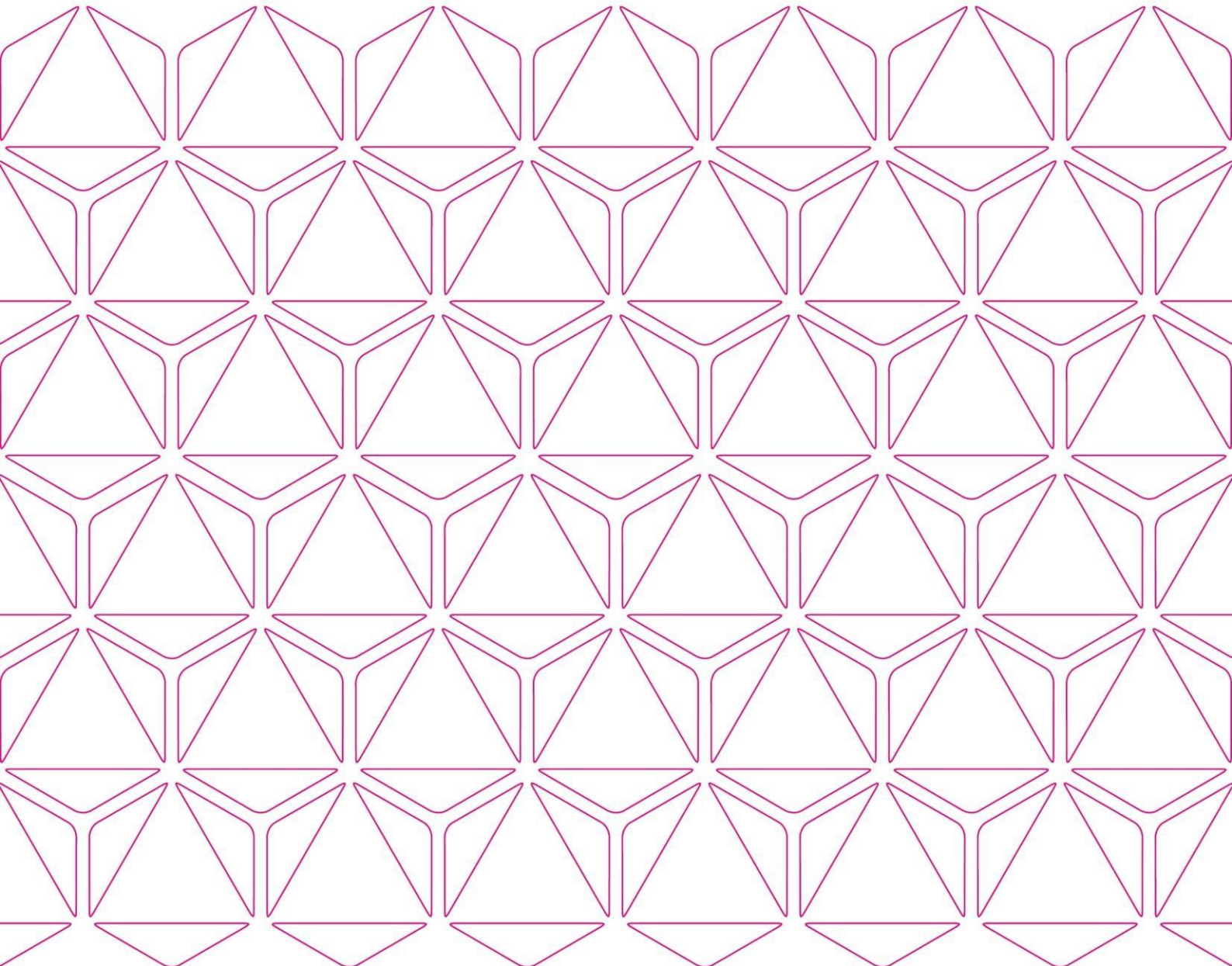


Praemium SMA Superannuation Fund



Annual Report for the year ended 30 June 2020



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1. About this Annual Report

This Annual Report is for members of Praemium SMA Superannuation Fund (Praemium, Praemium SuperSMA 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 2020. 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). Praemium Australia Limited ABN 92 117 611 784 is the Sponsor of the Praemium SuperSMA.

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, and PDS Guides for Praemium SuperSMA are available at <https://praemium.com/au/resources/>.

Trustee – Diversa Trustees Limited	The Praemium SuperSMA
ABN: 49 006 421 638 AFSL: 235153	ABN: 75 703 857 864
RSEL No.: L0000635	Registration No.: R1074352
Address Level 9, 287 Collins Street Melbourne, VIC 3000	Address PO Box 322 Collins Street West VIC 8007

2. Governance

The trustee of the Fund is Diversa Trustees Limited (Diversa Trustees, Trustee) and is responsible for the ongoing management of the Fund. As trustee, Diversa Trustees employ specialist providers to help look after the Fund and its investments which are outlined in Section 15 of this annual report.

As Trustee, Diversa Trustees aims to ensure that all legal and compliance obligations are properly met. It is responsible for compliance with the Trust Deed of the Fund, including ongoing satisfaction of legislative requirements, and monitoring of risk controls as specified in its' risk management framework.

In summary, the Trustee's role generally incorporates:

- fund registration,
- issue of disclosure documents,
- compliance monitoring against legislative and regulatory requirements, and
- risk management.

The names of the directors of the board of the Trustee as of 30 June 2020 are as follows:

- Vin Plant (Chair),
- Murray Jones,
- Robyn FitzRoy,
- Andrew Peterson, and
- Fiona McNabb.

Remuneration

The directors of the Board did not receive and are not due any remuneration from or 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, and
- Audit, Compliance, Risk and Remuneration 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 complies 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 Fund Trust Deed can be found online at <https://diversa.com.au/trustee/Praemium>.

Compliance

Praemium is regulated by 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.

Internal Auditor

The Trustee has appointed RSM Australia Pty Ltd, ABN 33 009 321 377 as the internal auditor of the Fund, to analyse and improve the controls and performance of the Fund. RSM Australia Pty Ltd can be contacted by writing to RSM Australia Pty Ltd, GPO Box 5138 NSW 2001. The Trustee may change internal auditors from time to time.

3. Fund Investments

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 SuperSMA.

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.

4. 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.

5. 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, and
- 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, and
- Monitor investment return performance.

The Fund provides members with range of investment strategies including:

• Cash	• Australian Equities
• Fixed Income	• International Equities
• Diversified	• Property
• Ethical	• Alternative

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.

6. 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.

7. Gross Assets of the Fund

As at 30 June 2020, all assets of the Fund were invested either in the Fund bank account or in a registered managed investment scheme managed by either Praemium Australia Limited (ABN 92 117 611 784, AFSL No. 297956) 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 2020		30 June 2019	
	% of Fund Assets	Amount \$'000	% of Fund Assets	Amount \$'000
Cash and liquids	0.80%	12,241	0.91%	11,588
Managed investment scheme	98.90%	1,512,452	98.10%	1,249,887
Other*	0.30%	4,601	0.99%	12,615
Total Assets	100.00%	1,529,294	100.00%	1,274,090

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

8. Significant Investments

As at 30 June 2020 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 Significant Investments – as at 30 June 2020	%	\$'000
Cash at Bank	12.11%	183,122
iShares Core Cash ETF - ETF Units Fully Paid	3.26%	49,333
iShares Core Composite Bond ETF - ETF Units Fully Paid	3.15%	47,625
Vanguard MSCI Index International Shares ETF - ETF Units Fully Paid	3.12%	47,202
VanEck Vectors Aus Equal Weight ETF	2.56%	38,658
iShares core S&P500 ETF	2.43%	36,726
Perpetual Diversified Real Return	2.42%	36,591
BetaShares Australian High Interest Cash ETF	2.33%	35,230
BetaShares Australia 200 ETF	2.31%	34,934
BetaShares Australian Bank Senior Floating Rate Bond ETF	1.61%	24,282

9. 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 unrecouped capital losses.

The value of a member's 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.

Note: For information about the gross investment performance of each of the Model Portfolios, as well as the net investment performance for your own portfolio of investments, please refer to your Annual Member Statement.

10. 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.

11. 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, and if applicable
- Implementing a direct member fee.

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

Operational Risk Reserve	Transfers in during year	Balance at year end
1 July 2018	\$454	\$830
1 July 2019	\$685	\$1,548
1 July 2020	\$664	\$2,258

Refer to the current Product Disclosure Statement (PDS) and PDS Guides for the Fund for more detailed information about the Operational Risk Reserve. The PDS is available by contacting us on 1800 571 881.

12. Financial Statements

The audit of the Praemium SMA Superannuation Fund for the period ended 30 June 2020 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.

Financial Statements Continued

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 2020 as it relates to the Fund:

Praemium SMA Superannuation Fund Abridged Financial Statements	2020	2019
	\$'000	\$'000
Assets		
• Cash and cash equivalents	12,241	11,588
• Investments held at fair market value	1,512,452	1,249,887
Receivables		
• Distributions and dividends receivable	4,601	11,862
Other assets		
• Current tax asset	-	753
Total Assets	1,529,294	1,274,090
Liabilities		
• Benefits payable	22	1,635
• Accounts payable and accrued expenses	2	9
• Current tax liabilities	1,180	-
• Deferred tax liabilities	2,858	7,214
• Due to brokers	4,010	2,665
Total Liabilities excluding member benefits	8,072	11,523
Net Assets available for member benefits		
• Defined contribution member liabilities	1,508,537	1,251,044
Total Net Assets	12,685	11,523
Equity		
• Operational Risk Reserve	2,258	1,548
• Unallocated surplus	10,427	9,975
Total Equity	12,685	11,523

13. Statement of Changes in Member Benefits

Statement of Changes in Member Benefits As at 30 June 2020	2020 \$'000	2019 \$'000
Opening balance of member benefits (as at 1 July)	1,250,756	938,730
Contributions:		
• Employer contributions	32,158	26,430
• Member contributions	54,707	36,042
• Government co-contributions	150	159
• Transfers in from other superannuation funds	369,778	338,809
• Less Income tax on contributions	(5,982)	(5,011)
Net after tax contributions	450,811	396,429
Benefits to members	(169,907)	(148,689)
Insurance premiums charged to member Accounts	(2,614)	(1,900)
Death & disability benefits credited to member Accounts	-	1,387
Reserve transferred to/(from) members:		
• Operational Risk Reserve	(664)	(685)
• Unallocated Surplus	1,137	(478)
Net benefits allocated comprising:		
• Net investment income	1,233	86,938
• Administration expenses	(22,215)	(20,976)
Closing balance of member benefits (as at 30 June)	1,508,537	1,250,756

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, and
- 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	Custodian
OneVue Super Services Pty Ltd ABN: 74 006 877 872 AFSL No 246883 PO Box 1282 Albury NSW 2640	HSBC Bank Australia Limited ABN 48 006 434 162
Auditor	
PricewaterhouseCoopers ABN: 52 780 433 757 Freshwater Place, 2 Southbank Boulevard, Southbank VIC 3006	

Transfers to an Eligible Rollover Fund (ERF)

Subject to any obligation to pay lost member benefits to the ATO, in situations where your member benefit is classified as lost super monies, there are circumstances in which the Trustee would pay a member benefit to an eligible rollover fund (ERF). An ERF receives and invests the entitlements of superannuation fund members in certain circumstances. The Trustee may transfer your superannuation benefit to the Plan's ERF if you become:

- an inactive member (that is, you joined the Plan more than 16 months ago, but in the previous 16 months there have been no contributions or rollovers credited to your account), or
- a lost member (that is, two items of written communication from the Plan have been sent to your last known address and have been returned unclaimed)

Being transferred to an ERF may affect your benefit because:

- you will cease to be a member of the Plan,
- any insurance cover you had with the Plan will cease, and
- you will become a member of SMERF and be subject to its governing rules.

The ERF currently selected by the Trustee is:

Super Money Eligible Rollover Fund (SMERF)	
Phone:	1800 114 380
Write:	PO Box 1282, Albury NSW 2640
Visit:	www.smerf.com.au

Disclosure of Interest

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

The future of ERFs

The Government has been working towards the closure of Eligible Rollover Funds, however due to COVID-19 the effective date of the proposed change was deferred until 2021.

The Trustee is monitoring the passage of the *Treasury Laws Amendment (Reuniting More Superannuation) Bill 2020*, and if passed, will issue communications to all members advising of the change.

15. Other Information

News in Superannuation 2020

This update was compiled as at October 2020 and is subject to change. For up to date information relating to taxation of superannuation, go to ato.gov.au or contact the Fund.

It's been another significant financial year, with further changes to laws by the Federal Government for superannuation, as well as amendments to support the economy through COVID-19, with certain opportunities becoming available, some of which may apply to you.

Contributing to Super

The 'work test'

From 1 July 2020, Australians aged 65 and 66 don't need to meet the 'work test' to make a voluntary contribution. However, the 'work test' is still applicable after you turn age 67 up until you turn age 75. To meet the 'work test' you must be gainfully employed or self-employed (for reward) for a period of at least 40 hours in a period of 30 consecutive days in the financial year in which the non-concessional contribution is made.

'Work Test exemption'

The 'work test exemption' has applied since July 2019. To meet the criteria, you must have:

- Satisfied the work test in the financial year preceding the year in which you made the contribution,
- A total superannuation balance of less than \$300,000 at the end of the previous financial year, and
- Not previously used the work test exemption.

From age 75

At age 75 or older, you can no longer make any after tax contributions to your super, even if you satisfy the work test or the work test exemption and your total super balance is less than the Total Superannuation Balance Cap. There is one exception. You can make a voluntary personal contribution provided it is received by the fund within 28 days of the date on which you turn 75. The Total Superannuation Balance Cap is currently \$1.6 million and includes all accumulation and pension superannuation assets.

Spouse Contributions

If you are eligible, your spouse can make after tax contributions to your super on your behalf.

From 1 July 2020, the age limit for spouse contributions has risen from age 69 to age 74. Previously, you were eligible if you had not reached age 65, or you had reached preservation age but were aged up to age 69 and met the work test or work test exemption. The contribution must also be paid from an account in the name of your spouse or a joint account where your spouse is an account holder.

A 'spouse' includes your husband or wife via marriage or a person you are in a relationship that is registered under certain state or territory laws or another person, who although not legally married to you, lives with you on a genuine domestic basis in a relationship as a couple.

Contributions Caps

There are limits to the amounts of contributions you are able to make to your super each financial year in order to be taxed at lower rates. These limits are called contribution caps. The cap amount and how much tax you need to pay depends on your age, the financial year that the contribution relates to and whether the contributions are concessional (before-tax) or non-concessional (after-tax) contributions.

Caps for the upcoming financial year 2020-2021:

- the concessional contributions cap is \$25,000 irrespective of your age.
- the non-concessional contribution cap is \$100,000 per year.

Concessional cap – Carry forward arrangements

Since 1 July 2018, you have been able to carry forward any unused amount of your concessional contributions cap. The first year in which you have been able to increase your concessional cap by the amount of unused cap was 2019-20, however only if you had a total super balance of less than \$500,000 at the end of 30 June in the previous year. Unused amounts are available to you for a maximum of five years, and will expire after this if not used.

Non Concessional contribution cap – Bring Forward arrangements

In the 2020-21 financial year, it is proposed to extend the non-concessional cap bring-forward rule to people up to the age of 67. Currently, if you are under age 65, and are eligible, you may be able to make non-concessional contributions up to three times the annual non-concessional contributions cap in a single year in any one three-year-period.

That is, you can contribute up to \$300,000 in any one three-year period, depending on your total superannuation balance. This means, that when you make contributions greater than the annual cap, you automatically gain access to future year caps. You can then make further non-concessional contributions after the end of that three-year period, up to your non-concessional contribution cap, provided your total superannuation balance is still less than \$1.6 million.

Further information including eligibility criteria can be found in the Super caps, rates and thresholds factsheet available on the Funds Secure Online Portal or at www.ato.gov.au/super. Contribution caps may change from time to time. Refer to www.ato.gov.au/super for up to date information.

Accessing your super early

There are very limited circumstances when you can access some or all of your super before you reach your preservation age or retire. These circumstances are related to specific medical conditions, severe financial hardships, or specific legislation such as the First Home Super Saver scheme (FHSS).

The First Home Super Saver (FHSS) scheme

Since 1 July 2018, you've been able to withdraw up to \$30,000 you may have voluntarily contributed to your super account since 1 July 2017 for the purposes of buying your first home. The benefit of this scheme is that as your deposit is being saved through super, you could pay less tax than on outside-super savings.

There have been some changes to the FHSS scheme which came into effect on 1 July 2019. These include:

- The FHSS scheme can only be used to buy a home in Australia,
- You must apply for and receive a FHSS determination from the Australian Taxation Office before signing a contract for your first home or applying for the release of your FHSS savings, and
- You have 12 months from the date you made a release request to either sign a contract to purchase or construct your home (and notify the ATO within 28 days of signing) or recontribute the assessable amount FHSS amount (minus withheld tax) into your super and notify the ATO within 12 months of the valid release request date.

Early release from your super can be considered under financial hardship and incapacity in the following ways:

By application to the Fund for consideration by the Trustee:

- Severe financial hardship,
- Temporary incapacity,
- Permanent incapacity, and
- Terminal illness.

By application via my.gov.au and regulated by the ATO:

- Early release from super,
- Compassionate grounds, and
- First home super saver scheme

Coronavirus Economic Response Package Omnibus Bill

Changes were made by the Federal Government as part of the coronavirus Economic Response Package Omnibus Bill 2020 which received Royal Assent on 24 March 2020. The two measures which impacted super were the Temporary Early Access to Superannuation (Early release) and Superannuation Drawdowns.

Early release from super

From 20 April 2020, members with super accounts were able to apply for an early release payment of up to \$10,000. Members were also able to apply for an additional release of \$10,000 from 1 July 2020 up until 24 September 2020. Subsequently, the Government made a further change enabling the additional release of \$10,000 post 1 July 2020 to continue up until 31 December 2020.

Amounts paid from a member's super Account are tax free and will not affect Centrelink or Veteran's Affairs payments. The amounts are treated as non-assessable non-exempt income, are not counted as assessable income and are not considered under any income or means test. Members can only apply once in each financial year, so can make two applications at most per person.

In addition, members who satisfy a financial hardship or compassionate condition of release can still apply for these in addition to the early release of super.

Details on meeting eligibility requirements and accessing funds for the 'Early Release from Super' can be found at www.ato.gov.au/super, including ATO TV, outlining how easy it is to set up a MyGov account.

A summary of information around Financial Hardship options can also be found in the Additional Information Guide of the Fund.

Superannuation Drawdowns

Changes to superannuation drawdowns were effective from 25 March 2020, the day after the Bill was passed by Federal Parliament, to provide support for retirees to enable them to manage market volatility.

For the remainder of the 2019-2020 financial year, and for the full 2020-2021 financial year, pension payment minimum amounts were halved for:

- Account based annuities and pensions including transition to retirement income streams,
- Allocated annuities and pensions,
- Market-linked annuities and pensions also known as term allocated pensions.

Options provided included:

- Amend current drawdown instructions,
- submit new instructions to vary pension drawdown amounts, or to
- continue on as normal.

If the Fund did not receive any new instructions from you to amend pension payments, the Trustees' default position was for the administrator to continue to drawdown at the pre-existing level. This meant, the new pension minimums were applied on an opt-in basis for the remainder of the financial year, and continuing into the 2020/21 financial year.

Transition to Retirement Pensions are a form of an account-based pension, and have both minimum and maximum payments to consider when opting in and lodging a superannuation drawdown.

To halve or minimise your pension income stream, you need to 'opt in' and provide a new pension payment instruction. This can be done by:

- Forwarding in a letter request by email, ensuring it is clear what you are asking for,
- For certain digital super funds, completing an amendment to the pension payment via the Secure Online Portal, or
- Forwarding in a completed and signed pension payment request form.

Further information on Superannuation Drawdowns can be found at www.ato.gov.au/super.

Protecting Your Superannuation Package Legislation

Changes to your insurance cover

Protecting Your Superannuation Package legislation was implemented from 1 July 2019. If your account is considered "inactive" – that is, the account hasn't received a contribution or rollover for 16 consecutive months (regardless of your account balance), your insurance cover will be terminated.

The Fund regularly communicates with members to provide notifications of the possible cancellation of their insurance at 9 months, 12 months and at 16 months after the account has last received a contribution. Where members wish to retain their insurance cover, they may 'opt in' by completing, forwarding or emailing to the Fund the opt in to maintain or reinstate insurance cover form.

Caps on certain fees

Since 1 July 2019, a cap has been applied on administration fees, investment fees and certain costs charged to your account if your account has a balance of \$6,000 or less on the last day of the financial year (or when the account is closed). The first year this has been applied is as at 30 June 2020.

The cap for those with a balance of \$6,000 or less is 3% of the account balance. If you're charged more than this during the financial year, you'll be refunded the excess within three months from the end of the financial year, or at the time you close your account. In addition to the above, exit fees have been banned on all super accounts. Please note that other fees may still apply.

Unclaimed Super Monies Act (Amendment)

Treatment of inactive low-balance super accounts

Since 31 October 2019, if you have had an inactive low-balance account, the ATO will try to match this with your account. This also applies to accounts identified as being low-balance and inactive from 30 June 2019, which if they have not been activated, must be transferred to the ATO by 31 October 2019.

The exception to this is where you have provided a written notice to the ATO declaring that you are not a member of an inactive low balance account. If this applies to you, you can authorise the Fund to provide the written notice to the ATO on your behalf. The notice must be provided to the Commissioner of Taxation on or before the relevant due date for the payment to the ATO.

The notice is valid for 16 months, and after that period if your Account remains an inactive low balance Account, you will need to complete another declaration every 16 months if you wish your funds to remain in your Account.

Further information on unclaimed super monies and inactive low-balance super accounts can be found in the Important Information section of this Annual Report or on the ATO website at <https://www.ato.gov.au/Individuals/Super/In-detail/Growing-your-super/Inactive-low-balance-super-accounts/>.

Putting Members Interests First Act 2019

This Bill was passed by Federal Parliament in September 2019, and was implemented on 1 April 2020.

It is designed to protect low balance accounts and the superannuation savings of members aged under 25 from balance erosion due to insurance coverage they may not need.

From 1 April 2020, insurance cover is now only offered on an opt-in basis – meaning you'll have to choose to participate in insurance cover, rather than having it applied by default – if you're under 25 or have a balance less than \$6,000.

There is one exception to this, and that's if you work in what's determined to be a "dangerous occupation" such as the police force, truck driving, farming or concreting. Further information on PMIF can be found on the Federal Government Treasury website.



If you don't want your super member benefits transferred to the ATO, advise of any change in your personal contact details by contacting the Fund, or by submitting the ATO form advising you are NOT an inactive member.

General

If you have any queries about the Fund's operations please contact us on Phone: 1800 571 881, during office hours, emailing support@praemium.com.au, 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, or
- Any other information that may help you understand particular investments of the Fund or its management.

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

Enquiries and Complaints

The Trustee has set up a formal procedure for dealing with complex enquiries and complaints about your Praemium SMA Superannuation Fund account, including insurance. You can make an initial enquiry by phoning Member Services, or you can formally register your complaint by email or by writing to the Complaints Officer. A summary of the enquiries and complaints process will be provided with an acknowledgement at the time of your enquiry or complaint.

For complex enquiries and complaints	
Phone:	1800 571 881
Email:	support@praemium.com.au
Write:	Complaints Officer Praemium SMA Superannuation Fund PO Box 322, Collins St West, VIC 8007

We aim to resolve all complex enquiries and complaints quickly and fairly. If you are not satisfied with the final decision, or we have not responded within 90 days from the date that your complaint is received, you may lodge a complaint with the Australian Financial Complaints Authority (AFCA), our external dispute resolution (EDR) scheme.

Commencing from 1 November 2018, AFCA is an EDR scheme that deals with complaints from consumers in the financial system. AFCA replaced the Superannuation Complaints Tribunal.

Strict time limits apply for lodging certain complaints with AFCA, otherwise AFCA may not be able to deal with your complaint. To find out if AFCA can handle your complaint and determine the type of information you need to provide, AFCA contact details are as follows:

Australian Financial Complaints Authority (AFCA)	
Phone:	1800 931 678
Email:	info@afca.org.au
Write:	Australian Financial Complaints Authority (AFCA) GPO Box 3 Melbourne VIC 3001
Visit:	afca.org.au

Access to AFCA is free of charge. You can also find out more about Praemium SMA Superannuation Fund's enquiries and complaints procedures at the Funds website.

Conflicts

The Trustee's approach to conflicts management is governed by its Conflicts Management Policy, which sets out the principles and the minimum requirements of the Trustee. Conflicts are identified, recorded and managed on an ongoing basis via the Trustee's registers of relevant duties and interests and via other related Trustee policies, systems and processes. Training and awareness with respect to the Trustee's Conflicts Management Framework is undertaken annually. Further information can be found at www.diversa.com.au/trustee/governance.

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 an application to the Commissioner of Taxation in order to claim their 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.

Disclaimer

Reasonable care is taken to ensure that information is correct, however 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.