



## THE POWERWRAP MASTER PLAN

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# ANNUAL REPORT AS AT 30 JUNE 2016

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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 2016 and 'Important Notes'.

This Annual Report is issued by Diversa Trustees Limited formerly called The Trust Company (Superannuation) Limited ABN 49 006 421 638, AFS Licence number 235153, RSE Licence number L0000635 as Trustee of the Fund.

# Contents

Page

|   |   |
|---|---|
| About the Trustee .....                         | 3 |
| About the Fund.....                             | 3 |
| Compliance.....                                 | 3 |
| Contacting the Fund.....                        | 3 |
| Why contact the Fund .....                      | 3 |
| Indemnity Insurance .....                       | 3 |
| Investments and Risks .....                     | 3 |
| Investment Performance.....                     | 5 |
| Use of Financial Derivatives .....              | 5 |
| Fund Asset Allocation .....                     | 5 |
| Single Investments Exceeding 5% of Assets ..... | 5 |
| Allocation of Investment Earnings.....          | 5 |
| Expense Reserve .....                           | 5 |
| Eligible Rollover Fund.....                     | 6 |
| Payment of Unclaimed Monies to the ATO.....     | 6 |
| Superannuation surcharge tax.....               | 6 |
| Audited Accounts.....                           | 6 |
| Abridged Financial Statements .....             | 7 |

# ANNUAL REPORT FOR THE FUND FOR THE YEAR ENDED 30 JUNE 2016

## Welcome

We are pleased to issue the Annual Report for The Powerwrap Master Plan (Fund) for the year ended 30 June 2016.

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. On 1 July 2016, the Trustee changed its name from The Trust Company (Superannuation) Limited to Diversa Trustees Limited. This has no impact to members and all other trustee details remain unchanged.

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

The directors of the Trustee at the end of the reporting period were as follows:

M. Cerché (Chairperson), appointed 1 September 2014  
M. Jones, appointed 1 September 2014  
A. de Vries, appointed 1 September 2014  
V. Parrott, appointed 1 September 2014  
L. Barrett, appointed 23 June 2016

## 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) is the Investment Administrator and Promoter of the Fund. As Investment Administrator, Powerwrap Limited provides a comprehensive, sophisticated and flexible investment service through which the Fund's investments are made. Investments in Managed Funds and Model Portfolios are made via the Powerwrap Investment Account, a registered Managed Investment Scheme of which Powerwrap Limited is the Responsible Entity. Powerwrap Limited also provides investment consulting services.

## 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 2015/16.

## 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](mailto:clientservices@powerwrap.com.au)  
Website : [www.powerwrap.com.au](http://www.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).

## 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.

## Investments and Risks

### Investment Objectives and Strategies

The general investment objectives of the Fund are:

- To offer members a range of different investment options by return potential, risk profile and style to suit their individual circumstances and promote diversification of member strategies.
- To achieve competitive investment returns for its members commensurate with risk.

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 issued by Approved Deposit Institutions (ADIs).
- 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 Managed Portfolios.
- Ensure that the Managed Funds offered to members maintain an appropriate "Investment Grade" standard.
- Monitor investment return performance.

## 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;
- 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;
- IDPS like schemes approved by ASIC;
- Deposits lodged with an Australian Deposit-Taking Institution;
- Cash management accounts;
- Cash management trusts;
- Model portfolios.

For Managed Funds, the objective of this investment option is to provide members with a combination of income and growth assets

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 |
|--------------------------|---|--|
| <b>Cash</b>              | Cash  | 1 - Very Low                               |
| <b>Term Deposits</b>     | Term deposits   | 1 - Very Low                               |
| <b>Fixed interest</b>    | 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                         |
| <b>Real assets</b>       | 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                         |
| <b>Alternatives</b>      | 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                                   |
| <b>Australian shares</b> | Australian equity                                     | 6 - High                                   |
|                          | Australian equity - small cap                         | 6 - High                                   |
|                          | Australian equity - geared                            | 7 - Very High                              |
| <b>Global shares</b>     | 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                              |
| <b>Diversified</b>       | 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                          |
| <b>Listed securities</b> | Australian securities                                 | 7 - Very high                              |
|                          | Interest rate securities                              | 5 - Medium to high                         |
|                          | International securities                              | 7 - Very high                              |

over the longer term which can be accessed through Managed Funds registered by ASIC.

For the investment in IDPS like schemes approved by ASIC: the objective of the investment option and the risk profile will be determined by the member's choice of the IDPS underlying investments approved by the Trustee for investment by Plan members.

For the investment in 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 Plan members.

For all securities listed within the All Ords Index and other securities such as Exchange Traded Funds (ETF), Exchange Traded Commodities (ETC), Hybrid Securities, Bonds and Listed Investment Companies, the objective of this investment option 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 of this investment option 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 of this investment option is to provide members with a secure income over a selected term. ADIs include banks, building societies and credit unions.

## 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 investment options held by members as at 30 June 2016 are 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

|                        | 2016  | 2015  |
|------------------------|-------|-------|
| Cash and Equivalents*  | 18.2% | 15.0% |
| Fixed Interest         | 29.5% | 29.4% |
| Property               | 9.4%  | 7.2%  |
| Australian Equities    | 24.9% | 33.2% |
| International Equities | 16.7% | 14.1% |
| Alternatives**         | 1.3%  | 1.1%  |

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

\*\* Alternatives 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 | 13.0              |

## 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

As part of the Stronger Super reforms, all superannuation funds are required to establish and maintain an Operational Risk Reserve (ORR) to specifically cover potential losses arising from operational risks that may affect the Funds' business operations. An operational risk is the risk of a loss resulting from inadequate or failed internal processes, people and systems, or from external events. The ORR may be drawn upon to assist in compensating members or the Fund in the event of an operational risk occurring.

The ORR is maintained in line with the Plan's ORR Plan, however if there are insufficient funds to maintain the ORR, additional funds may be allocated from the expense reserve or from additional one-off fee deductions from member's accounts or via trustee capital.

The ORR funding is fully invested in the Fund Cash Account.

Changes in the operational risk reserve for the last three years:

|  | 2016    | 2015 | 2014 |
|--|---------|------|------|
| Reserve balance at the beginning of the reporting period | -       | -    | -    |
| Plus: Transfers into reserve                             | 760,513 | -    | -    |
| Plus: Earnings on reserve                                | 8,652   | -    | -    |
| Less: Transfers out of reserve                           | -       | -    | -    |
| Less: Losses on reserve                                  | -       | -    | -    |
| Reserve balance at the end of the reporting period       | 769,165 | -    | -    |

## Expense Reserve

The expense reserve is an allowance for costs relating to expenses of the Fund not covered by the expense recovery of up to \$100 p.a. deducted from member accounts. Transfers into the reserve include income, RITC and recovery of capital gain tax losses of members who have left the Fund. Transfers out include general Fund costs such as storage costs of archived Fund records and the costs involved in issuing annual member statements.

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 recovery.

The expense reserve is fully invested in the Fund Cash Account.

Movement for the last three years.

|                  | Transfers In | Transfers Out | Balance |
|------------------|--------------|---------------|---------|
|                  | \$           | \$            | \$      |
| Balance 1.7.13   |              |               | 4,607   |
| 2013/14 Movement | 14,984       | 6,906         | 12,685  |
| 2014/15 Movement | 56,393       | 4,589         | 64,489  |
| 2015/16 Movement | 4,021        | 24,138        | 36,330  |

## Eligible Rollover Fund

Subject to any requirement on the Trustee to transfer lost accounts to the Australian Taxation Office (ATO), your benefits may be automatically transferred to an eligible rollover fund (ERF) if one of the following circumstances arises:

- You have left employment and have not, within 90 days thereof, instructed the Trustee to pay your benefit to you (where permissible under preservation restrictions) or to another superannuation arrangement.
- You become “lost”. You may be considered lost if there have been no contributions or rollovers on your behalf for at least 5 years or one piece of fund documentation or correspondence to you has been returned unclaimed.

The Trustee’s nominated ERF is the Super Money Eligible Rollover Fund (SMERF) (ABN 94 334 023 289).

The contact details of SMERF are:

SMERF  
PO Box A2499  
Sydney South, NSW 1235  
[www.smerf.com.au](http://www.smerf.com.au)

If your superannuation benefits are transferred to SMERF, your personal information will be passed on to SMERF so they can establish and administer your account.

Once your benefit is transferred to the ERF you become a member of the ERF and cease to be a member of the Fund. Any insurance cover applicable to you in the Fund will also cease.

The ERF has different investments and fees and costs to the Fund. The ERF does not provide insurance cover. If you would like further information about the features of the ERF, contact the SMERF for a copy of SMERF’s product disclosure statement.

Diversa Trustees Limited is also the trustee of SMERF and receives remuneration in this capacity.

## Payment of Unclaimed Monies to the ATO

Under Federal Government (Unclaimed Money) legislation, there are a number of circumstances in which superannuation must be paid to the Australian Taxation Office as unclaimed money including inactive benefits of an uncontactable member who has reached age 65 and certain benefits of ‘lost members’.

The following accounts of ‘lost’ members must be paid to the Australian Taxation Office as unclaimed money:

- account balances of less than \$4,000 (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 Australian Taxation Office as unclaimed money where it has been at least six months since they have departed Australia and their visa has lapsed AND the Australian Taxation Office issues a notice to the Fund requesting the benefit be paid to the Australian Taxation Office. If this happens, you have a right, under the Government’s legislation, to claim your super money directly from the Australian Taxation Office (subject to the applicable tax rates).

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

## Superannuation surcharge tax

While the superannuation surcharge was abolished with effect from 1 July 2005, the ATO may still issue assessments in relation to previous years. Any amounts deducted by the Fund in relation to the superannuation surcharge tax payable will be reflected in the Transaction section of your Annual Member Statement.

## 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 2016.

| <b>Operating Statement<br/>for the year ended 30 June 2016</b> |                   | <b>Statement of Financial Position<br/>as at 30 June 2016</b> |   |                    |                    |
|--|-------------------|---|---|--------------------|--------------------|
|  | <b>2016</b>       | <b>2015</b>   |   |                    |                    |
|  | <b>\$</b>         | <b>\$</b>   |   |                    |                    |
| <b>Investment Revenue</b>                                      |                   |   | <b>ASSETS</b>                                   |                    |                    |
| Interest   | 1,279,789         | 1,255,160   | <b>Cash and cash equivalents</b>                |                    |                    |
| Distributions  | 10,989,258        | 9,228,892   | Cash at bank                                    | 48,910,747         | 36,623,363         |
| Changes in net market values                                   | (2,187,717)       | 5,690,687   | <b>Trade and other receivables</b>              |                    |                    |
|  | <b>10,081,330</b> | <b>16,174,739</b>   | GST receivable                                  | 6,527              | 62                 |
|  |                   |   | Other receivable                                | 6,015,917          | 3,415,549          |
| <b>Contributions Revenue</b>                                   |                   |   | <b>Investments – Financial assets</b>           | 232,972,370        | 231,573,693        |
| Concessional contributions                                     | 8,287,842         | 6,965,586   | <b>Tax Assets</b>                               |                    |                    |
| Non-concessional contributions                                 | 10,150,704        | 9,912,936   | Income tax refund due                           | -                  | 177,580            |
| Transfers in   | 29,329,813        | 49,698,778  | Deferred tax asset                              | 24,407             | 28,717             |
|  | <b>47,768,359</b> | <b>66,577,300</b>   | <b>Total Assets</b>                             | <b>287,929,968</b> | <b>271,818,964</b> |
| <b>Insurance Recovery</b>                                      | -                 | 485,180   | <b>LIABILITIES</b>                              |                    |                    |
|  | <hr/>             | <hr/>   | <b>Trade and other payables</b>                 |                    |                    |
| <b>Total Revenue</b>   | <b>57,849,689</b> | <b>83,237,219</b>   | Accounts payable                                | 304,986            | 375,901            |
| Less:  |                   |   | Unsettled investment purchases                  | -                  | 1,137,475          |
| <b>General Administration Expenses</b>                         |                   |   | <b>Tax liabilities</b>                          |                    |                    |
| Adviser  | 2,611,224         | 2,413,734   | Income tax payable                              | 221,855            | -                  |
| Distributor fees   | 71,400            | 66,472  | Deferred tax liabilities                        | 609,725            | 806,888            |
| Plan management fees   | 1,193,052         | 969,648   | <b>Total Liabilities</b>                        | <b>1,136,566</b>   | <b>2,320,264</b>   |
| Insurance premiums   | 1,335,206         | 1,108,102   | <b>NET ASSETS AVAILABLE<br/>TO PAY BENEFITS</b> | <b>286,793,402</b> | <b>269,498,700</b> |
| Expense recovery   | 84,748            | 89,694  | <b>Represented by:</b>                          |                    |                    |
| Trustee fees   | 163,306           | 136,910   | <b>Liability for Accrued Benefits</b>           |                    |                    |
| Other  | 13,943            | 5,488   | Allocated to members' accounts                  | 285,987,907        | 269,434,211        |
|  | <hr/>             | <hr/>   | Operational risk reserve                        | 769,165            | -                  |
| <b>Total Expenses</b>  | <b>5,472,879</b>  | <b>4,790,048</b>  | Expense recovery reserve                        | 36,330             | 64,489             |
| <b>Benefits accrued before Income Tax</b>                      | <b>52,376,810</b> | <b>78,447,171</b>   |   | <hr/>              | <hr/>              |
| <b>Income Tax expense</b>                                      | <b>49,178</b>     | <b>919,336</b>  |   | <b>286,793,402</b> | <b>269,498,700</b> |
| <b>Benefits accrued after Income Tax</b>                       | <b>52,327,632</b> | <b>77,527,835</b>   |   |                    |                    |



## 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) 9616 8600

Facsimile: (03) 9642 4876

Please address all inquiries and correspondence to:

### FUND PROMOTER

Powerwrap Limited

ABN 67 129 756 850

AFSL 329829

Contact: Client Service Officers

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