



Praemium SMA Superannuation Fund

Annual Report for the year ended 30 June 2017

Praemium SMA Superannuation Fund

ABN: 75 703 857 864

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Praemium SMA Superannuation Fund (“Fund”)

Trustee – Diversa Trustees Limited	Fund
ABN: 49 006 421 638 AFSL: 235153	ABN: 75 703 857 864
RSEL No.: L0000635	Registration No.: R1074352
Address Level 20, 357 Collins Street Melbourne, VIC 3000	Address 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 2017. If you would like a hard copy of this Annual Report sent to you free of charge, please contact us on 1800 571 881.

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, via Model Portfolios.

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 1800 571 881 or on our website at 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 ("**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 Fund and are outlined in the "Investment Guide". For further information about these investment options, please refer to the latest PDS available on request by calling us on 1800 571 881 or from our website at 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). 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 2017, 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 2017		30 June 2016	
	% of Fund Assets	Amount \$'000	% of Fund Assets	Amount \$'000
Cash and liquids	2.24%	15,324	1.42%	4,205
Managed investment scheme	97.32%	665,012	97.90%	289,456
Other*	0.44%	3,019	0.68%	1,992
Total Assets	100.00%	683,355	100.00%	295,653

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

6 Significant Investments

As at 30 June 2017 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	16.74%	\$114,402,251.39
BETASHARES AUSTRALIAN HIGH INTEREST CASH ETF	7.79%	\$53,247,327.46
ISHARES CORE COMPOSITE BOND ETF	6.19%	\$42,298,723.88
MORNINGSTAR INTERNATIONAL SHARES HDGD	4.30%	\$29,353,202.32
ISHARES EUROPE ETF	3.30%	\$22,557,566.20
MORNINGSTAR INTERNATIONAL BONDS HDGD	2.81%	\$19,207,689.11
ISHARES MSCI EMERGING MARKETS ETF	2.52%	\$17,194,429.00
ISHARES MSCI AUSTRALIA ETF	2.46%	\$16,838,208.64
ISHARES MSCI JAPAN ETF	2.09%	\$14,289,435.38
ISHARES S&P ETF	1.74%	\$11,895,426.00
ISHARES GOVERNMENT INFLATION ETF	1.70%	\$11,638,035.84

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 1800 571 881.

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 1800 571 881.

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 2015	\$3	\$3
1 July 2016	\$84	\$87
1 July 2017	\$261	\$353

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 1800 571 881

10 Financial Statements

The audit of the Praemium SMA Superannuation Fund for the period ended 30 June 2017 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 1800 571 881.

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 2017 as it relates to the Fund:

Statement of Financial Position as at 30 June

Investments

Managed investment schemes

2017

\$'000

665,012

665,012

2016

\$'000

289,456

289,456

Other Assets

Cash and cash equivalents

15,324

4,205

Receivables

3,019

1,992

18,343

18,343

6,197

Total Assets

683,355

295,653

Liabilities

Investment Purchase Payable

9,300

1,321

Benefits Payable

820

34

Current tax liabilities

955

727

Deferred tax liabilities

1,156

220

Total Liabilities

12,231

2,302

Net Assets Available for Member Benefits

671,124

293,351

Member liabilities

665,017

293,095

Net Assets

6,107

256

Operational Risk Financial Requirement

353

87

Unallocated Surplus / (Deficit)

5,754

169

Total Liability for Accrued Members' Benefits

6,107

256

Statement of Changes in Member Benefits for Year Ended 30 June

	2017	2016
	\$'000	\$'000
Opening Balance of member benefits	293,095	84,531
Contributions		
Employer	13,925	6,392
Member	56,003	20,078
Government	69	18
Transfers in	326,720	237,193
Income tax on contributions	(2,866)	(707)
Total Revenue	393,851	262,974
Expenses		
Benefits to members	(40,738)	(55,341)
Insurance premiums charged to members' accounts	(1,462)	(786)
Death and disability benefits credit to members' accounts	-	81
Benefits allocated to members' accounts comprising:		
Net investment income	29,182	5,222
Net expenses	(8,877)	(3,501)
Other movements	227	-
Reserves transferred to / (from) members		
Operational Risk Reserve	(261)	(84)
Closing balance of member benefits	665,017	293,095

11 Fund Management and Administration

The Fund

The Fund is sponsored by Praemium Australia Limited (ABN 92 117 611 784) ("Praemium"). Praemium also act as the responsible entity of Praemium Separately Managed Accounts (ARSN 114 818 530), which is a registered managed investment scheme into which the Fund invests.

The 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 and interests in the Fund.

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

V. Plant (Chairperson), appointed 4 May 2017

K. Gibson, appointed 4 May 2017

M. Jones, appointed 1 September 2014

V. Parrott, appointed 1 September 2014

G. Wayling, appointed 4 May 2017

M. Cerché, appointed 1 September 2014, resigned 4 May 2017

L. Barrett, appointed 23 June 2016, resigned 4 May 2017

A. de Vries, appointed 1 September 2014, resigned 13 January 2017

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

OneVue Super Services Pty Ltd (ABN: 74 006 877 872)

Custodian

RBC Investor & Treasury Services (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 you become "lost" and the value of your account is less than \$6,000. You may be considered lost if your account has been inactive for a period of 12 months and the Trustee is satisfied, based on the information reasonably available to it, that it will never be able to pay the amount to the account holder.

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 1282

Albury, NSW 2640

Phone: 1800 114 380

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 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 SMERF 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: 1800 571 881, 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. 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 1800 571 881 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 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: 1800 571 881 and ask for the current PDS or visit our website at 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.