



THE POWERWRAP MASTER PLAN

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# ANNUAL REPORT AS AT 30 JUNE 2020

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This is the Annual Report for The Powerwrap Master Plan RSE registration number R1073560, ABN 82 890 650 204 (**Fund**) and should be read in conjunction with your Annual Statement of Benefits as at 30 June 2020 and 'Important Notes'.

This Annual Report is issued by Diversa Trustees Limited, ABN 49 006 421 638, AFS Licence number 235153, RSE Licence number L0000635 as Trustee of the Fund.

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# ANNUAL REPORT FOR THE FUND FOR THE YEAR ENDED 30 JUNE 2020

## Welcome

We are pleased to issue the Annual Report for The Powerwrap Master Plan (**Fund**) for the year ended 30 June 2020.

This report gives you information about the Fund, including how the Fund is managed and how its investments have performed.

## About the Trustee

Diversa Trustee Limited (ABN 49 006 421 638) (AFS Licence number 235153) (RSE Licence number L0000635) is the Trustee of the Fund.

The Trustee has been licensed by the Australian Prudential Regulation Authority (**APRA**) to act as a trustee for superannuation entities.

The directors of Diversa Trustees Limited were as follows:

- V. Plant (Chairperson), appointed 4 May 2017
- R. FitzRoy, appointed 21 December 2017
- M. Jones, appointed 1 September 2014
- A. Peterson, appointed 28 June 2019
- E. McNabb, appointed 28 June 2019

## Change in ownership of Diversa Trustees Limited

On 5 May 2020, Pacific Infrastructure Partners completed the acquisition of key operating entities and assets of the Sargon Capital group of companies. The purchase also included the trustee business of Diversa Trustees Limited.

## About the Fund

The Fund was established under a trust deed dated 9 August 2010.

The Fund enables you to prepare for your retirement through the investment of your Superannuation (accumulation) Account in a flexible investment structure with the option of taking a lump sum retirement benefit on satisfying a condition of release or applying your superannuation to purchase a pension to provide a regular income stream. When you commence a pension, a Pension Account is established for you which can also take advantage of the flexible investment options available through the Fund.

Powerwrap Limited, ABN 67 129 756 850, AFSL 329829 (“Powerwrap”) is the Investment Administrator and Promoter for the Fund. As Investment Administrator, Powerwrap provides a comprehensive, sophisticated and flexible investment service through which the Fund’s investments are made. Investments in Managed Funds, Listed Securities, Term Deposits and Model Portfolios are made via the Powerwrap Investment Account (“the Scheme”), a registered Managed Investment Scheme of which Powerwrap is the Responsible Entity. Powerwrap also provides investment consulting services.

## Praemium takeover of Powerwrap Limited

On 9 July 2020, Praemium Limited (“Praemium”) announced a conditional off-market takeover offer to acquire all the issued shares of the Responsible Entity which it does not already hold. The offer comprises 7.5 cents per Powerwrap share in cash and 1 Praemium share for every 2 Powerwrap shares.

The Bidder’s Statement in relation to the Offer was lodged with the Australian Securities & Investments Commission and a copy was received by Powerwrap on 22 July 2020. Powerwrap’s Target Statement was provided to Praemium and lodged with the Australian Securities & Investment Commission on 31 July 2020. Copies of the Bidder’s statement and the Target’s statement have been dispatched to Powerwrap shareholders.

On 22 September 2020, Praemium declared that it had a relevant interest of 94.16% in the Powerwrap shares. Praemium proceeded to acquire the remaining shares under the compulsory acquisition provisions of the Corporations Act 2001. The compulsory acquisition was on the same terms of the offer. On 1 October 2020, Praemium acquired 100% of the Powerwrap shares.

## Compliance

The Fund is administered at all times to comply with the Superannuation Industry (Supervision) Act 1993 (SIS Act) and all other relevant legislation.

The Trustee has lodged with APRA all relevant Annual Returns and disclosure documents. The Trustee has not received a notice from APRA stating that the Fund is non-compliant with relevant law during the reporting period.

No penalties have been imposed on the Fund and/or the Trustee for any kind of non-compliance during 2019/20.

## Contacting the Fund

Fund Promoter	:	Powerwrap Limited ABN 67 129 756 850 AFS Licence 329829
Contact	:	Client Service Officers
Address	:	Level 7, 356 Collins Street Melbourne VIC 3000
Ph	:	03 8681 4600
Fax	:	(03) 8681 4699
E-mail	:	clientservices@powerwrap.com.au

## Why contact the Fund?

You should contact Client Services if you wish to:

- advise a change of your name or address;
- change your preferred beneficiary in relation to your death benefit from the Fund;
- apply to increase or change your insurance cover;
- claim a benefit from the Fund;
- make a complaint;
- obtain information regarding your membership or the benefits the Fund provides; or
- receive a copy of the audited Fund accounts, the auditor’s report, current Fund Product Disclosure Statement (**PDS**) applicable to your membership of the Fund or the Trust Deed (the governing rules of the Fund) or a printed copy of this Annual Report.

## Indemnity Insurance

The Trustee has directors’ and officers’ indemnity insurance to protect its directors and officers from any liability they may incur in carrying out their duties. Protection from liability does not extend to loss incurred through gross negligence or wilful misconduct and is subject to the terms of the relevant insurance policy.

## Investment Strategy and Objectives

### A wide range of investment choices to choose from

Your Account balance (Superannuation or Pension) and any contributions or rollovers /transfers (where applicable) after taking into account any deductions for relevant tax, fees and costs can be invested in a range of investment options to suit individual circumstances and desired investment returns commensurate with risk appetite.

You can implement your chosen investment strategy(ies) by choosing from an approved list of investments. Your investment strategy and choice of underlying investments will be highly dependent on your attitude towards risk. All investments carry a risk component. Risk in an investment context refers to the possibility that the investment will not return its original capital or expected income and that the level of return will be volatile over any given time period.

In consultation with your Financial Adviser, you can choose to invest your super in a wide range of investment options including:

- Top 500 Securities listed on the Australian Securities Exchange (All Ordinaries Index);
- International Listed Securities from approved Exchanges;
- Exchange Traded Funds
- Exchange Traded Commodities
- Hybrid Securities
- Listed property trusts;
- Unlisted property trusts which individually exceed \$50 million in value;
- Managed Funds registered by ASIC;
- Hedge funds registered by ASIC;
- Deposits lodged with an Australian Deposit-Taking Institution;

- Cash management accounts
- Cash management trusts.
- Model portfolios

For Managed Funds, the objective is to provide members with a combination of income and growth assets over the longer term which can be accessed through Managed funds registered by ASIC.

For investments made via the Scheme: the objective of this strategy and the risk profile will be determined by the member's choice of the Scheme's underlying investments approved by the Trustee for investment by Fund members.

For all securities listed within the All Ordinaries Index and other securities such as Exchange Traded Funds (ETF), Exchange Traded Commodities (ETCs), Hybrid Securities, Bonds and Listed Investment Companies (LICs), the objective is to provide members with a combination of income and growth over the longer term which can be accessed through assets on the Australian Securities Exchange.

For International Listed Securities from approved Exchanges, the objective is to provide investors with growth in the value of their investment over rolling five year periods through exposure to securities that are constituents of Trustee approved international indices. Investments in this strategy will suit investors who accept a high level of risk and the possibility of negative returns in any year.

For Term Deposits with Authorised Deposit-taking Institutions (ADIs) which are corporations which are authorised under the Banking Act 1959, the objective is to provide members with a secure income over a selected term. ADIs include banks, building societies and credit unions.

The risk profile of the various asset classes that can be invested in through the various investment options available are broadly as follows:

Asset Class	Investment option classification	Standard Risk Measure (SRM) / risk profile
Cash	Cash	1 - Very Low
Term Deposits	Term deposits	1 - Very Low
Fixed Interest	Australian fixed interest - core	3 - Low to medium
	Australian mortgage backed	3 - Low to medium
	Global bonds - core	4 - Medium
	Global bonds - income	3 - Low to medium
	Global bonds - inflation linked	5 - Medium to high
Real assets	Infrastructure - global	6 - High
	Real estate - listed - Australian	7 - Very high
	Real estate - listed - global	6 - High
	Real estate - diversified - Australian and global	5 - Medium to high
Alternatives	Hedge funds - multi-strategy and trading strategies	5 - Medium to high
	Hedge funds - global macro / managed futures	5 - Medium to high
	Alternatives - diversified	6 - High
Australian shares	Australian equity	6 - High
	Australian equity - small cap	6 - High
	Australian equity - geared	7 - Very High
Global shares	Global equity - unhedged	6 - High
	Global equity - hedged	6 - High
	Global equity - small cap	7 - Very High
	Global regional equity - Asian and emerging markets	6 - High
	Global sector specific equity (unhedged)	7 - Very High
Diversified	All growth (100% growth assets)	6 - High
	Multi-asset - high growth (80% - 100% growth assets)	6 - High
	Multi-asset - balanced growth (60%-80% growth assets)	5 - Medium to high
	Multi-asset - moderate (40%-60% growth assets)	4 - Medium
	Multi-asset - conservative (less than 40% growth)	3 - Low to medium
Listed securities	Australian securities	7 - Very high
	Interest rate securities	5 - Medium to high
	International securities	7 - Very high

In order to achieve the investment objectives, the investment strategy determined by the Trustee is to:

- Provide members with a diverse range of investment choices.
- Select and approve an appropriate range of Managed Funds within each asset class based on manager's capabilities, investment style and performance.
- Select and approve a selection of cash products (including Term Deposits) issued by Approved Deposit Institutions (ADI's).
- Approve an appropriate range of direct investment options (listed securities including Exchange Traded Funds and Listed Investment Companies) within selected asset classes.
- Provide members with access to a range of Model Portfolios.
- Monitor investment return performance.

## Investment Performance

Members do not select a specific investment strategy as detailed above but with their financial adviser select underlying investments from the Fund's Approved Product List which ranges over the strategies. Accordingly, we do not report on the investment performance of any of the strategies. However, a report on the long term performance on each of the underlying investments options held by members as at 30 June 2020 was included in their annual statement. Past performance is not indicative of future performance.

## Use of Financial Derivatives

Derivatives are financial contracts such as futures, swaps and options. The Trustee does not enter into any derivative contracts on its own account. The Trustee, however, holds units in underlying investment funds which may use derivative instruments to hedge against adverse movements in the investment markets, but not for "gearing" the portfolio ("gearing" is a measure of borrowing against assets, or borrowing to fund investments).

### Fund's Asset Allocation for year ended 30 June

	2020	2019
Cash and Equivalents*	23.9%	16.4%
Fixed Interest	20.2%	26.0%
Property	6.1%	7.6%
Australian Equities	29.4%	27.5%
International Equities	18.5%	19.3%
Alternatives**	1.9%	3.2%

\* Cash 'Equivalents' include cash held in managed fund investments.

\*\* Alternatives may include investments in emerging markets, technical investment trading, commodities, foreign exchange currencies and global infrastructure assets. More information about these investments can be obtained from your Financial Adviser.

## Single Investments exceeding 5% of Fund Assets

*The following exceed 5% of the total of the Fund's assets.*

Investment	Valuation Method	% of Total Assets
ANZ Cash	Redemption Price	19.5

## Allocation of investment earnings

The Trustee will allocate to members' accounts the income earned from their investments.

The annual return for each Member is equal to the gross income generated by the underlying assets or investments of each investment strategy utilised by the Member less any relevant fees, costs and taxes during each financial year. For more information about the fees and costs, see the Fees and Other Costs section of the current PDS

applicable to your membership of the Fund.

Any income, relevant fees, costs and taxes are used to update account balances for Members who leave during the financial year. Amounts of fees, costs and taxes may be estimated where they are not actually known or apportioned as determined by or on behalf of the Trustee where they relate to the Fund or part of the Fund.

The tax benefit for any un-recouped CGT losses will not be paid to Members who leave the Fund.

Investment earnings can be positive or negative.

## Operational risk reserve

The Trustee has established an operational risk reserve ("ORR") in response to the operational risk financial requirement introduced by APRA Prudential Standard SPS 114 Operational Risk Financial Requirement effective from 1 July 2013. The ORR is maintained by the Trustee via a separately identifiable Fund reserve which provides an unrestricted commitment of funds to address losses arising from operational risks in a timely manner and is operated in accordance with the Operational Risk Financial Requirement Strategy. The ORR is invested in line with the Fund's overall fund investment strategy.

The level of the reserve is determined by the Trustee based on an assessment of the risks faced by the Fund. The ORR was established on 30 June 2015 and the balances for the past 3 financial years are as below:

	Year Ended 30 June 2020 \$'000	Year Ended 30 June 2019 \$'000	Year Ended 30 June 2018 \$'000
Operational risk reserve balance	\$713	\$717	\$832

To ensure the ORR remains at an adequate level, it is invested separately by the Trustee in assets that are in line with the asset allocation and strategy of the entire Fund.

## Expense Reserve

The Expense Reserve is maintained in order to meet liabilities of the Fund. The Expense Reserve is a separately identifiable Fund reserve which is funded by income, RITC and recovery of capital gain tax losses of members who have left the Fund. It may also be funded by imposing an Expense Recovery levy on member accounts of up to \$100 p.a.

The Trustee may utilise the Expense Reserve in the following circumstances:

- To meet expenses of the Fund, including reimbursement of expenses incurred by service providers of the Fund as authorised by the Trustee;
- To replenish the ORR as required;
- To meet and replenish the cost of operational errors which are not covered by the ORR, or to the extent that the ORR is exhausted;
- To pay service providers of the Fund as authorised by the Trustee;
- Allocate out any surplus assets;
- To terminate the Expense Reserve if it considers appropriate to do so; and
- Upon wind-up of the Fund.

Under the Trust Deed, the Trustee and its directors can be indemnified (out of Fund assets) from and against any liabilities and expenses incurred in its capacity as Trustee of the Fund. This indemnity extends to the Trustee's remuneration. Any such

liabilities, expenses or remuneration may form part of the Expense Reserve.

The Expense Reserve is fully invested in the Fund Cash Account and in line with the Fund's overall fund investment strategy.

The balances for the past 3 financial years are as below:

	Year Ended 30 June 2020	Year Ended 30 June 2019	Year Ended 30 June 2018
	\$'000	\$'000	\$'000
Expense Reserve	\$1,026	\$1,693	\$734

## Eligible Rollover Fund

Subject to any obligation on the Trustee to pay superannuation benefits to the Australian Taxation Office, the Trustee may transfer your Superannuation Account to an ERF if, after you cancel the appointment of your Financial Adviser without notifying the Trustee of a replacement Adviser and payment instructions are sought from you but are not provided within 30 days of being requested (see the Further Information section of this PDS for details).

Once your benefit has been paid to an ERF, you will no longer be a Member of the Fund and any insurance benefits will cease.

The ERF used by the Fund is:

The Super Money Eligible Rollover Fund (SMERF)  
PO Box 1282  
Albury NSW 2640  
Telephone: 1800 114 380

The Trustee of the Fund is also the trustee of SMERF and receives remuneration in this capacity.

On becoming a member of SMERF, if the Trustee is able to contact you it will provide you with a PDS outlining the operational and membership details of the ERF. If you would like further information about SMERF, please refer to the contact details outlined above.

The ERF has different investments, fees and costs and does not provide insurance benefits. You may apply to the ERF for payment of your benefit at any time (subject to meeting a condition of release) or roll over your benefit to another complying superannuation fund.

## Payment of Unclaimed Monies to the ATO

The ATO has established a lost member and unclaimed money register, containing details of the superannuation accounts for members that funds cannot locate and certain members for whom contributions have ceased. All superannuation funds must provide details of lost members and transfer their accounts to the ATO twice a year.

The following type of accounts will be deemed lost or unclaimed and transferred to the ATO:

Under Federal Government legislation, there are a number of circumstances in which superannuation must be paid to the ATO as unclaimed money including inactive benefits of an uncontactable member who has reached age 65 and certain benefits of 'lost members'.

All accounts that have balances less than \$6,000 that the member has not interacted with (contributed to, switched investment options, nominated a binding beneficiary, purchased or changed insurance, etc.) in the past 16 months as of an unclaimed money day pursuant to the Superannuation (Unclaimed Money and Lost Members) Regulations must be reported to, and transferred to, the ATO by the next scheduled statement day, from 30 June 2019.

Additionally, the following accounts of 'lost' members must be paid to the ATO as unclaimed money:

- account balances of less than \$6,000 (or such other threshold determined by the Government from time to time); or
- accounts which have been inactive for a period of 12 months and there are insufficient records to ever identify the owner of the account.

A former temporary resident's superannuation benefit must also be paid to the ATO as unclaimed money where it has been at least six months since they have departed Australia and their visa has lapsed AND the ATO issues a notice to the Fund requesting the benefit be paid to the ATO .

If this happens, you have a right, under the Government's legislation, to claim your super money directly from the ATO (subject to the applicable tax rates).

Further information about unclaimed money can be obtained from the ATO website ([www.ato.gov.au](http://www.ato.gov.au)).

## Audited Accounts

Audited financial statements and the auditor's report are available on request from the Fund Promoter on behalf of the Trustee.

## ABRIDGED FINANCIAL INFORMATION

The following financial information is extracted from the Fund's audited Financial Statements as at 30 June 2020.

<b>Statement of Financial Position as at 30 June 2020</b>			<b>Statement of Changes in Member Benefits for the year ended 30 June 2020</b>		
	2020 \$'000	2019 \$'000		2020 \$'000	2019 \$'000
<b>Assets</b>			<b>Opening balance 1 July</b>	<b>204,387</b>	<b>262,540</b>
Cash and cash equivalents	31,606	30,630	Employer contributions	4,048	5,376
Australian listed equities	26,137	28,939	Member contributions	1,110	2,467
Australian listed trusts	38,463	48,047	Transfers from other superannuation entities	13,134	11,224
International listed equities	720	1,122	Superannuation co-contributions & LISC	16	59
Units in managed funds	40,202	87,997	Income tax on contributions	(607)	(806)
Fixed interest securities	1,944	8,839			
Other financial assets	765	2,925	<b>Net after tax contributions</b>	<b>17,701</b>	<b>18,320</b>
Deferred tax assets	13	19	Benefits to members	(82,370)	(89,590)
<b>Total assets</b>	<b>139,850</b>	<b>208,518</b>	Insurance premiums charged to members' accounts	(545)	(690)
<b>Liabilities</b>			Death & disability benefits credited to members' accounts	-	191
Accounts payable	349	247	<b>Reserve transferred to/(from) members:</b>		
Current tax liabilities	626	53	Expense reserves		
Deferred tax liabilities	767	1,421	Operational risk reserves	-	-
<b>Total liabilities excluding member benefits</b>	<b>1,742</b>	<b>1,721</b>	<b>Net benefits allocated, comprising:</b>		
<b>Net assets available for member benefits</b>	<b>138,108</b>	<b>206,797</b>	Net investment income	(1,547)	17,330
Defined contribution member liabilities	136,369	204,387	Net administration fees	(1,092)	(2,060)
<b>Total net assets</b>	<b>1,739</b>	<b>2,410</b>	Net adviser fees	(1,168)	(1,823)
<b>Equity</b>			Net tax credit	1,003	169
Expense recovery	1,026	1,693	<b>Closing balance as at 30 June</b>	<b>136,369</b>	<b>204,387</b>
Operational risk reserve	713	717			
<b>Total equity</b>	<b>1,739</b>	<b>2,410</b>			



**Powerwrap**<sup>TM</sup>

**THE POWERWRAP MASTER PLAN**

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**FUND TRUSTEE**

Diversa Trustees Limited

ABN 49 006 421 638

AFSL Number: 235153 RSE Licence Number L0000635

GPO Box 3001 Melbourne VIC 3001

Phone: (03) 9097 2800

**Please address all inquiries and correspondence to:**

**FUND PROMOTER**

Powerwrap Limited

ABN 67 129 756 850

AFSL 329829

Contact: Client Service Officers

Level 7, 356 Collins Street Melbourne VIC 3000

Phone: (03) 8681 4600

Fax: (03) 8681 4699

E-mail: [clientservices@powerwrap.com.au](mailto:clientservices@powerwrap.com.au)