



## Praemium SMA Superannuation Fund

*Annual Report for the year ended 30 June 2016*

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Praemium SMA Superannuation Fund

ABN: 75 703 857 864

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## Praemium SMA Superannuation Fund (“Fund”)

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Trustee – Diversa Trustees Limited	Fund
<b>ABN:</b> 49 006 421 638, <b>AFSL:</b> 235153	<b>ABN.:</b> 75 703 857 864
<b>RSEL No.:</b> L0000635	<b>Registration No.:</b> R1074352
<b>Address</b> Level 20, 357 Collins Street Melbourne, VIC 3000	<b>Address</b> PO Box 322 Collins Street West VIC 8007

This Annual Report should be read in conjunction with the annual member statement recently provided to you, which shows your member entitlement in the Fund as at 30 June 2016. If you would like a hard copy of this Annual Report sent to you free of charge, please contact us on 03 8622 1222.

This Annual Report is issued by the trustee of the Fund, Diversa Trustees Limited (Trustee). Neither the Trustee, any underlying investment manager nor other service provider to the Fund guarantee your account or the investment performance of any investment options offered, specific investments or the repayment of capital. Investments in the Fund are subject to economic conditions and investment risk including loss of income and capital invested. The information is of a general nature only and has been prepared without taking into account your investment objectives, financial situation and needs. Before making any investment or other decisions in relation to the Fund you should consider obtaining professional financial advice from a licensed or authorised financial adviser.

### 1 Fund Investments and Performance

There are several investment strategies in the Fund as outlined below. **Unless otherwise specified**, the information in this Annual Report relates to the Fund as a whole, which is referred to as the Praemium SMA Superannuation Fund (**‘Fund’**).

The information is intended to provide an understanding of the management, financial condition and investment performance that is applicable to members participating in the Fund.

The Fund invests in listed shares and interest bearing securities, managed funds and cash.

The risk profile of an investment in the Fund will depend on the Model Portfolio chosen. The risk of an investment is measured by the likely fluctuations (that is, rises and falls) in returns.

Refer to the current Product Disclosure Statement (**PDS**) for the Fund for more detailed information about these investment strategies and investment risks. The PDS is available by contacting us on 03 8622 1222 or on our website at [www.praemium.com.au/supersma](http://www.praemium.com.au/supersma).

In general, the higher the expected returns, the higher the risks associated with an investment. Please note, past investment performance is not a reliable indicator of future investment performance.

## 2 Separately Managed Accounts

When you invest in the Fund a "Fund Account" is established for you which is linked to a Separately Managed Account (SMA) in the registered Managed Investment Scheme in which the Trustee invests. The SMA holds your investment portfolio.

Your investment portfolio can be constructed by using a range of available investment strategies and Model Portfolios that you select with your Appointed Financial Adviser. Members can only join the Fund if they have a financial adviser.

## 3 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) to be made available via Separately Managed Accounts.
- Provide members with access to a range of Model Portfolios.
- Ensure that the Managed Funds offered to members maintain an appropriate "Investment Grade" standard.
- Monitor investment return performance.

The Fund provides Members with range of investment strategies including:

- Australian Equities
- International Equities
- Property
- Alternative
- Ethical
- Diversified
- Fixed Income
- Cash.

Each investment strategy offers one or more Model Portfolios (or "investment options"), with specific objectives. The objectives are not a forecast or guarantee of any particular return but a benchmark against which the Trustee assesses the performance of the Fund's investments.

Numerous Model Portfolios are available via the Praemium SMA Superannuation Fund and are outlined in the "Investment Guide". For information about the underlying investment managers in these investment options, please refer to the latest PDS available on request by calling us on 03 8622 1222 or from our website at [www.praemium.com.au/supersma](http://www.praemium.com.au/supersma).

## 4 Investment management

In determining the investment strategies and Model Portfolios made available to Members, the Trustee seeks professional investment advice and takes into account superannuation legislation (including ensuring that adequate assets are kept in cash to meet all current liabilities) and the distribution mechanism for the Praemium SMA Superannuation Fund. This professional investment advice is provided to the Trustee by Praemium Australia Limited in its capacity as Asset Consultant to the Fund.

## 5 Gross Assets of the Fund

As at 30 June 2016, all assets of the Fund were invested either in the Fund bank account or in a registered managed investment scheme managed by either Praemium Investment Management (Australia) Limited (ABN 13 006 165 975, AFSL No. 230523) or Ventura Investment Management Limited (ABN 49 092 375 258, AFSL No. 253045). The managed investment schemes invest across a range of asset classes.

The value of each class and the percentage that it represents of the Fund's Assets are set out below:

	30 June 2016		30 June 2015	
	% of Fund Assets	Amount \$'000	% of Fund Assets	Amount \$'000
Cash and liquids	1.42%	4,205	1.16%	1,015
Managed investment scheme	97.90%	289,456	98.12%	85,750
Other*	0.68%	1,992	0.72%	628
<b>Total Assets</b>	<b>100.00%</b>	<b>295,653</b>	<b>100.00%</b>	<b>87,393</b>

\* Other includes deferred tax assets, accounts receivables and sundry assets.

## 6 Significant Investments

As at 30 June 2016 assets held which individually represent greater than five (5) per cent of the total assets of the Fund or the ten (10) highest percentage of the total assets (taking into account all products offered from the Fund), were as follows:

Asset	%	\$'000
Cash	13.02	38,501
ISHARES CORE COMPOSITE BOND ETF	7.96	23,538
BETASHARES AUSTRALIAN HIGH INTEREST CASH ETF	5.99	17,712
MORNINGSTAR INTERNATIONAL SHARES HDGD	5.13	15,176
ISHARES MSCI JAPAN ETF	3.49	10,327
ISHARES EUROPE ETF	3.49	10,310
MUTUAL CASH TERM DEPOSITS & BANK BILLS	3.29	9,715
MORNINGSTAR INTERNATIONAL BONDS HDGD	3.25	9,609
PIMCO DIVERSIFIED FIXED INTEREST	2.79	8,235
ISHARES MSCI EMERGING MARKETS ETF	2.66	7,855

## 7 Allocation of Earnings

The net return achieved by the Model Portfolios selected by a Member, after taking into account gains or losses of a revenue or capital nature, any applicable expenses or tax, and interest on the cash holdings in respect of a Member, is passed on to the Member.

Taxes relating to investment income and capital gains are applied at the Fund level. To the extent practicable, the effect of these taxes is passed on to Members based on the individual investments in their SMA, however this may not occur in all circumstances or may be based on reasonable estimates. Members who leave the Fund will not receive the benefit of un-recouped capital losses.

The value of a Member's Fund Account will reflect the performance of underlying investments attributable to the Member's SMA, based on market valuations provided as at the close of business on the previous day. Updated valuations of your SMA will generally be available online each Business Day (see the current PDS for more information about available online reports). Income and distributions from investments will be accrued in your cash holding in the SMA until re-invested in a Model Portfolio.

Refer to the current PDS for more detailed information about calculation of earnings. The PDS is available by contacting us on 03 8622 1222.

Refer to your annual member statement for information about the gross investment performance of each of the Model Portfolios, as well as the net investment performance for your portfolio of investments.

## 8 Derivatives

The Fund will not directly invest in instruments that are, or appear like, derivatives arising from its investment activities, however derivatives may be utilised by external managers of underlying investments in some Model Portfolios. Derivatives are generally contracts that call for money to change hands at some future date, such as company issued options or listed exchange traded warrants or foreign exchange contracts. While derivatives may be used in a portfolio, they are not permitted for gearing or speculative purposes.

Refer to the current PDS for information about which Model Portfolios may utilise derivatives. The PDS is available by contacting us on 03 8622 1222.

## 9 Reserves

### Operational Risk Reserve

The Federal Government as part of its Stronger Super reforms has imposed a requirement for funds from 1 July 2013 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 having materialised.

The ORR is currently invested in the Smart Investment Defensive Model Portfolio within the registered managed investment scheme managed by Praemium Investment Management (Australia) Limited.

The Trustee will implement the ORR through the following means:

- retaining interest earned in the fund bank account/s and contribute to the building of the ORR;
- Implementing a direct member fee.

The movement of the ORR for the last three years (in \$'000) is as follows:

	Transfers in during year	Balance at year end
1 July 2014	\$0	\$0
1 July 2015	\$3	\$3

1 July 2016	\$84	\$87
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Refer to the current Product Disclosure Statement (PDS) for the Fund for more detailed information about the Operational Risk Reserve. The PDS is available by contacting us on 03 8622 1222

## 10 Financial Statements

The audit of the Praemium SMA Superannuation Fund for the period ended 30 June 2016 has been completed and the Auditor has issued an unqualified opinion on the fund's financial statements. You may obtain a copy of the audited accounts and the auditor's report by calling us on 03 8622 1222.

The following abridged financial information has been taken from the audited financial statements for the Praemium SMA Superannuation Fund for the year ended 30 June 2016 as it relates to the Fund:

### Statement of Financial Position as at 30 June

#### Investments

Managed investment schemes

2016

\$'000

289,456

289,456

2015

\$'000

85,750

85,750

#### Other Assets

Cash and cash equivalents

4,205

1,015

Receivables

1,992

577

Deferred tax asset

-

51

6,197

1,643

#### Total Assets

295,653

87,393

#### Liabilities

Investment Purchase Payable

1,321

2,585

Current tax liabilities

727

54

Deferred tax liabilities

220

-

Other payables

203

223

#### Total Liabilities

2,471

2,862

#### Net Assets

293,182

84,531

#### Represented by:

#### Liability for Accrued Benefits

Allocated to members' accounts

293,095

84,528

Operational Risk Financial Requirement

87

3

#### Total Liability for Accrued Members' Benefits

293,182

84,531

## Operating Statement for Year Ended 30 June

	2016 \$'000	2015 \$'000
<b>Revenue</b>		
Investment revenue	6,140	1,437
Member Contributions	20,096	6,731
Employer Contributions	6,392	1,334
	<hr/>	<hr/>
Benefits transferred in	132,877	49,884
Pension transferred in	104,316	33,630
Other revenue	3	7
<b>Total Revenue</b>	<hr/> <b>269,824</b> <hr/>	<hr/> <b>93,023</b> <hr/>
<b>Expenses</b>		
Investment Management Expense	1,524	315
Insurance premiums	786	430
Advice Fees	2,595	977
	<hr/>	<hr/>
	<b>4,905</b>	<b>1,722</b>
	<hr/>	<hr/>
Benefits accrued as a result of operations before income tax	264,919	91,301
Income tax expense	1,011	8
<b>Net benefits accrued as a result of operations</b>	<hr/> <b>263,908</b> <hr/>	<hr/> <b>91,293</b> <hr/>

## 11 Fund Management and Administration

### The Fund

The Praemium SMA Superannuation Fund is sponsored by Praemium Australia Limited (ABN 92 117 611 784).

The Praemium SMA Superannuation Fund was established by a governing trust deed and rules dated 15 September 2011, as amended from time to time.

The aim of the Fund, in simple terms, is:

- To provide a secure, flexible, and transparent way for its Members to save for their retirement taking into account the financial advice provided to Members by their Appointed Financial Adviser.
- To maintain administrative and operational systems that will provide excellence in customer service and quality to all Members of the Fund.
- To generate solid returns for its Members over the medium to long term, by utilising the strengths of an experienced investment provider and to build a strong financial foundation for all superannuation Members and their individual requirements.

### The Trustee

Diversa Trustees Limited (ABN 49 006 421 638, AFSL No. 235153, RSE Licence Number L0000635) is the Trustee of the Fund and is responsible for making sure the Fund is run in accordance with the Trust Deed and governing legislation. The Trustee works on members' behalf to ensure the best possible management and performance by the Fund and the Trustee's first and foremost responsibility is to protect and advance the interests of the Fund's members. Diversa Trustees Limited is the issuer of this Annual Report.

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 directors of the Trustee at the end of the reporting period were:

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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

## Indemnity Insurance

The Trustee has a professional indemnity insurance policy to indemnify the Trustee and its Directors in case of certain losses due to a claim against the Trustee. Not all losses are covered by the insurance policy and the extent of any indemnity is subject to the terms of that policy.

## Service providers

The Trustee uses a number of professional service providers to ensure the Fund operates as efficiently as possible and in relation to the Fund's investments. These may change at the discretion of the Trustee from time to time. Service providers include:

### Administrator

Grosvenor Pirie Management Limited (AFSL: 238184)

### Custodian

RBC Investor Services Trust (ABN: 75 116 809 824)

## Transfers to an Eligible Rollover Fund (ERF)

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 Praemium SMA Superannuation Fund. Any insurance cover applicable to you in the Praemium SMA Superannuation Fund will also cease.

The ERF has different investments and fees and costs to the Praemium SMA Superannuation 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.

## Disclosure of Interest

Diversa Trustees Limited is also the trustee of Super Money Eligible Rollover Fund (SMERF) (ABN 94 334 023 289) and receives remuneration in this capacity.

## 12 Other Information

### General

If you have any queries about the Fund's operations please contact us on Phone: 03 8622 1222 , during office hours, or write to us at Praemium SuperSMA, PO Box 322, Collins Street West, Victoria 8007.

You also should find most information that you need to know about the Fund in the current PDS, in this Annual Report and in your Annual Member Statement. A copy of the latest PDS is available on request or on our website at [www.praemium.com.au/supersma](http://www.praemium.com.au/supersma). You have the right to inspect or request copies of information about the Fund including the following:

- Trust Deed
- APRA Annual Returns
- Audited Financial Accounts and Auditor's Reports.

Requests should be in writing and addressed to the Trustee as stated above.

### Enquiries and Complaints

If you have an enquiry or complaint, please call us on 03 8622 1222 and we will work with you to resolve your complaint as soon as possible. If you are not satisfied with the way your matter is handled, please write to us at: Praemium SuperSMA, PO Box 322, Collins Street West, Victoria 8007.

If you are still not satisfied with the way we handle your complaint or its resolution or we have not responded to your complaint within 90 days, you may wish to contact the Superannuation Complaints Tribunal (SCT). You can contact the SCT on 1300 884 114 for the cost of a local call, or address any correspondence to the SCT at: Superannuation Complaints Tribunal, Locked Bag 3060, MELBOURNE VIC 3001.

### Contributions surcharge

During the reporting period, we may have received a surcharge assessment from the Australian Taxation Office (ATO). The amount payable in respect of members is deducted from the relevant member's account and remitted to the ATO.

### Former Temporary Residents' Superannuation

The Trustee has an obligation to pay unclaimed superannuation of a non-resident to the Commissioner of Taxation under Division 3 of Part 3A of the Superannuation (Unclaimed Money and Lost Members) Act 1999. The Trustee relies on ASIC relief to the effect that the Trustee is not obliged to notify or give an exit statement to a non-resident in circumstances where the Trustee pays unclaimed superannuation to the Commissioner of Taxation. Also, please note that non-residents have a right to make application to the Commissioner of Taxation in order to claim the unclaimed superannuation under Division 4 of Part 3A of the above mentioned Act. For further information, go to

[www.ato.gov.au](http://www.ato.gov.au) or contact the Australian Taxation Office on 13 10 20.

### More information

Further information is available on request. For more information about the Fund please contact us on phone: 03 8622 1222 and ask for the current PDS or visit our website at [www.praemium.com.au/supersma](http://www.praemium.com.au/supersma) or write us to Praemium SuperSMA, PO Box 322, Collins Street West, Victoria 8007.

## Disclaimer

Reasonable care is taken to ensure that information is correct, but neither the Trustee nor its service providers accept responsibility for any errors, misprints or for anyone acting on this information. The Trustee reserves its right to correct any errors or omissions.

The terms of your membership in the Fund are set out in the Fund's Trust Deed and any applicable insurance policy. Should there be any inconsistency between the Annual Report and the Fund's Trust Deed, the terms of the Fund's Trust Deed will prevail.

The Trustee reserves the right to amend the terms and conditions of the Fund in accordance with the provisions of the Trust Deed and superannuation law. The Trustee may also withdraw the PDS and close the Fund.