



Praemium SMA Superannuation Fund

Annual Report for the year ended 30 June 2018

Praemium SMA Superannuation Fund

ABN: 75 703 857 864

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1 About this annual report

This Annual Report is for members of Praemium SMA Superannuation Fund (Praemium or Fund) ABN 75 703 857 864 Registrable Superannuation Entity No: R1074352, and 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 2018. 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 has been issued by Diversa Trustees (the Trustee or Diversa Trustees or We) ABN 49 006 421 638, AFSL 235153 RSE Licence L0000635 as Trustee of Praemium SMA Superannuation Fund (Praemium or Fund). 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.

The current PDS for Praemium is available at www.praemium.com.au/supersma.

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

2 Report from the board of Trustees

“It has been a busy year with strong investment returns, and superannuation being at the forefront of Government review.”

On behalf of the Board, I welcome you to our annual report for the year to June 2018. Once again it has been a busy year with superannuation making front pages of the newspapers more times than usual.

Outcomes of the Royal Commission

The Royal Commission focussed on a number of areas including misconduct, overcharging of fees and fees for no service. At times, the revelations of the Royal Commission were shocking and deeply disappointing, for both the industry and every Australian.

Important for members

The Federal Government has tabled legislation which may impact members control of their super in the future. The legislation impacts both insurance and inactive members whose balance is less than \$6,000, and who have not made a contribution in 12 months or more. Should this legislation be enacted by the Federal Parliament, your best way of responding is to engage with Praemium, confirm that your contact details are up to date, which will ensure that you are not listed as a lost member, consider your insurance held and your future requirements, as well as consolidating your super. Details of your member account will be on your member statement available within your account via Member Online.



Vin Plant

Chair Diversa Trustees Board

3 The Trustee

Diversa Trustees Limited (the Trustee) ABN 49 006 421 638, AFSL 235153, RSE Licence Number L0000635, is the Trustee of Praemium. The Trustee is responsible for the ongoing management of the Fund. Diversa Trustees is a wholly owned subsidiary of OneVue Holdings Limited (OneVue). The Trustee employs specialist providers to help look after the Fund and its investments, which are outlined in the 'Directory' section at the end of this report.

The Trustee Board

The Board provides leadership and vision for the organisation and monitors investment strategies and returns for each product. It ensures compliance with all legislative and regulatory requirements, to give Praemium members security and peace of mind about their investments.

Board members

As at 30 June 2018, the composition of the Board is as follows.



Vin Plant – Chairman

BBus Fin, MBA, F Fin, MAICD

Vin Plant is a Sydney based financial services specialist and the chairman of the Diversa Trustees Board. Vin was appointed to the Diversa Trustee Board on 4 May 2017. He has served as a non-executive director on the PayPal Australia Board since 2009 and has been Chairman of PayPal's Audit & Risk Committee since 2010. A former investment banker, he was a Partner at HSW Capital from 2009 to 2010 and held various senior positions at Standard Chartered Bank from 1991 to 2008. Vin is a fellow of FINSIA and a member of the Institute of Company Directors.



Murray Jones – Director

Murray has worked within the financial services industry for over 20 years. He has provided advice on corporate governance and strategic planning issues to institutions; acted as an independent expert under ASIC enforceable undertakings; chaired audit risk and compliance committees; been appointed as a responsible manager for a number of AFS Licence holders spanning listed and unlisted fund managers and financial advisory businesses.

He is currently Managing Director of Compliance & Risk Services Pty Ltd which has acted for over 150 financial institutions in establishing and supporting financial services businesses. His company has also developed a web based software solution, CRSCertus, which is used by a number of prominent financial institutions to manage their risk and compliance obligations. Murray's expertise spans retail and wholesale funds management, securities operations, superannuation, insurance, corporate advisory and financial planning.



Garry Wayling – Director

BCom (Acctg), GAICD, ACA

Garry Wayling brings more than 30 years' experience in a professional services career to the Diversa Trustees Board. Gary was appointed to the Diversa Trustee Board on 4 May 2017. He is also a Director of OneVue and is widely regarded as a specialist in business planning, initial public offerings, due diligence and Sarbanes Oxley reviews.

His industry experience is broad encompassing large manufacturers, steelworks, major hotel chains, technology companies and IT start-ups. He has held various executive positions including Chief Financial Officer at Aston Resources Limited and Managing Director of CoalWorks Limited. Garry has also worked in external audit and advisory roles with Arthur Andersen and Ernst and Young where he was the Oceania Markets IPO Leader.

Garry is an independent Director of several companies including Eaton Vance Australia, AppDynamics Australia and Odyssey House. He is also an ex-officio member of the Board Audit Risk Committee for Mission Australia. An Associate Chartered Accountant, Garry is a Graduate of the Australian Institute of Company Directors.



Robyn FitzRoy – Non-Executive Director (Diversa Trustees only)

BA, MA, FAICD

Robyn was appointed to the Diversa Trustee Board on 21 December 2017. Robyn is a former Executive Director of Macquarie Bank Group where she initiated and ran a profitable direct distribution business for which she set up a business development call centre, a marketing intelligence/data analysis unit, an e-commerce platform and product development and management. She has an extensive background in marketing, business and governance with over 20 years' experience in the financial services industry.

She is also a non-executive director of the Self-Managed Super Fund Association and Gateway Bank. Committee involvement includes Chair of the Nominations & Remuneration Committee, and membership of Risk Committees and Audit Committees.

Robyn founded and is principal of her own governance consultancy which specialises in board and CEO performance evaluations. She is a former non-executive director of CUSCAL, Habitat for Humanity Australia and MLC School. Robyn is also an accredited facilitator and author of courses for the Australian Institute of Company Directors.

Note: Karen Gibson ceased to act as Director (Diversa Trustees only) on 20 December 2017. Vincent Parrott ceased to act as Director on 13 June 2018.

Remuneration

The directors of the Board did not receive and are not due any remuneration from the Fund in connection with the management of the Fund. Any Directors fees are paid by Diversa Trustees Limited.

Board committees

The Board of the Trustee is committed to strong principles of corporate governance, including continuous improvement of its performance and processes.

The following committees assist the Board, which in some cases involves engagement of external experts:

- Investment Committee
- Audit, Compliance and Risk Committee

No penalties were imposed this year on any responsible person under Section 38A of the Superannuation Industry (Supervision) Act 1993.

Professional Indemnity Insurance

Diversa Trustees has professional indemnity insurance to protect the Trustee, its directors and the Fund against certain losses or liabilities. The indemnity insurance cover is subject to the terms and conditions of the relevant policy and comply with the requirements of Section 912B of the Corporations Act 2001.

The Trust Deed

The governing rules of the Fund are set out in the Praemium Trust Deed. The Board has some powers to alter the Trust Deed. A copy of the Funds Trust Deed can be found online at www.praemium.com.au/supersma.

Compliance

Praemium is regulated and complies with the Superannuation Industry (Supervision) Act (1993) (SIS Act). The Fund lodges a return with APRA every year and has not received a notice of non-compliance from APRA. No penalties have been imposed in respect of the Fund under the relevant superannuation legislation.

4 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.

5 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.

6 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.

7 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.

8 Gross Assets of the Fund

As at 30 June 2018, 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 2018		*Restated 30 June 2017	
	% of Fund Assets	Amount \$'000	% of Fund Assets	Amount \$'000
Cash and liquids	0.89%	8,437	2.27%	15,324
Managed investment scheme	98.49%	938,810	97.28%	656,624
Other*	0.62%	5,948	0.45%	3,019
Total Assets	100.00%	953,195	100.00%	674,967

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

9 Significant Investments

As at 30 June 2018 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	10.47%	\$99,834
Ishares Core Composite Bond ETF	5.84%	\$55,689
Betashares Australian High Interest Cash ETF	4.32%	\$41,134
Ishares Core Cash ETF	4.26%	\$40,571
Morningstar International Shares Hdgd Z	3.44%	\$32,768
Morningstar Multi Asset Real Return Z	3.21%	\$30,605
Morningstar International Bonds Hdgd Z	3.07%	\$29,255
Ishares MSCI Japan ETF	2.67%	\$25,482
Ishares S&P Europe 350 ETF	2.64%	\$25,121
Vanguard Msci Index International Shares ETF	2.34%	\$22,326
Ishares Msci Australia 200 ETF	2.12%	\$20,199

10 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.

11 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.

12 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 2016	\$84	\$87
1 July 2017	\$261	\$353
1 July 2018	\$454	\$830

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

13 Financial Statements

The audit of the Praemium SMA Superannuation Fund for the period ended 30 June 2018 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 2018 as it relates to the Fund:

Statement of Financial Position as at 30 June

	2018	*Restated 2017
	\$'000	\$'000
Investments		
Managed investment schemes	938,810	656,624
	<u>938,810</u>	<u>656,624</u>
Other Assets		
Cash and cash equivalents	8,437	15,324
Receivables	5,948	3,019
	<u>14,385</u>	<u>18,343</u>
Total Assets	<u>953,195</u>	<u>674,967</u>

Liabilities		
Investment purchase payable	3,199	9,300
Benefits payable	522	820
Accounts payable and accrued expenses	223	-
Current tax liabilities	2,381	955
Deferred tax liabilities	3,314	1,156
Total Liabilities	9,639	12,231
Net Assets Available for Member Benefits	943,556	662,736
Member liabilities	938,730	655,717
Net Assets	4,826	7,019
Operational Risk Financial Requirement	830	353
Unallocated Surplus / (Deficit)	3,996	6,666
Total Liability for Accrued Members' Benefits	4,826	7,019

Statement of Changes in Member Benefits for Year Ended 30 June

	2018	*Restated 2017
	\$'000	\$'000
Opening Balance of member benefits	655,717	293,095
Contributions		
Employer	20,289	13,925
Member	32,818	56,003
Government	124	69
Transfers in	291,271	326,720
Income tax on contributions	(3,984)	(2,866)
Total Revenue	340,518	393,851
Expenses		
Benefits to members	(94,102)	(40,738)
Insurance premiums charged to members' accounts	(1,663)	(1,462)
Death and disability benefits credit to members' accounts	314	-
Benefits allocated to members' accounts comprising:		
Net investment income	53,387	29,182
Net expenses	(15,335)	(8,877)
Other movements	-	227
Reserves transferred to / (from) members		
Operational Risk Reserve	(454)	(261)
Unallocated surplus	1,260	(9,300)
Overstatement of prior year member liability	(912)	-
Closing balance of member benefits	938,730	655,717

14 Fund Management and Administration

The Fund and its sponsor

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.

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.

15 Other Information

What's new in Super

This update was compiled as at September 2018 and is subject to change. For up to date information relating to taxation of superannuation, go to www.ato.gov.au or contact the Fund.

Superannuation changes announced in the 2018 Federal Budget

Superannuation related changes announced in the recent May 2018 Federal Budget are designed to increase member protection and the flexibility of rules around superannuation. Some of the proposed changes (which have not yet been legislated) are:

- insurance in superannuation will move from default to an opt-in basis for any member with a balance below \$6,000, or who is under 25 years or with an inactive account (with no contributions in 13 months). These changes are to take effect from 1 July 2019. Members who are impacted have until then to decide whether to opt-in to their existing cover or allow it to terminate
- administration and investment fees charged by super funds will be capped at 3% pa of accounts with balances below \$6,000. Exit fees will be banned for all super accounts. These changes are to take effect from 1 July 2019
- individuals with multiple employers and with income exceeding \$236,157 will be able to nominate that wages from certain employers are not subject to SG from 1 July 2018 in order to avoid unintentionally breaching the \$25,000 concessional cap
- an exemption from the work test for voluntary contributions for individuals aged 65 to 74 with balances below \$300,000 in the first year they do not meet the work test requirements. (The contribution caps will still apply to the contribution.) These changes are to take effect from 1 July 2019
- superannuation fund trustees will be required to develop a retirement income strategy for fund members, which is aimed at supporting the Government's proposed comprehensive income product for retirement (CIPR) framework
- all inactive superannuation accounts (where no contribution has been received for 13 months) with a balances below \$6,000 will be required to be transferred to the Australian Taxation Office (ATO). ATO data-matching will be expanded to pro-actively reunite these with members' active accounts, where possible. The changes take effect from 1 July 2019
- the ATO will be provided additional funding to develop new integrity models and undertake additional compliance activity to alert individuals to the requirement that they comply with Notice of Intention to Deduct (NOI) requirements. This measure is proposed to commence from 1 July 2018.

Highlights of key superannuation changes from 1 July 2018

The Government has made a number of significant reform proposals in relation to superannuation, some of which have since been legislated and took effect (generally) from 1 July 2018.

Key changes include:

- from 1 July 2018, superannuation fund members will be able to 'carry-forward' any unused amount of the concessional contributions cap. Members will be able to access their unused concessional contributions cap on a rolling basis for five years. Amounts carried forward that have not been used after five years will expire. The first year in which superannuation fund members can access unused concessional contributions is 2019–20 (when unused concessional contributions for the 2018 – 19 year can be carried forward). Members will only be able to carry-forward their unused concessional contributions cap if their total superannuation balance at the end of 30 June of the previous financial year is less than \$500,000
- first home buyers will be able to withdraw voluntary superannuation contributions made from 1 July 2017 for a first home deposit. From 1 July 2017 individuals can contribute up to \$15,000 per year (subject to contribution caps). They will be able to withdraw up to \$30,000 (plus associated earnings) per person in total under the scheme. Withdrawals of contributions (and any associated deemed earnings) may be made from 1 July 2018
- a person aged 65 or over can contribute up to \$300,000 from the proceeds of the sale of their home as a non-concessional contribution into superannuation, from 1 July 2018. This is in addition to the maximum contribution otherwise permitted in super (but the transfer balance cap for conversion from the accumulation to retirement phase will still apply). This measure will apply to sales of a principal residence owned continuously by you and/or your spouse for the past 10 or more years and both members of a couple will be able to take advantage of this measure for the same home
- reforms to dispute handling arrangements have been legislated where the current external dispute resolution body for superannuation, the Superannuation Complaints Tribunal will be replaced with the Australian Financial Complaints Authority from 1 November 2018.

Superannuation changes revisited from 2017 Federal Budget

Total superannuation balance

The total superannuation balance cap was introduced on 30 June 2017, as a test to determine an individual's non concessional contributions cap and bring forward period. Essentially it is the total value of your accumulation and retirement phase interests including any rollover amounts across all of your superannuation providers calculated as at 30 June of each financial year. Excluding any contributions made with the proceeds of a personal injury compensation payment, it is indexed annually. And is \$1.6m for the year ending 30 June 2018.

Your total super balance is relevant when working out your eligibility for the:

- unused concessional contributions cap carry-forward
- non-concessional contributions cap and the two or three year bring-forward period
- government co-contribution
- tax offset for spouse contributions.

Concessional and non-concessional contribution caps

2018/2019 financial year

Concessional cap (CC) \$25,000*

* Caps are (indexed in line with the average weekly ordinary time earnings (AWOTE), and rounded down to the nearest \$2,500).

Since the 1st July 2017, you have been able to claim a tax deduction for your personal voluntary contributions to a complying superannuation fund up to the CC. Certain eligibility rules apply. Further guidance can be found at www.ato.gov.au.

2018/2019 financial year

Non-Concessional cap (NCC)

Annual (1 year) \$100,000**

3 year bring forward \$300,000***

** Available if you are aged 65 or under. (indexed to four times the annual concessional contributions cap). If total superannuation balance at 30 June 2018 is \$1.6m or more, NCC cap is nil.

*** This maximum amount will decrease if your total superannuation balance is over \$1.4m.

Non-concessional contribution restrictions

Members with a total super balance of \$1,400,000 or more on 30 June 2017 have restrictions on the amount that can be contributed to super. This includes:

- a reduced NCC
- a shorter bring forward period
- the inability to make any contributions if your total super balance is over \$1,600,000.

The bring-forward arrangement

If you are under 65 years of age, you may make non-concessional contributions of up to three times the annual non-concessional contributions cap in a single year by bringing forward your non-concessional contributions cap for a two or three-year period. If eligible, you automatically gain access to future-year caps known as the bring-forward arrangement.

Going forward into the 2018-19 financial year, to access the bring-forward arrangement:

- you must be under age 65 years of age for at least one day during the triggering year (the first year)
- your total superannuation balance must be less than \$1.5 million as at 30 June 2018
- the remaining cap amount for years two and three of a bring forward arrangement will be reduced to nil for a financial year if your total super balance is greater than or equal to the general transfer cap of \$1.6 million as at 30 June of the previous financial year.

The bring forward applies from 1 July of the first financial year where NCC's exceed \$100,000. Transition rules apply where bring forward was triggered in 2016/17 and total NCC's up to 30 June 2017 were less than \$540,000.

How the bring-forward arrangement works

Total super balance at 30 June 2017	Max. non-concessional contributions cap for first year available	Bring-forward period
Less than \$1.4m	\$300,000	3 years
\$1.4m to less than \$1.5m	\$200,000	2 years
\$1.5m to less than \$1.6m	\$100,000	No bring-forward period, general concessional contribution cap applies
\$1.6m	Nil	N/A

Transfer balance cap

The transfer balance cap introduced a new limit on the amount of your accumulated super benefits that you can transfer or hold in retirement phase to support an income stream over the course of your lifetime. Starting at \$1.6m and in place since the 1st July 2017, it is indexed in line with the consumer price index (CPI). However, the indexation is based on the amount remaining of available cap space.

The transfer balance cap does not include transition to retirement (TRR) accounts, and there is no limit on the amount you can have in your accumulation super accounts.

The transfer balance cap works in a similar way to a bank account. Amounts transferred to the retirement phase give rise to a credit (an increase), and certain transfers out of the retirement phase give rise to a debit (a decrease) in your transfer balance account. You will be able to make multiple transfers into retirement phase accounts, as long as you have available cap space. After 1 July 2017, if your pension account(s) grow over time (through investment earnings to more than \$1.6 million), you will not exceed your cap. However, if your pension accounts go down over time, you cannot 'top up', if you have already used your cap.

What counts towards your transfer balance cap?

- The combined value of all superannuation pension accounts held in retirement phase.
- The value of other pensions or annuities must also be counted towards your cap, for example:
 - a superannuation pension you start to receive from a deceased spouse's superannuation account
 - a pension income you receive from a former spouse's superannuation pension as part of a family court settlement.

Although there is a limit on the amount of assets you can transfer into a tax free retirement phase (pension) account, this does not affect the amount you can have in the accumulation of taxable income phase of a super fund. Any amount can be held in super accumulation (taxable) phase, and/or be taken as lump sum payments.

Consider obtaining financial advice to assess your closeness to the total super balance and transfer balance cap, and to assist you to determine your ability to make further non-concessional contributions.

- This superannuation legislation update is a broad summary for general information purposes only. The application of some of the legislative changes can be complex. Further information on superannuation legislation changes can be found at www.ato.gov.au. We recommend that you speak to your financial adviser about how these and any other relevant superannuation changes may affect you. The implications depend on your personal circumstances.

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 Australian Financial Complaints Authority (AFCA). You can contact the AFCA on 1800 931 678 for the cost of a local call, or address any correspondence to the AFCA at:

Australian Financial Complaints Authority,
GPO Box 3,
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.