limits are taxed at a concessional rate of 15%.

Super funds also pay tax on the income and capital gains they receive from their investments. The current tax rate applied to investment income from a super account is 15%. If you have a Choice Income account, investment earnings are tax-free.

Super funds can also receive additional tax benefits through dividend imputation and capital gains concessions.

Capital gains (or losses) refer to the difference in the value of an asset when you buy and sell it. As a guide, your capital gains that are subject to capital gains tax (CGT) is determined by adding the total of all your capital gains for the year, then deducting your total capital losses including any net realised capital losses carried forward from previous years.

CGT on superannuation investments like direct shares and ETFs is 15% for those assets held for less than 12 months. CGT concessions will apply to assets held for more than 12 months (those gains will effectively be taxed at 10%).

Tax on investment income

The Member Direct investment option works a bit differently to other AustralianSuper investment options. The earnings credited to other AustralianSuper investment options are net of any applicable tax, meaning that an allowance for tax has already been made.

Here is how tax is applied to the Member Direct investment option:

- **Cash account and term deposits**: your cash account and term deposits are interest bearing investments. Tax is payable on interest income on an accruals basis (daily as interest is earned). The Member Direct option will accrue the tax payable on any interest accrued in the value of an interest bearing investment and will withhold the applicable tax from the interest income paid into your cash account.

- **Shares**: tax is payable on dividend income upon receipt and will be withheld when the dividend is paid into your cash account. In the case of Dividend Reinvestment Plans (DRPs), tax will be deducted from your cash account when any applicable shares are allotted to your portfolio.

Here’s an example:

Jenny invests $10,000 in a term deposit with a maturity term of three months (90 days) at an interest rate of 5%. After 90 days she has earned $123.29 in interest, which is taxed at 15%. Tax of $18.49 is withheld from Jenny’s cash account.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial term deposit investment</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>Interest</td>
<td>$123.29</td>
</tr>
<tr>
<td>Tax withheld (at 15%)</td>
<td>$18.49</td>
</tr>
<tr>
<td>Net income</td>
<td>$104.80</td>
</tr>
</tbody>
</table>

Sally makes the same investment, but she has a Choice Income account with a 0% tax rate. So no tax is withheld and Sally receives the full interest payment of $123.29.

- **Trusts (including ETFs)**: tax is payable on trust distributions on a present entitlement basis. Tax will be withheld when the distribution is paid into your cash account. Where estimated trust components are received, tax will be withheld from the taxable components of the distribution received. Where no estimates are received, tax will be withheld from the total distribution received. When final trust components are received, a ’true-up’ tax calculation will be performed (see page 26).

Capital gains tax

The Member Direct option will calculate the net CGT liability daily using a year-to-date position. This will accrue within your portfolio valuation. A physical deduction or refund for CGT on realised net capital gains or losses will be made each quarter and will occur within seven days of the following dates: 30 September, 31 December, 31 March and 30 June.

The quarterly CGT provision will take into account any realised capital gains or losses since the previous period and recalculate the financial year to date CGT asset/liability. This may result in a credit or debit to your cash account.

The Member Direct option will also calculate any CGT on your unrealised net capital gains or losses daily to include the resulting tax asset or liability within your portfolio valuation. This calculation will include any unutilised realised capital losses.
‘True-up’ tax calculation
A calculation of your final tax liability for your Member Direct option account will be calculated, and any adjustments made, effective 31 December for the previous tax year. This allows adequate time for any trust distribution information to be received from the issuers that might otherwise have been unavailable at the time the distribution was received.

Tax benefits of investing in the Member Direct option
The Member Direct option can carry capital losses forward, which can provide you with tax benefits. A capital loss occurs when an asset loses value in between buying and selling it. Although realised net capital gains must be taxed each year, realised net capital losses can be carried forward, to be offset against future capital gains.

The Member Direct option allows you to carry forward any realised net capital losses in relation to the sale of listed securities to offset against future gains.

Seamless Transfer to Choice Income
Members can maintain their Member Direct listed investments when they transition from super to retirement without triggering a tax-event, or incurring brokerage costs, by requesting a seamless transfer to Choice Income. Certain restrictions may apply. Refer to terms and conditions at australiansuper.com/MemberDirectTCs

You can learn more about seamless transfer at australiansuper.com/MemberDirect

Tax alerts on sell orders
The Member Direct investment option alerts you to the potential tax impact of your trade before you place it so you can make more informed investment decisions. You will know upfront:
› if the 45 day rule is likely to be triggered and you could lose your associated franking credits
› your year to date capital gains tax position
› the capital gains tax impact of selling the listed security. This way you will know if you’ve held it for less than 12 months and will pay more tax.

Closing your account
If you want to close your Member Direct account you will need to sell any listed securities you currently hold.

Viewing your tax position
Member Direct includes comprehensive tax information and reporting, so you always know where you stand. Interest income, including dividends, is paid into your cash account net of tax. This is included in the accrued interest (net of tax) amount in the portfolio detail/transaction account section.

You can also view tax details by downloading reports. See page 22 for how to manage your account.

The dividend imputation system
Shares can provide tax benefits to shareholders in the form of franking credits (also known as imputation credits). Franking credits are attached to dividends and apply to the amount of tax a company has paid on its profits. Australian companies generally pay tax at a rate of 30%, which is the maximum franking credit investors can receive. Members must hold shares for 45 days (excluding the day of purchase or sale) to qualify for franking credits.

Super funds pay a maximum tax rate of 15% on investment income received. The tax payable on dividends received are adjusted for any franking credits attached to them. The franking credits are credited back to your account and tax is calculated on the adjusted amount. This adds to your net investment returns.

Franking adds to Jack’s super return
Here’s an example of franking adding to investment returns
Jack holds 10,000 shares and receives a fully franked dividend of 4.5 cents per share, which is equal to a cash dividend of $450.

The total taxable income, which equals the cash dividend amount plus the franking credit, is taxed at 15% resulting in $96.43 being withheld from the dividend paid into Jack’s cash account. A total of $546.43 (net dividend income) is paid into Jack’s cash account - almost $100 more than the cash dividend.

George holds the same shares and receives the same fully franked dividend. Because George has a Choice Income account his investment earnings are tax free. The full amount of $642.86 is paid into George’s cash account.

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>10,000 shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend amount (per share)</td>
<td>0.045</td>
</tr>
<tr>
<td>Franking</td>
<td>100%</td>
</tr>
<tr>
<td>Cash dividend amount</td>
<td>$450.00</td>
</tr>
<tr>
<td>Franking credit applicable</td>
<td>$192.86</td>
</tr>
<tr>
<td>Taxable income $642.86</td>
<td>$642.86</td>
</tr>
<tr>
<td>Tax withheld @ 15%</td>
<td>$96.43</td>
</tr>
<tr>
<td>Net dividend income</td>
<td>$546.43</td>
</tr>
</tbody>
</table>
Getting started

Getting started in Member Direct is easy and will give you control and choice over your investments.
Get started
1. Make sure you meet the eligibility criteria
2. Register for an account online at australiansuper.com
3. Log in to your account online and find the Member Direct tile and click ‘Access’
4. Select one of the investment options (Content, Cash account, Term deposits or Shares & ETFs)
5. Transfer the minimum balance required
6. Start investing once the money appears in your cash account (Term deposits or Shares & ETFs)

Eligibility criteria:
› be an AustralianSuper member with $10,000 or more in your super account or $50,000 or more in your Choice Income account
› have access to the internet and a current email address
› read and accept the terms and conditions.

Quick reference
› You must keep the specified minimum amount invested in AustralianSuper’s other investment options and $400 in your Member Direct cash account at all times.
› A maximum of 80% of your total AustralianSuper account balance can be invested in shares and ETFs.
› The maximum you can invest in any one listed security is 20% of your total AustralianSuper account balance (different limits may apply to some ETFs).
› The minimum buy trade for shares and ETFs is $1,500 and the maximum is $250,000. The minimum buy order for term deposits is $2,000.
› The maximum amount you can invest in a single term deposit is $5 million.
› You cannot buy and sell the same share or ETF on the same day.
› View the Investment menu at australiansuper.com/MemberDirect

Read the terms and conditions
You can view the terms and conditions for the Member Direct option at australiansuper.com/MemberDirectTCs
**Actions and alerts**
Your Member Direct inbox is where we will communicate any corporate actions or other important account information to you.

**Asset allocation**
The process of combining different types of assets in selected proportions to build a portfolio.

**Available cash**
The amount of cash available in your Member Direct cash account.

**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 investments, payable when the capital gain is realised (ie when the investment is sold).

**Cash account**
The online cash account within the Member Direct investment option. You can use the funds in your cash account to invest in shares, ETFs and term deposits.

**Cash transfer**
A transfer of money between the Member Direct investment option and your other AustralianSuper investment options.

**Choice Income account**
This account is for [eligible] members who draw down their accumulated super savings through a complying retirement income stream.

**Corporate actions**
An action taken by a publicly listed company relating to its securities. You will be notified of any corporate actions that impact your portfolio in the actions and alerts box on Member Direct. Elective corporate actions are actions you can choose to accept or reject while announced corporate actions do not require any action from you.

**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 like shares.

**Franking credit**
Tax credits that are passed on to shareholders who have received franked dividends in relation to their shareholdings. Also called an imputation credit.

**Income payment reserve**
The income payment reserve is the minimum amount you must keep in your AustralianSuper investment options outside of Member Direct to cover future retirement income payments. If your balance is below this amount you can't transfer more money into Member Direct or invest in term deposits.

**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 at right).

**Investment options**
The Member Direct option is one of AustralianSuper’s range of investment options, in which members can invest their AustralianSuper account.

**Investment switch**
Where you move all, or part, of your account balance from one AustralianSuper investment option to another, excluding the Member Direct option.

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

**Other investment options**
AustralianSuper’s other investment options outside of the Member Direct investment option. These include PreMixed and DIY Mix options that are professionally managed by AustralianSuper.

**Platform**
Where AustralianSuper members can buy and sell S&P/ASX 300 shares, exchange traded funds, ETFs and term deposits.

**Portfolio administration fee**
The portfolio administration fee (PAF) charged to access Member Direct, which includes 20 minute delayed ASX pricing, live stock quotes and Morningstar news, company and market data.

**Reserved cash**
The amount of cash that is frozen in your Member Direct cash account to maintain your minimum balance and pay for securities purchased that have yet to be completed on the market or placed with the issuer and any outstanding cash transfer requests and CGT liabilities.

**Seamless Transfer to Choice Income**
A transfer of your Member Direct holdings in your Super account to a Choice Income account without having to sell and re-purchase your assets.

**Sector**
A group of securities with similar characteristics. Australian shares are divided into different industry sectors based on the Global Industry Classification Standard. For example, clothing companies belong to the Consumer Discretionary sector.

**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 Australian Securities Exchange (ASX). Also called an ‘ASX code’.

**Stock quote**
The latest market price of a share or security. Stock prices are available ‘live’ via the trade order pad and with a 20 minute delay when you conduct a ‘stock quote’ on Member Direct.

**Super account**
This account is for members who are building (or ‘accumulating’) their superannuation savings through personal and employer contributions in AustralianSuper.

**Term deposit**
A deposit at a banking institution, which pays a set interest rate over a specified investment timeframe.

**Trade**
To buy or sell securities, including shares and ETFs.

**Watchlist**
A model or mock portfolio of stocks or ETFs that you create. Watchlists are useful for monitoring shares you might be interested in buying or those you already hold.

**45 day rule**
The period members must hold shares for (excluding the day of purchase or sale) to qualify for franking credits.
For a complete picture of the investment options available to you with AustralianSuper, this Guide should be read in conjunction with our *Investment Guide*.
We’re here to help.

Call
1300 300 273
8am–8pm AEST/AEDT weekdays

Visit
australiansuper.com/MemberDirect

Email
memberdirect@australiansuper.com

This guide was issued in October 2018 by AustralianSuper Pty Ltd ABN 94 006 457 987 AFSL 233788, Trustee of AustralianSuper ABN 65 714 394 898. Please note that this booklet contains general information only, and does not take into account your particular financial needs, circumstances or objectives. As well as reading this booklet, you should assess your own financial situation before making any decision about your superannuation. You may also want to consult a financial adviser. When making any investment decision, remember that all investments carry some risk. Investment returns are not guaranteed as it is not a reliable indicator of future returns.