



Direct Investment Option

 **legalsuper**

Shares, ETFs, LICs & Term Deposits

This brochure explains how you can take full control of how your super or pension is invested with Direct Investment option.

Invest in shares, Exchange Traded Funds (ETFs), Listed Investment Companies (LICs) and Term Deposits.


We're here to help

If you would like help with your account details, you can call our Melbourne-based contact centre on **1800 060 312** between 8am to 8pm (AEST) Monday to Friday.

If you would like to meet with a member of our team for more in-depth and personalised support with your super, call us and request an appointment with a Client Service Manager.

Find out more

 legalsuper.com.au

 1800 060 312

 mail@legalsuper.com.au

 Locked Bag 5081 Parramatta NSW 2124

About legalsuper

As the provider of superannuation services to the legal industry, we've served its unique needs for over thirty years. Since 1989 we have delivered customised high-performing superannuation solutions for the legal community. Members trust us to act in their best financial interests. We manage their super with the same exceptional level of knowledge they bring to their work in law. This commitment is the bedrock of our partnership and drives everything we do.

Contents

4

About Direct Investment Option (DIO)

5

How the DIO works

6

Eligibility for the DIO

7

DIO Cash account

8

Share trading - order types

13

Risks

14

Fees

22

What are the tax implications?

25

Keeping track of your investments

26

Transferring your account to a new legalsuper account

The Direct Investment option (DIO) offers members more control and choice with the investment of their super and pension account.

This option suits members who want to actively manage their super or those who might be seeking a low-cost SMSF-style alternative.

Members have the flexibility to invest in:

- Shares that are included in the
- S&P/ASX300 Index;
- Exchange Traded Funds (ETFs);
- Listed Investment Companies (LICs); and/or
- Term Deposits.

The Trustee maintains an Approved Investment Menu that members can invest in and is subject to change. The Approved Investment Menu provides details of the investments that members may select, and general investment rules and limits that apply to the DIO. The inclusion of a share, ETF, LIC or Term Deposit on the Approved Investment Menu is not an endorsement or recommendation by the Trustee as to the quality or suitability of that investment. The Approved Investment Menu is available at legalsuper.com.au/investments/dio-investment-menu and members should refer to this page for the current list of available investments.

The rules for investing in the DIO should not be considered as a recommendation by the Trustee as to the manner in which members should approach their investments in the DIO.

All responsibility for the investment decisions, including the level of diversification in the DIO, rests with the member.

One of the most important principles of investing is diversification – that is, to spread your investments across a range of asset classes, within some asset classes, across geographical regions, and investment managers. This could be achieved by investing in a range of investment options offered by legalsuper and, in particular with the DIO, through listed securities associated with different industries and regions.

Diversification reduces your risk as your investments are not solely dependent on the performance of any one of these components. Refer to the 'Risks' section on page 13.

The Trustee does not review any trades that members make in the DIO, and members should consider obtaining investment advice from a licensed financial adviser before investing in the DIO.

Terms, conditions, fees and costs apply for investing in the DIO. For more information refer to the DIO page on the legalsuper website at legalsuper.com.au/investments/direct-investments.

As a legalsuper member, the DIO forms part of the fund's investment options.

The DIO is available via an investment platform accessed through the fund's online member portal called 'MemberAccess'. Simply login to MemberAccess at legalsuper.com.au and click on the Investments tab to get started. When you first login, you can select which DIO package is suitable for you:

Free Access – Allows you to use platform features, tools and resources such as market data provided by Morningstar and research by UBS without incurring fees or transferring funds from your legalsuper investment option(s). However, you won't be able to trade securities, purchase Term Deposits or hold a DIO Cash account.

Full Access – All of the benefits of the 'Free Access' package plus trading on the available securities on the S&P/ASX300 Index, ETFs, LICs and Term Deposits and maintain a DIO Cash account

When you select the 'Full Access' option, you will be asked to transfer cash from your other legalsuper investment option(s) to your DIO Cash account. Transfers must be made by 4.00pm (AEST), otherwise the request is not considered to have been received until the following National Business Day (i.e. a week day that is not a national public holiday or the NSW Queen's Birthday weekend or another day at Trustee discretion). Transfers then take effect two National Business Days after receipt of your request. You will not be able to transact until your transferred funds have been credited into your DIO Cash account.

Once the funds have been received into your DIO Cash account, you can commence

purchasing shares, ETFs, LICs and/or Term Deposits, but you need to retain at least \$250 in your DIO Cash account at any point in time so it is important to transfer enough funds to cover this minimum and any fees and costs that may apply, and any additional amount you wish to invest.

Once you have joined legalsuper as a member, further information regarding restrictions that might apply to your investments in the DIO will be contained in the DIO Terms and Conditions.

The Terms and Conditions explain the conditions that apply to trading, available investments and accessing the website. These are all available online when registering for a DIO account.

The Trustee oversees the provision and operation of the DIO platform by FNZ (Australia), who works in conjunction with the custodian, BNP and the administrator, Link.

In relation to the role of FNZ (Australia), it provides the online platform. UBS is the broker participant. This means they are the authorised ASX market participant acting for legalsuper to facilitate the execution and clearing of share transactions via the DIO platform. The assets of the DIO platform are held by the custodian.

In relation to the role of Link, it ensures that relevant financial information is transferred between each member's DIO account (managed by the vendor, FNZ (Australia)) and each member's investment choice options. It is also responsible for the daily management of the data flow.

Eligibility for the DIO

Before you can access the DIO as a Free Access User or invest as a Full Access User, you will need to:

- be a legalsuper Employer-sponsored member or Personal member and/or a legalsuper Pension member (please note that legalsuper Transition to Retirement Pension members are unable to access the DIO);
- provide your Tax File Number (TFN);
- register for legalsuper MemberAccess;
- provide us with your email address; and
- meet the balance minimums below.

Investment minimums	Super DIO limits	Pension DIO limits
Minimum legalsuper balance	\$10,000*	\$10,000*
Minimum non-DIO holding requirement at all times [^]	\$3,000	\$3,000**
DIO Cash account minimum at all times	\$250	\$250

* You will need to satisfy this minimum balance requirement to register for the DIO.

[^] Invested in one or more of the other investment options offered by legalsuper.

** In addition to the \$3,000 shown above, existing or new Pension members who instruct legalsuper to transfer funds into their DIO, must be aware of the Minimum Pension Payment Requirement (Requirement). This Requirement is to ensure that Pension members maintain sufficient money in their non-DIO investment option(s) to meet the legislated annual minimum pension payment.

Therefore, the minimum non-DIO holding requirement for Pension members will be the greater of \$3,000 or the equivalent of 13 months of the required annual minimum pension payment.

Please note: If your employer is a stock broker, you must have a Referral Agreement signed by your employer in order to comply with section 991F(3) of the Corporations Act 2001 (Cth).

What is a DIO Cash account?

The DIO Cash account will be used to move money into or out of the DIO, settle fees and costs for the purchase of investments, brokerage and some account fees and for any interest, dividends (not being reinvested through a Dividend Reinvestment Plan) and tax to be paid into or out of the account.

The DIO Cash account will increase with all dividends (not being reinvested through a Dividend Reinvestment Plan), distributions, interest, maturities from Term Deposits and the proceeds of any sale of investments. The impact of pending settlements, e.g. unsettled trades and fees may reduce the available cash to make further investments.

A minimum balance of \$250 must be maintained and any interest earned in the DIO Cash account is calculated daily and paid monthly in arrears on or around the first National Business Day of the following month.

How do I invest (buy and sell securities) within the DIO?

Following the receipt of funds into your DIO Cash account, you will then be able to invest in your choice of S&P/ASX300 shares, ETFs, LICs and/or Term Deposits in accordance with the Approved Investment Menu selections offered.

You will generally only be able to trade S&P/ASX300 shares, ETFs or LICs every day that the Australian Stock Exchange (ASX) is trading (generally Monday to Friday [excluding national public holidays] between 10am and 4pm (AEST), allowing for a staggered market open and close). Trading placed outside of the 10am-4pm period will queue and be processed the next business trading day.

Share trading – order types

Trades can be placed using either an 'At-Market' or 'At-Limit' timeframe.

An 'At-Market' order seeks to complete an order at the best available buy or sell price at the time the order is placed within market trading times. Trades are generally processed immediately while markets are open.

'At-Limit' orders will remain on the market until the later of their nominated price being reached or the order expires.

You can choose the expiry of an 'At-Limit' order when you are buying or selling listed securities. The order can remain on market for either 'Good for the day' or 'Good for 30 days'. Orders which have not been executed within the selected time period will automatically expire.

You can cancel that part of an 'At-Limit' order that has not been executed at any time.

'Good for the day' orders are valid for the National Business Day on which they are placed and expire before the market opens on the next National Business Day. If an order is placed outside market hours, it will become valid the next National Business Day and will expire before the market opens again on the National Business Day after the order was placed, unless cancelled as a result of ASX rules.

To maintain an orderly market 'At-Limit' orders must be placed within reasonable thresholds of the current market price. If your 'At-Limit' order is outside these thresholds you will be notified in the order pad while placing the order.

If your 'At-Limit' order is subsequently cancelled in the market because it falls outside these thresholds you will see an order cancellation notice in the invest page under the order history on the DIO platform.

If you need assistance transacting, the 'Help' feature available in the DIO can provide you with frequently asked questions. Alternately you can contact legal super on **1800 060 312** between 8am to 8pm (AEST) Monday to Friday).

You must hold securities before you can sell them and when you place a sale the funds will immediately be included in your available balance and can be used to purchase additional securities. This is known as a 'good value' transaction.

Trading – Settlement timeframes

Listed securities transaction settlement occurs two National Business Days after a trade takes place, this is referred to as 'T+2'.

Trading restrictions

As long as the account balance for your other legalsuper investment options is at least \$3,000 (or, where applicable, the Minimum Pension Payment Requirement) and you maintain \$250 in your DIO Cash account you can invest:

- A maximum of 25% of your total legalsuper balance in a single S&P/ASX300 security*;
- The minimum amount that can be invested per security trade purchase is \$1,500; and
- The maximum amount that can be invested per security trade purchase is \$250,000.

You cannot buy and sell the same security on the same day (day trading) in the DIO. While unexecuted purchase or sale orders can be cancelled, once a trade is executed on the DIO platform it cannot be cancelled.

*You may continue to hold this security even if it subsequently exceeds the 25% limit, but you will not be able to purchase more of this security until its value falls below the 25% limit.

Dividend Reinvestment Plan

A Dividend Reinvestment Plan (DRP) will automatically reinvest your dividends to purchase additional shares in the underlying stock, ETF and/or LIC you hold. Within the DIO, you can choose a DRP option as follows:

- For all stocks (i.e. all cash or all reinvest where DRP is available); or
- Individual stocks (i.e. cash or reinvest where DRP is available).

Note: You cannot elect a percentage (%) split between cash and reinvest for a particular stock but you can elect all cash for one stock and to reinvest for another stock where DRP is available.

Your DRP preferences may be changed at any time. Once a dividend has been announced, you will have until midnight on the day before the 'ex-dividend date' (known as 'ex-date') to make your final DRP preference selection.

Reinvesting your dividends to buy additional shares under a DRP may result in a small amount of residual cash, to the value of less than one whole share issued as part of a particular DRP allocation. Any residual cash will be deposited into your DIO Cash account.

If you do not choose to participate in a DRP or nominate to participate in a DRP for a stock that does not offer this service, dividends will be paid into your DIO Cash account as cash proceeds.

Please note: For members who participate in a DRP, tax may be deducted from your DIO Cash account when any applicable shares are allocated to your portfolio.

S&P/ASX300 Index, ETFs and LICs

The securities listed on the S&P/ASX300 Index are the 300 largest Australian securities according to market capitalisation and make up approximately 80% of the Australian equity market which covers a range of sectors, including financials, materials, industrials, energy, telecommunications, consumer staples, consumer discretionary, utilities, information technology and health care.

In addition, selected ETFs and LICs as listed in legalsuper's Approved Investment Menu are available to purchase. Before investing in an ETF or LIC you should obtain and consider the Product Disclosure Statement (PDS) or disclosure documents applicable to the ETF or LIC, available from the website of the ETF or LIC issuer.

Where a listed security has fallen outside of the S&P/ASX300 Index but continues to be listed on the ASX, you may continue to hold that security, receive dividends and action any corporate actions; however you cannot purchase more of it. You can sell a security that has fallen outside of the S&P/ASX300 Index as long as it is still listed on the ASX; this is subject to available market and orderly market considerations. If a security you hold delists from the ASX, you may be required to sell it.

Where an ETF or LIC is no longer available, you may continue to hold it and receive distribution payments; however you may not purchase more of it. You can sell an ETF or LIC that is no longer available, subject to available market and orderly market considerations. If an ETF or LIC you hold delists from the ASX, you may be required to sell it.

If you hold securities in a company that becomes delisted from the ASX, you will not be able to sell them and close your DIO account until formal resolution and instructions on the treatment of these securities are provided by the relevant authority. You will also not be able to switch your DIO account from your Super to a Pension account or another legalsuper Super account.

Investment returns in the DIO may take the form of capital gains or losses, and may include dividends and tax benefits but also carry the highest level of risk.

Short term fluctuations in value may occur but greater investment returns than those you might expect to achieve from, for example, Term Deposits are expected over longer periods based on the investments you select.

The investment(s) in the DIO will depend on the investments selected by individual members. The minimum suggested time frames that generally apply to the investments in the DIO are:

Term Deposits:

short term (1 year or less)

S&P/ASX300 Index-listed securities:

long term (7 to 10 years)

ETFs and LICs:

long term (7 to 10 years).

Term Deposits

Term Deposits are investments with an interest rate that is fixed at the time your application is processed. Interest earned is calculated based on the total number of days you are invested in the Term Deposit. The legal super DIO option offers a range of Term Deposits from different providers.

Please note: Term Deposit investments are not covered by the Government's Financial Claims Scheme.

Interest rates

The interest rate applicable will be the advertised rate on the day the Term Deposit closes to applications. The available maturity terms for Term Deposits are 1 month, 3 months, 6 months and 12 months. These available durations may not always be exactly 30, 90, 180 or 365 days and will revert to Australian Financial Market Association (AFMA) conventions. Investments in Term Deposits should fit with your expected investment time horizon to avoid the need to redeem early

Investment limits

There is no limit on the number of Term Deposits that you can invest in subject to eligibility requirements. The minimum you can invest in a single Term Deposit is \$5,000; the maximum you can invest depends on the provider. Term Deposit applications are processed on a weekly cycle. Cut-off is midnight Thursday (AEST) and processed on the next National Business Day.

Reinvestment options

The amount you invested (the principal) and any interest earned is paid as cash to your DIO Cash account upon maturity and any applicable taxes deducted. You have the option to reinvest by selecting the Amount, Term and Expiration options at the time you purchase the Term Deposit or any time up until midnight (AEST) two National Business Days before maturity.

The reinvestment options are:

- 1. Amount** – Principal only or Principal and net interest;
- 2. Term** – Same term and provider or Same term, best rate; and
- 3. Expiration** – One new term or Until cancelled.

If you set up an automatic Term Deposit reinvestment, the net proceeds from your maturing Term Deposit are first credited to your DIO Cash account and then invested in the next available Term Deposit in the weekly processing cycle. It is important that we hold a valid email address for you, as you will receive an email before your Term Deposit matures notifying you that you can elect to reinvest your money into another Term Deposit or have the amount paid into your DIO Cash account. The proceeds will remain in your DIO Cash account until the next Term Deposit starts.

Breaking a Term Deposit prior to maturity

Members should be aware that a request to break a Term Deposit prior to its agreed maturity may be subject to a notice period. Interest rate adjustments may also apply.

Any request to break a Term Deposit before its agreed maturity must be made directly to legalsuper in writing, will be subject to processing timeframes and may result in an interest rate adjustment as follows:

Time Invested	Interest rate reduction
0 to 50% of total term	50%
Over 50% of total term	20%

Members should consider the following risks particular to the DIO. The DIO allows members to select the specific investment(s) in which their superannuation and/or pension is invested.

Unlike the Investment Choice options, members make their own selection from the Approved Investment Menu and the responsibility for each type of, or a mix of, investments the member selects, and the associated risk level decision rests with the member. As members invested in the DIO manage and control their investments, they may be exposed to the following additional risks:

- The risk that they may not have the expertise, knowledge, experience or time required to make appropriate investment decisions;
- The risk that they may set return objectives in selecting investments that are not appropriate for their circumstances;
- The risk that they may trade too frequently;
- Volatility: The risk of being overly exposed to direct share investments, with resultant volatility, as share prices can be volatile particularly over the short term;

- Lack of diversification: DIO members may fail to diversify adequately, which can increase volatility. You can increase diversification by investing in a variety of stocks across different industries;
- 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; and
- The probability of a negative return depending on the invested timeframe and exposure to securities and fluctuating investments selected by the member in their investment portfolio.

The Trustee does not review any trades that members make in the DIO and members should consider obtaining investment advice from a licensed financial adviser before investing in the DIO.

Fees

There is a \$20 per month 'Portfolio Administration Fee' (PAF) (also known as the 'DIO account fee') and a 0.29% 'Asset Based Fee' (also known as the 'Administration fee' for the DIO), as well as the other fees that may apply to your legalsuper membership. Brokerage fees may apply if you purchase or sell shares in your DIO account.

Please note, the \$20 per month fee is payable regardless of whether or not you transact from your DIO Cash account holdings and is calculated daily and deducted on the first National Business Day of the month.

This DIO account fee is deducted from your DIO Cash account whereas the Administration fee is deducted from your other legalsuper investment option(s). In addition, a 'DIO Cash account fee' of 0.40% is charged by the DIO platform provider (FNZ (Australia)). This fee only applies to funds held in the DIO Cash account and is calculated daily and deducted monthly from your DIO Cash account.

For more information about fees, please read the relevant Product Disclosure Statement available on the legalsuper website at **legalsuper.com.au**



Maintaining your DIO Cash account

You must maintain at least \$250 at all times in the DIO Cash account (please note that the \$20 monthly DIO account fee and DIO Cash account fee of 0.40% of your DIO Cash account balance is deducted from the DIO Cash account, as such you will need to ensure there are sufficient funds in the DIO Cash account at all times).

If the balance of your DIO Cash account is below \$250, and no action is taken, legalsuper will on your behalf maintain the DIO Cash account at the minimum balance of \$250.

In doing so, legalsuper will apply the following rules in order:

- Transfer up to \$250 from your other legalsuper investment option(s) if the balance in your other investment options is above \$3,000. If you have a pension account, the amount you must have in your other legalsuper investment option(s) may need to be more than \$3,000 to cover pension payments as per the Minimum Pension Payment Requirement.
- If you have less than \$3,000 in your other legalsuper investment option(s) or for pension members less than the greater of \$3,000 or the Minimum Pension Payment Requirement, then legalsuper will sell shares from your highest market value share, ETF and/or LIC holdings. You will be responsible for the brokerage fees incurred and any tax that may be due. The amount received will be dependent on the market price of the trade at the time it is placed. legalsuper has no responsibility for the price received when the trade is executed.
- Finally, legalsuper will redeem any Term Deposits in order of the earliest maturity date first. Penalties may apply.

Moving between legalsuper investment options and the DIO

When you choose to invest in or transfer funds into the DIO, you nominate a dollar amount which is deducted proportionately from your current legalsuper Superannuation or Pension investment option(s).

Transfers to the DIO must be made by 4.00pm (AEST), otherwise they are not considered to have been received until the following National Business Day. Transfers then take effect two National Business Days after receipt of your request.

For superannuation accounts, when you choose to sell and transfer some or all of your DIO holdings back into your other legalsuper investment option(s), the transfer will be allocated to your legalsuper investment option(s) proportionately across your future contributions selection.

For pension accounts, when you choose to sell and transfer some or all of your DIO holdings back into your legalsuper investment option(s), the transfer will be applied proportionately across your current legalsuper investment option(s) selection.

Maintaining the minimum account balance in other legalsuper investment option(s)

From time to time your other legalsuper investment option(s) may drop below the minimum required amount as detailed in the 'Eligibility for the DIO' section. If this occurs we will contact you to advise you of your options to raise these investments above the minimum required amount.

Should no action be taken within 30 days, we will consider taking actions to restore your other legalsuper investment option(s) above the minimum required amount.

If action is taken by legalsuper, we will apply the following rules in order:

- If you have sufficient funds in your DIO Cash account, legalsuper will transfer the required cash into your other legalsuper investment option(s).

If you do not have sufficient funds in your DIO Cash account, legalsuper will:

- Sell from your highest market value share, ETF and/or LIC holdings to the required amount. You will be responsible for the brokerage, fees and any tax that may be due. The amount received will be dependent on the market price of the trade at the time it is placed. legalsuper has no responsibility for the price received when the trade is executed.
- Redeem any Term Deposits in order of the earliest maturity date. Penalties may apply.

Closing your DIO account

If you no longer wish to hold investments via the DIO, you can change your package to 'Free Access'. After you have changed to the 'Free Access' package, you can continue to access the DIO to view market and investment information and any preferences that you may have set-up (e.g. alerts, watchlists, etc.) will be retained and remain unchanged.

Please note that before changing your package to 'Free Access', you will need to:

- sell all listed securities you currently hold;
- wait for any outstanding transactions (e.g. dividend payments) to process into your DIO Cash account; and
- wait for any Term Deposits you hold to mature.

Any corporate actions in progress that are outside of the Trustee's control may also delay payments or transfers to enable you to change your package.

If you wish to trade in the future, you can change your package back to 'Full Access', transfer funds into the DIO Cash account and commence trading again upon the receipt of funds into your DIO Cash account.

If you want to make a full withdrawal of your account balance but are unable to close your DIO account because you hold suspended shares you can:

- a. choose to retain only the suspended shares in your DIO account, but you must also keep adequate DIO Cash account funds to cover fees and costs related to the DIO; or
- b. close your DIO account by forfeiting your rights to the suspended shares.

You may cancel your 'Full Access' registration during a cooling off period within 14 days by notifying us in writing and we will do so within 5 National Business Days of receipt of that written notice, unless the cooling off period goes over a month end in which case we will cancel your registration within 10 National Business Days of the written notice.

Any brokerage fees incurred while your account was active will still be charged. It is your responsibility to sell down any shares purchased before requesting that your 'Full Access' account be cancelled.



Illiquid investment declaration

The DIO has been declared an illiquid investment option in accordance with the Superannuation Industry (Supervision) Regulations. Ordinarily, the Superannuation Industry (Supervision) Regulations require the Trustee to transfer or roll over amounts within 3 days of receiving a request or obtaining additional information if required. This 3-day requirement does not apply to amounts invested in the DIO plus the minimum required amount as detailed in the 'Eligibility for the DIO' section. Requests to transfer or roll over amounts invested in the DIO plus the minimum required amount are unable to be transferred until all DIO investments have been sold, your package changed to 'Free Access' and all monies have been transferred to another legalsuper investment option(s).

Illiquid investment consent

By requesting a transfer of funds from your legalsuper investment option(s) to your DIO Cash account, and by issuing investment instructions for the DIO, you are consenting that you understand and accept that all amounts invested in the DIO plus the minimum required amount are illiquid.

Investment/redemption instructions

Members must issue their own investment instructions using the online platform.

legalsuper is unable to pay fees (except for the monthly \$20 DIO account fee and DIO Cash account fee of 0.40% of your DIO Cash account balance) and pensions from the DIO. Members must ensure that the balance held in the other legalsuper investment option(s) is sufficient to meet these payments and, at all times, maintain the minimum holding requirement as detailed in the 'Eligibility for the DIO' section.

The Trustee of legalsuper will only issue investment instructions on behalf of you in the following circumstances:

- to maintain the minimum non-DIO holding requirements;
- to replenish the DIO Cash account to at least \$250;
- under a court order;
- if you open a new legalsuper account and then exercise your right to cool-off, and fail to sell down your DIO investments;
- if you have a Pension account and have insufficient funds in your non-DIO investment option(s) to meet your Minimum Pension Payment Requirement; or
- following the death of a member (where no reversionary pensioner has been nominated) at the same time that the Trustee approves payment to beneficiaries.

The Trustee reserves the right to issue redemption instructions on behalf of legalsuper members in respect of one or more of the underlying assets held by that member in the DIO in each of the above circumstances.

The Trustee will use reasonable endeavours to contact a member prior to taking such action in respect of investments in the DIO. The assets to be redeemed will be determined by the Trustee in its absolute discretion.

Other liquidity restrictions

The ability to withdraw part or all of your superannuation or pension account invested in the DIO may, in some circumstances, not be possible such as:

- The ability to 'break' a Term Deposit is subject to the agreement of the Term Deposit issuer, is subject to processing timeframes and may result in an interest rate adjustment.
- In the event of a corporate action you may be unable to sell that company's shares until the corporate action is completed.
- In some cases you may not be able to trade a particular stock, for example if it is suspended from trading on the ASX.
- You will not be able to close your DIO until all the investments that you have made are sold or have matured.

Important note: You can buy a listed security on one National Business Day and sell it at the next National Business Day. When you sell a listed security, the proceeds will be immediately available in your available DIO Cash account balance to buy other listed securities. This is known as providing you with 'good value'. Settlement of shares will occur on a 'T+2' basis.

Your DIO Cash account balance is updated overnight taking into consideration the cash transfer timeframes.

You must hold securities for at least 45 days (not including the day of acquisition or disposal) before you become eligible to claim a franking tax offset arising from the receipt of dividends. To be eligible for a dividend, you must have purchased the equities before the ex-dividend date.

Dividend payments will generally be credited to your DIO Cash account within a few days of the payment date (the date a dividend or distribution is paid).

Where available you will be able to elect to participate in a DRP. The default setting on security purchases is usually for dividends to be paid into the DIO Cash account. If you want to participate in a DRP, you will receive additional securities instead of dividend payments to your DIO Cash account. Any tax on dividends which are re-invested into additional securities will be deducted from your DIO Cash account.

DRP elections can be made and changed anytime, once you hold the security. The election must be made prior to midnight (AEST) on the day before the security becomes ex-dividend for it to take effect. No brokerage applies to securities purchased through a DRP.

Corporate actions

We refer to corporate actions as actions taken by, in respect of, or against a listed security in which you have invested.

These may affect the capital structure of the security, or the number or type of securities held on your behalf.

These type of actions can be mandatory or voluntary.

In some circumstances we, as Trustee seeking to act in the best interests of members and in accordance with our other duties, may make a decision in relation to the corporate action. We may refer the corporate action to specialist consultants for advice. If specialist advice is sought, there may be a delay in making the corporate action election.

However, the transaction will generally be processed by the effective date of the corporate action to ensure you are not disadvantaged.

In some circumstances when a corporate action arises in which you are eligible to take part, you will receive an email prompting you to log into your DIO account, where you will be able to view the corporate action details including the cut off date and make an election.

The cut off dates will differ for each individual corporate action and are set in line with custodial and platform processes. These cut off dates may differ from dates published publicly, so it is important to login to your DIO account when you receive a notice and check the cut off date that applies.

You will need to ensure that you have enough funds in your DIO Cash account to carry out your instructions, if you do not have enough funds in your DIO Cash account, no further action will be taken and you will not be able to participate in any offer. Your election must be made before the cut off date of the corporate action.

If you do not make an election, the corporate actions nominated default option (as defined under the terms of the corporate action) will apply to you. This may be to take no action and could result in a forfeiture or loss of securities, entitlements or consideration due.

Where you hold securities that are outside the S&P/ASX300 Index and still listed on the ASX, when a corporate action arises, you may continue to hold that security, receive dividends and act on corporate actions; however you may not purchase more of it.

Where you hold securities that are not listed on the ASX, when a corporate action arises, you may be required to sell them or they may be sold on your behalf.

You must make a decision whether to partake in the corporate action or not, giving consideration to any taxation implications you may incur, your personal circumstances and any future obligations that may arise due to the corporate action.

We reserve the right to not take part in any corporate action as and when they arise.

In the event that a corporate action could result in the breach of a DIO requirement (such as by the issue of foreign shares or listed options), legalsuper may take remedial action to prevent this from occurring, and will determine the value of any cash payment you may be eligible for instead.

You cannot change your package to 'Free Access' until all outstanding corporate actions have been finalised. You cannot engage in share purchase plans using the DIO.

What are the tax implications?

You must provide legalsuper with your Tax File Number (TFN) to be eligible to register for the DIO.

Note – legalsuper Pension members only:

If you are a legalsuper Pension member no tax is payable. Therefore, tax is not deducted on any dividend income earned and/or capital gains made. Also, the value of franking credits is credited in full to your DIO Cash account.

Dividend income

Tax may be payable on dividend income. The DIO automatically deducts any tax payable when the dividend is paid into your DIO Cash account.

For members who participate in a DRP, any tax will be deducted from your transaction account when any applicable shares are allotted to your portfolio. If you do not nominate for DRP, then a cash credit will be made to your DIO Cash account.



Capital Gains Tax (CGT)

You may realise a capital gain or loss when you sell shares.

The DIO platform will calculate the net CGT liability using a financial year-to-date position. This will accrue within your DIO 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 or liability. This may result in a credit or debit to your DIO Cash account.

The DIO platform will also calculate any unrealised CGT liability or refund on your unrealised net capital gains or losses daily to include the resulting tax asset (i.e. if an investment loss is crystallised, there may be a 10% CGT refund if there are no offsetting tax liabilities) or liability within your DIO portfolio valuation. This calculation will include any unutilised realised capital losses.

The Australian Federal Government determines the relevant taxation rates to investments within your DIO account and these rates are subject to change.

Franking credits

One of the ways a company can distribute earnings to shareholders is by paying a dividend. Dividends are the amounts paid to shareholders using profits that a company has made. In Australia, companies can distribute dividends that are fully franked, partially franked or unfranked. The amount of any franking credit attached to a dividend represents income tax previously paid by the company. The franking credit can be used to offset income tax payable by the shareholder.

Superannuation funds pay a maximum of 15% tax on investment earnings. As your DIO forms part of your superannuation, any dividends taxed at a higher rate than 15% will return a franking credit. For eligible members, the DIO automatically applies franking credits from share dividends to the DIO Cash accounts at the time the dividend is paid.

For shares that have a distributing trust component, such as some LICs or REITs, the final franking credit may not be known until after the financial year end and will be distributed as part of the annual Tax True up process.

In order to benefit from franking credits in the DIO, you must hold your shares for 45 days (excluding the day of purchase or sale). Where a member holds several tax parcels of shares, the 45-day rule applies to shares sold on a last in first out basis.

True-Up calculation

A calculation of your final tax liability (known as a 'True-Up') for DIO held investments will be calculated, and all adjustments made, as at 31 December each year in respect of the previous tax year. This will allow adequate time for any trust distribution information to be received from the respective issuers that might not have otherwise been available at the time the trust distribution was received.

Brokerage

Whenever you buy and sell S&P/ASX300 shares, ETFs and/or LICs there is a brokerage fee charged. From 1 July 2022 the brokerage fees will be:

Trade Amount	Brokerage (excl. GST)
\$0 - \$10,000	\$15.00
More than \$10,000 (The maximum amount that can be invested per security trade purchase is \$250,000)	0.15% of total trade value

The brokerage fee payable depends on the transaction amount and where it falls within the above ranges (only one range is applicable per trade).

For example, a \$9,000 trade would incur a brokerage fee of \$15.00 (excl. GST). If you placed a \$45,000 trade, your total brokerage would be calculated as:

- $\$45,000 \times 0.15\% = \67.50 (excl. GST)

For 'At-Limit' and 'At Market' orders which are not fully executed in the same trading day, normal brokerage will be charged for the total portion executed per day.

No brokerage applies to securities purchased through a DRP.

Keeping track of your investments

You can keep track of your investments in the DIO via legalsuper's MemberAccess.

It is important your email address recorded is valid. If for any reason it becomes invalid or changes, you must notify us. You will still be able to transact using your DIO account but you will not receive transaction confirmation emails, or other important information related to your DIO account.

A number of online reports are available via the DIO. These reports are generally updated each weekday (with data as at the close of the previous National Business Day). These reports include:



Cash Transaction Report

Transaction information for your DIO Cash account including current values.



Portfolio Valuation Report

Provides your DIO account values split by DIO Cash account, Term Deposits, shares, ETFs and LICs as at the reporting date requested.



Unrealised Capital Gains and Tax Report

Provides information for your unrealised gains and losses split by listed security as at a specified date.



Income Report

A breakdown of income components and tax credits for a requested period.



Capital Gains Disposal and Tax Report

Details CGT transactions on your account for a requested period.



Performance Report

Details the performance of your listed securities for a requested period and the 1, 2 and 3-year returns.



Fees and Expenses Report

Provides information on fees and expenses charged for the requested period.

Transfer of your DIO to a new legalsuper account

If you are a member of legalsuper with some of your account invested in the DIO, you may be able to transfer your DIO account from your existing legalsuper account to commence a new legalsuper account without having to sell down investments as follows:

Existing legalsuper account	New legalsuper account
Superannuation	Superannuation or Pension (excluding legalsuper Transition to Retirement Pension accounts)
Pension (excluding legalsuper Transition to Retirement Pension accounts)	Pension (excluding legalsuper Transition to Retirement Pension accounts)

Transfers for members with Term Deposits are not permitted and will result in the rejection of your application. As such, transfers cannot be initiated until Term Deposits reach full maturity.

If you are able to transfer your DIO account, the benefits may include:

- no liability for capital gains tax on unrealised gains on assets transferred and subsequently sold;
- no 'out of market risks'* associated with selling and repurchasing investments; and
- no brokerage costs or early redemption fees.

* Purchase price of a pension includes the full value of all assets held by the DIO account on the date of transfer of the DIO account.

For more information and eligibility requirements contact legalsuper on **1800 060 312** between 8am to 8pm (AEST) Monday to Friday.

Need help?

legalsuper wants to ensure that you have the resources you need to make informed decisions about your investments.

In addition to the information available in the DIO, the ASX has information, including free online classes, on its website at asx.com.au. You can also read the relevant pages of newspapers to keep up-to-date with the stock market or you can obtain the annual reports of the companies you are interested in investing in by downloading a copy from their respective websites.

Contact legalsuper for any further assistance on **1800 060 312** between 8am to 8pm (AEST) Monday to Friday.

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Parramatta NSW 2124



Past performance is not necessarily a guide to future performance.

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