

Acquire

Administered by Macquarie

AvWrap Retirement Service

Annual Report to members for the year ended
30 June 2020

IOOF Investment Management Limited

ABN 53 006 695 021 AFSL 230524 RSEL L0000406

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Acquire Retirement Service and AvWrap Retirement Service are part of the AvWrap Retirement Service (Fund) RSE R1069020.

The Trustee for the Fund is IOOF Investment Management Limited ABN 53 006 695 021 AFSL 230524 RSEL L0000406 (IIML, the Trustee, we, us, our).

IIML has appointed Macquarie Investment Management Limited (MIML) ABN 66 002 867 003 AFSL 237492 as the administrator of the Fund, and Bond Street Custodians Limited (BSCL) ABN 57 008 607 065 AFSL 237489 to hold the fund's investments in custody. BSCL and MIML are wholly owned subsidiaries of Macquarie Bank Limited 46 008 583 542. MIML is not an authorised deposit-taking institution for the purposes of the Banking Act (Cth) 1959, and MIML's obligations do not represent deposits or other liabilities of Macquarie Bank Limited. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of MIML.

Investments in Acquire Retirement Service and AvWrap Retirement Service are not deposits with or other liabilities of Macquarie Bank Limited or of any Macquarie Group company, and are subject to investment risk, including possible delays in repayment and loss of income or principal invested.

Neither Macquarie Bank Limited, MIML, Macquarie Equities Limited ABN 41 002 574 923, any other investment managers referred to in this Annual Report, nor any other member company of the Macquarie Group guarantees the performance of Acquire Retirement Service and AvWrap Retirement Service or the repayment of capital from Acquire and AvWrap Retirement Service.

The information contained in this Annual Report is dated 1 December 2020 and is general information only. We have not taken into account your objectives, financial situation or needs. You should consider the appropriateness of this information, taking into account your objectives, financial situation and needs and the applicable PDS available from us or your adviser, before acting on any of the information in this Annual Report.

Message from the Chair

I am pleased to present the trustee's annual report to members in the AvWrap Retirement Service (Fund) for the year ended 30 June 2020. This report has been prepared by IOOF Investment Management Limited, as trustee of the Fund. Within the report you will find general information about the Fund including abridged financial statements, changes to the Fund and developments in super.

Undoubtedly, the 2020 financial year has been one of the most challenging and volatile in recent history. In the first half of the financial year, Australia experienced serious and prolonged drought conditions with bush fires causing devastation along the eastern seaboard. Then, from February 2020, the global COVID-19 pandemic has caused unprecedented disruption and significant distress to many Australians.

These events have affected the Australian and global economy and all of us personally. Regardless of these circumstances we continue working towards looking after you and what matters to you. In all our efforts this year the independent Office of the Superannuation Trustee (OST) which was established in 2019 and has worked with us to meet all the licence conditions required by APRA. Our investment in governance remains the cornerstone to best serve the interests of our members and ensure members' best interests are at the heart of everything we do.

I'm delighted to announce that, in February 2021, we will be holding our inaugural Annual Members' Meeting. During the meeting you will hear from our Board and Management about the performance and operations of the Fund and the outlook for the year ahead.

On behalf of the Board and management, we thank you for your ongoing support.

Yours sincerely,



Martin Walsh

Chairman of IOOF Investment Management Limited

This annual report includes information on:

- **Acquire Retirement Service and AvWrap Retirement Service – Super:** accumulation superannuation products, and
- **Acquire Retirement Service and AvWrap Retirement Service – Pension:** retirement income solutions.

Investment strategies and asset allocation

The Trustee formulates and gives effect to investment strategies and objectives for the Fund. These strategies and objectives take into account the whole of the circumstances of the Fund, including investment risk, diversification, liquidity and the ability of the Fund to discharge liabilities. The Trustee has placed restrictions on certain investments designed to reduce the potential for large losses by encouraging diversification, ensuring adequate liquidity, and satisfying regulatory requirements. In line with our obligations, the Trustee reviews these strategies and applicable limits on an ongoing basis. Please contact your adviser for further information on these limits or refer to the relevant Product Disclosure Statement (PDS).

Acquire Retirement Service and AvWrap Retirement Service allows you to spread your super or pension account across many investment strategies, choosing from a range of investment options and product issuers.

The combination of investments you choose will be based on your individual circumstances. Information on the individual investment options can be found in the PDS available from yourwrap.com.au/acquire or from your adviser. You should consider the PDS before deciding to invest in, or switch between, investment options.

Investment categories	Cash	Australian fixed interest	Global fixed interest	Australian shares	Global shares
Investment objective	To provide a diverse range of cash investments aiming to achieve a high degree of stability while delivering returns that are consistent with the prevailing market cash rate (in a risk adjusted manner) through the investment cycles.	To provide a diverse range of Australian fixed interest investment options that offer varied investment strategies aiming to achieve a return in excess of the cash rate (in a risk adjusted manner) through the investment cycles by investing in a variety of Australian fixed interest securities.	To provide a diverse range of international fixed interest investment options that offer varied investment strategies aiming to achieve a return in excess of the cash rate (in a risk adjusted manner) through the investment cycles by investing in a variety of international fixed interest securities.	To provide a diverse range of Australian Share investment options that offer varied investment styles aiming to achieve high returns (in a risk adjusted manner) through the investment cycles by investing in a variety of Australian listed companies.	To provide a diverse range of International Share investment options that offer varied investment styles aiming to achieve high returns (in a risk adjusted manner) through the investment cycles by investing in a variety of international listed companies.
Investment strategy	To invest in a range of short-term money market securities issued by Australian Governments, banks, high quality corporate borrowers and credit union deposits.	To invest in either Australian Government, semi-Government or corporate fixed interest securities as well as inflation-linked bonds, mortgage securities, high-yielding securities and money market assets.	To invest in either foreign Government, semi-Government, or corporate fixed interest securities as well as inflation-linked bonds, mortgage securities, high-yielding securities and money market assets.	To invest predominantly in listed Australian shares in a variety of market sectors.	To invest predominantly in shares listed on stock exchanges in a range of countries.
Sub-category	<ul style="list-style-type: none"> • Cash Management Account • Term Deposits • Cash Funds • Listed 	<ul style="list-style-type: none"> • Annuities • Mortgages • Diversified • Enhanced Cash • Index • Listed • Sector Specific 	<ul style="list-style-type: none"> • Diversified • Enhanced Yields • Index • Sector Specific • Specialist • Listed 	<ul style="list-style-type: none"> • Large Companies • Mid/Small Companies • Specialist • Index • Listed 	<ul style="list-style-type: none"> • Large Companies (Hedged) • Large Companies (Unhedged/Active Hedged) • Small Companies • Regional • Specialist • Index • Listed
Asset Allocation Ranges	Cash: 100%	Australian Fixed Interest: 90% to 100% Cash: 0% to 10%	Global Fixed Interest: 90% to 100% Cash: 0% to 10%	Australian Shares: 90% to 100% Cash: 0% to 10%	Global Shares: 90% to 100% Cash: 0% to 10%
Risk level	Low to Medium Risk Band 2 to 3	Low to High Risk Band 3 to 6	Medium to High Risk Band 4 to 6	High to Very High Risk Band 6 to 7	High to Very High Risk Band 6 to 7

Investment categories	Cash	Australian fixed interest	Global fixed interest	Australian shares	Global shares
Risk factors influencing investment returns	Movements in short-term interest rates will affect investment returns.	The value of fixed interest investments is linked to the market, and therefore they may rise or fall due to movements in both short and long-term interest rates. In addition, the credit quality of the securities and liquidity of the market are also important factors in influencing investment returns.	The value of fixed interest investments is linked to the market, and therefore they may rise or fall due to movements in both short and long-term interest rates. In addition, the credit quality of the securities and liquidity of the market are also important factors in influencing investment returns. Currency movements may also have an impact on global fixed interest securities returns.	Returns are affected by movements in the share market and may be volatile in the short term. Returns may also be affected by the level of gearing and whether any short-selling strategies are employed by the fund manager.	Returns in the short term may be volatile and will be affected by movements in global share markets as well as movements in foreign currencies. Returns may also be affected by the level of gearing and whether any short-selling strategies are employed by the fund manager.
Minimum suggested time frame for holding the investment	No minimum	Medium Term 4+ years	Medium Term 4+ years	Long Term 7+ years	Long Term 7+ years
A negative annual return is expected more frequently than	0.5 to less than 2 times in every 20 years	1 to less than 6 times in every 20 years	2 to less than 6 times in every 20 years	4 to 6 or greater times in every 20 years	4 to 6 or greater times in every 20 years
Typical investor	Investors seeking absolute security of capital.	Investors seeking returns higher than that available from cash.	Investors seeking returns higher than that available from cash.	Investors seeking long-term investments who are prepared to accept short-term fluctuation in returns.	Investors seeking long-term investments who are prepared to accept short-term fluctuation in returns.

Investment categories	Property	Global infrastructure	Commodities	Alternative investments	Listed High yielding investments
Investment objective	To provide a diverse range of Australian and internationally listed property investment options that offer varied investment styles aiming to achieve moderate to high returns from growth and income (in a risk adjusted manner) through the investment cycles by investment in a variety of Australian and international property trusts.	To provide a diverse range of global listed infrastructure investment options that offer varied investment strategies aiming to achieve moderate to high returns with lower correlation to traditional assets (in a risk adjusted manner) through the investment cycles. This can be delivered by investing in a wide range of global listed infrastructure strategies.	To provide a diverse range of commodities investment options that offer varied investment strategies aiming to achieve moderate absolute returns with lower correlation to traditional asset classes (in a risk adjusted manner) through the investment cycles.	To provide a diverse range of alternative investment options that offer varied investment strategies aiming to achieve moderate absolute returns with lower correlation to traditional assets (in a risk adjusted manner) through the investment cycles. This can be delivered by investing in a wide range of alternative investment strategies.	To provide a range of listed high yielding investment options aiming to achieve a higher return than investment grade securities issued by Australian governments and banks through the investment cycles.
Investment strategy	To invest predominantly in property investments and listed property trusts within Australian and international property markets.	To invest in Australian and overseas infrastructure securities.	To invest in commodity-linked derivatives, commodity funds exposed to industries based on raw materials such as wheat, cattle, iron ore, oil and natural gas, gold, silver, sugar, cotton, cocoa and coffee.	Alternative Investments can range from hedge funds, private equity, managed futures and multi-asset funds to high yield and special co-investment opportunities. The role of alternative investments is to provide returns that are less influenced by fluctuations in the market and other traditional asset classes.	To invest in a range of listed debt securities issued by corporates.
Sub-category	<ul style="list-style-type: none"> • Australian Property • Australian Property (Hybrid/Direct) • Global Property • Global Property (Hybrid/Direct) • Index • Listed 	<ul style="list-style-type: none"> • Australian Infrastructure • Global Infrastructure • Global Infrastructure (Hybrid/Direct) • Index • Listed 	<ul style="list-style-type: none"> • Energy, Metals, • Agriculture and others deemed appropriate by the fund manager 	<ul style="list-style-type: none"> • Investments other than shares, bonds and cash. Eg Private Equity, Venture Capital and others deemed appropriate by the fund manager 	<ul style="list-style-type: none"> • Hybrid Securities • Enhanced
Asset Allocation Ranges	Property: 90% to 100% Cash: 0% to 10%	Global Infrastructure: 90% to 100% Cash: 0% to 10%	Commodities: 90% to 100% Cash: 0% to 10%	Alternative Investments: 90% to 100% Cash: 0% to 10%	n/a
Risk level	High to Very High Risk Band 6 to 7	High to Very High Risk Band 6 to 7	Very High Risk Band 7	Medium to Very High Risk Band 4 to 7	High Risk Band 6

Investment categories	Property	Global infrastructure	Commodities	Alternative investments	Listed High yielding investments
Risk factors influencing investment returns	Returns will be affected by movements in property values and in the case of listed property trusts, by movements in the share market. Movements in both short and long-term interest rates will also affect investment returns. Currency movements may also have an impact on international property returns.	Factors which will influence returns from infrastructure investments include risks in development, construction, changes in government policy and under-usage of assets. Also, the level of gearing an infrastructure trust will take on will influence returns. Higher gearing, the greater the potential return for a greater level of risk.	Commodity returns move in line with the global economic cycle. In times of economic growth, demand for commodities is generally stronger, and the reverse is true. Being real assets, commodity prices and returns are linked to inflation, and rise when inflation rises. Commodities can serve as a hedge against inflation.	Alternative Investments take on a broad range of investment strategies. Hedge funds include significant liquidity risk where there is no secondary market for such investments.	Listed securities that tend to have both debt like and equity like features so will have higher risks than other types of debt investments. These securities can be impacted by changes in interest rates and share prices of the underlying listed company, as well as credit and liquidity risks.
Minimum suggested time frame for holding the investment	Long Term 7+ years	Long Term 7+ years	Long Term 7+ years	Medium 5+ years	Long term 6+ Years
A negative annual return is expected more frequently than	4 to 6 or greater times in every 20 years	4 to 6 or greater times in every 20 years	6 or more times in every 20 years	2 to 6 or greater times in every 20 years	4 to less than 6 times in every 20 years
Typical investor	Investors seeking mostly income returns and some growth to increase the value of their investment in the long term.	Investors seeking inflation hedging and diversification of returns in their portfolios.	Investors seeking diversification to their portfolios and returns that are not significantly linked to traditional asset classes in the medium to long term.	Investors seeking diversification to their portfolios and returns that are not significantly linked to traditional asset classes in the medium to long term.	Investors seeking returns higher than that available from cash.

Investment categories	Diversified – conservative	Diversified – balanced	Diversified – growth
Investment objective	To provide a diverse range of multi-asset defensive orientated investment options that offer varied strategies aiming to achieve relatively stable returns (in a risk adjusted manner) through the investment cycles. This can be delivered by investing in a range of growth and income assets, while providing lower volatility and capital protection through a high weighting to defensive assets.	To provide moderate growth over the medium to long term through a balanced exposure to growth and defensive assets.	To provide moderate to high growth over the long term through high exposure to growth assets.
Investment strategy	To invest predominantly in defensive assets such as fixed interest and cash investments. Some capital growth is provided through a smaller exposure to growth assets such as shares and property.	To invest in a diversified portfolio providing a balanced exposure to the major asset classes such as cash, fixed interest securities, shares and property.	To invest predominantly in a diversified range of Australian and international shares and property with a smaller exposure to income-producing investments.

Investment categories	Diversified – conservative	Diversified – balanced	Diversified – growth
Sub-category	<ul style="list-style-type: none"> Cash and short-term securities Diversified fixed interest Property Australian shares International shares Alternatives 	<ul style="list-style-type: none"> Cash and short-term securities Diversified fixed interest Property Australian shares International shares Alternatives 	<ul style="list-style-type: none"> Cash and short-term securities Diversified fixed interest Property Australian shares International shares Alternatives
Asset allocation ranges	Growth assets: 0% – 40% Defensive assets: 60% – 100%	Growth assets: 40% – 70% Defensive assets: 30% – 60%	Growth assets: 70% – 100% Defensive assets: 0% – 30%
Risk level	Low to High Risk Band 3 to 6	Medium to High Risk Band 5 to 6	High Risk Band 6
Risk factors influencing investment returns	Returns in the short term may be somewhat volatile and will be affected by movements in global and local share markets, property values as well as movements in foreign currencies. Volatility in interest rates may cause the value of the fixed interest investments to fluctuate.	Returns in the short term may be somewhat volatile and will be affected by movements in global and local share markets, property values as well as movements in foreign currencies. Volatility in interest rates may cause the value of the fixed interest investments to fluctuate.	Returns in the short term may be somewhat volatile and will be affected by movements in global and local share markets, property values as well as movements in foreign currencies. Volatility in interest rates may cause the value of the fixed interest investments to fluctuate.
Minimum suggested time frame for holding the investment	Short-Medium Term 2+ Years	Medium Term 5+ Years	Long Term 7+ Years
A negative annual return is expected more frequently than	1 to less than 6 times in every 20 years	3 to less than 6 times in every 20 years	4 to less than 6 years in every 20 years
Typical investor	Investors seeking a conservative portfolio with some exposure to growth assets.	Investors seeking a balanced exposure to growth and defensive assets and who are prepared to tolerate short-term volatility.	Investors seeking superior long-term returns and who are prepared to tolerate short-term volatility.

Asset allocation

The table below shows how the Fund is invested across different asset classes.

Asset class	30/06/2019	30/06/2020
Cash¹	15.24%	16.37%
Commodities	0.01%	0.02%
Australian equities	23.82%	23.97%
International equities	23.45%	23.90%
Australian fixed interest	12.94%	12.41%
International fixed interest	10.11%	8.76%
Property	9.65%	6.15%
Other	4.78%	8.44%
Total	100%	100%

¹ Includes term deposits.

² All asset allocations in this document were current at the time of publishing.

Through an Acquire Retirement Service or AvWrap Retirement Service account, you can invest in a number of different term deposits, managed investments and approved ASX-listed securities.

If a managed fund invests across a number of asset classes, we will treat the asset allocation based on a 'look through basis' using the managed fund's individual asset allocations.

The asset allocation for each managed fund is determined by the investment managers and provided either by the investment managers directly or from a third party².

Asset allocations can vary over time within ranges specified by the individual product issuers. Information on the asset allocation ranges for the individual investment options can be found in the PDS.

Important information

Amendments to the Fund's trust deed

There were no amendments to the trust deed during the 2019/2020 financial year period.

Significant events

A copy of all significant event notices can be accessed at yourwrap.com.au/acquire.

Changes to offer documents

During the financial year the following changes were made to the offer documents for products offered through the Fund:

- the Product Disclosure Statement for Acquire Retirement Service was issued on 1 July 2019 and 1 August 2019
- updated Technical Information Booklets (TIBs) were issued for Acquire Retirement Service on 1 July 2019 and 1 August 2019 and for AvWrap Retirement Service on 1 July 2019
- an updated AvWrap Retirement Service Further Information Booklet (FIB) was issued 1 July 2019.
- Product Updates were issued on the following dates for both Acquire Retirement Service and AvWrap Retirement Service:
 - 30 March 2020
 - 21 April 2020.

A copy of the latest offer documents can be accessed at yourwrap.com.au/acquire.

Following the end of this financial year, there were some changes to offer documents for products offered through the Fund, as follows:

- Product Updates were issued for Acquire Retirement Service and AvWrap Retirement Service on 1 July 2020
- updated TIBs were issued for Acquire Retirement Service and AvWrap Retirement Service on 28 September 2020.

Ongoing changes to investment strategies and available investment options

The Investment Menu outlines all available investment strategies and investment options made available by the Trustee to you and your adviser. The investment strategies and investment options available within the Fund are subject to change from time to time, at the discretion of the Trustee. Any changes to investment strategies and available investment options will be published on a monthly basis in the Investment Menu available from yourwrap.com.au/acquire/supermenu.

Consolidation of multiple accounts

Each year, the Trustee is obliged to identify and review members who hold more than one superannuation account within the Fund. Where the Trustee reasonably determines that it is in the best interests of the member, the member's superannuation benefits may be consolidated into a single account. Members may be provided with the opportunity to elect not to consolidate their accounts.

Trustee Board

Information about the Trustee's directors and executive Officers is available from yourwrap.com.au/acquire.

Accessing your Annual Report

You can view the latest Annual Report for the Fund online at any time by visiting yourwrap.com.au/acquire.

Further information

More information about the Fund is available from yourwrap.com.au/acquire, including:

- the Trustee company's constitution and financial statement for the previous financial year
- the trust deed for the Fund
- information about the Trustee's directors and executive officers
- policies relating to conflicts management and proxy voting.

Trustee information

The Trustee of the Fund is IOOF Investment Management Limited ABN 53 006 695 021 AFSL 230524 RSEL L0000406. The Trustee has effected and maintains in force professional indemnity insurance to protect the interests of members.

Directors of the Trustee are listed below:

- Mr Geoffrey Martin Walsh
- Ms Elizabeth Flynn (resigned 19 March 2020)
- Ms Karen Gibson
- Mr John Selak (resigned 29 August 2019)
- Mr Robert Andrew Bloore
- Mr Lindsay Smartt (appointed 6 August 2019)
- Ms Jane Harvey (appointed 19 March 2020).

Fund management information

During the 2019/20 financial year, the Fund held money with the following investment managers, directly or indirectly with a value of greater than five per cent of the Fund's total assets:

- Macquarie Group Limited (\$45.386 million)
- Pimco Australia Management Limited (\$21.949 million)
- Magellan Asset Management Limited (\$24.886 million)
- Russell Investment Management Limited (\$24.356 million)
- Alliance Bernstein (\$23.554 million).

The Trustee has formulated a strategy for establishing, implementing, managing and maintaining an Operational Risk Financial Requirement (ORFR) in accordance with the relevant superannuation prudential standard.

Eligible Rollover Fund (ERF)

The Trustee reserves the right to pay all accounts with a balance up to \$10,000 to an ERF, which accepts small amounts. The ERF chosen is called the Super Safeguard Eligible Rollover Fund.

APRA has approved the Super Safeguard Eligible Rollover Fund to operate as an ERF. The Trustee is Diversa Trustees Limited ABN 49 006 421 638 AFSL 235153 RSEL L0000635.

Should your benefit be transferred to the Super Safeguard Eligible Rollover Fund, all subsequent enquiries relating to your benefit should be directed to:

Super Safeguard Eligible Rollover Fund

GPO Box 3426

Melbourne VIC 3001

Phone: 1300 135 181

Fax: 1300 135 191

Email: enquiries@supersafeguard.com.au

Website: supersafeguard.com.au

Should your benefit be transferred to the Super Safeguard Eligible Rollover Fund:

- your interest in the Fund, including your insurance cover, will cease
- you will become a member of the Super Safeguard Eligible Rollover Fund and will be subject to its governing rules
- your account will be invested according to the investment strategy of the Super Safeguard Eligible Rollover Fund
- the Super Safeguard Eligible Rollover Fund may charge fees to your account, and
- you may not be offered insurance cover.

You should refer to the PDS for the Super Safeguard Eligible Rollover Fund for more information.

We reserve the right to change the chosen ERF without notice to you.

Complaints

If you have a complaint, please contact your adviser and discuss your enquiry or complaint with them.

If you are not satisfied with the result, please contact us on 1800 012 709. Alternatively please write to us at the below address.

Acquire

GPO Box 4045

Sydney NSW 2001

We will respond to your enquiry or complaint as soon as possible and always within 90 days of receipt.

If an issue has not been resolved to your satisfaction, or if we have not responded within the above timeframe, you can lodge a complaint with the Australian Financial Complaints Authority, or AFCA. AFCA provides fair and independent complaint resolution service that is free to consumers.

Website: www.afca.org.au

Email: info@afca.org.au

Telephone: 1800 931 678 (free call)

In writing to: Australian Financial Complaints Authority,
GPO Box 3, Melbourne VIC 3001

There are some time limits for lodging certain complaints. This includes complaints about the payment of a death benefit, which you must lodge with AFCA within 28 days of being given our written decision.

Further information

The relevant PDS is available from either your adviser, by contacting us or online at yourwrap.com.au/acquire.

Government reforms in superannuation

Government reforms in superannuation since 1 July 2019

Financial adviser commissions to end from 2021

From 1 January 2021, financial advisers will no longer receive product commissions from super funds. Only commissions from retail life insurance policies arranged individually with the insurer can be paid from this date. This change is in response to the recommendations of the Hayne Royal Commission into Misconduct in Financial Services.

Financial advisers are generally paid for providing personal advice to super funds members through Member Advice fees agreed with the client. However, if the arrangement was established before 1 July 2013, the adviser may have received product commissions. The new changes mean that these commission arrangements will cease from 1 January 2021. A Member Advice fee can only be added to an account on the instruction of a member.

Since 2013 some product commissions have already terminated in the IOOF super fund. Some financial advisers have voluntarily switched off commissions, in favour of agreed Member Advice fees. The trustee has also removed upfront commissions on any contributions or rollovers made from 1 July 2020, effectively removing entry fees on these super accounts. Any remaining commissions will be removed before the end of December 2020 (other than retail life insurance commission).

When product commissions are removed, the trustee will pass on the savings to members through reduced administration fees; lower insurance premiums (or increased insurance cover for fixed premium insurance policies). Members will be notified of any specific changes impacting them after January 2021.

Changes to age limits for contributions

From 1 July 2020 members under age 67 can make voluntary contributions without the need to meet a work test or use the work test exemption. The Government has raised this age limit from 65 to 67 in line with changes to the Age pension age. The spouse contributions age limit has also increased from age 70 to 74, to make it consistent with rules for other voluntary contributions. Note the receiving spouse is still required to meet the work test or work test exemption for contributions made after their 67th birthday.

Under the work test a person must be in paid work for at least 40 hours over 30 days period during the financial year. APRA have advised that an employee being paid through the JobKeeper wage subsidy is considered to have met the work test, even though they may have been stood down. The work test does not apply to compulsory super guarantee contributions or downsizer contributions.

Although the age for making contributions without a work test has been raised, legislation which would permit larger contributions up to age 67 by bringing forward future years of the non-concessional contributions cap has not yet passed through parliament.

COVID-19: Early Release of Super

In response to the impact of the COVID -19 economic downturn, eligible persons could apply to the ATO for a withdrawal of their super up to \$10,000 by 30 June 2020 and a separate withdrawal of up to \$10,000 between 1 July 2020 and 31 December 2020. Temporary residents meeting the eligibility criteria could apply for a release before 30 June 2020, however the 2020/21 withdrawal is limited to eligible Australian or New Zealand citizens or permanent residents. As at 27 September 2020, the trustee has received 41,564 applications from the ATO for COVID-19 early release payments and paid out 92.6% of these within 5 business days.

COVID-19: Temporary reduction the minimum account-based pension

The Government has reduced the minimum annual draw down rate by 50% for account-based superannuation pensions for the 2019/20 and 2020/21 financial years. This applies to all IOOF account-based (allocated) pensions and IOOF Term Allocated Pensions. This is a temporary measure only and from 1 July 2021 drawdown rates will return to the standard rates. This change was in response to the financial impact of the COVID-19 virus and is consistent with actions taken during the Global Financial Crisis in 2008.

Superannuation Guarantee and choice of super fund developments

- Salary sacrifice contributions cannot be used by an employer to meet their super guarantee contribution obligations. This commenced 1 January 2020.
- Employers were provided with a one-off amnesty by the ATO to voluntarily come forward to disclose and pay past unpaid super guarantee contributions for employees. Shortfalls paid under the amnesty would be tax deductible and without additional penalties. The amnesty applied from May 2018 (when it was originally announced) to 7 September 2020.
- Employees with multiple employers can apply to the ATO for an *employer shortfall exemption certificate* which would exempt that employer from having to make super guarantee contributions. The ATO will issue the exemption where the total super guarantee contributions across all employers would exceed the concessional contributions cap.
- Under the COVID-19 legislation, super guarantee contributions are only calculated on work actually performed, and not on amounts paid to employees through the JobKeeper wage subsidy.
- All new industrial agreements from 1 January 2021 are required to provide employees with the option to choose their own super fund for super guarantee contributions. Although currently most enterprise-based agreements provide full choice of fund to employees, some agreements have restricted employee choice. These restrictions will cease when the agreement is next renewed.

Insurance changes to automatic (default) insurance cover from 1 April 2020

- New members under age 25 will not receive automatic insurance cover unless they actively opt-into the cover. When the member turns age 25 and has an account balance of at least \$6,000 automatic insurance cover will commence unless the member opts out of the cover.
- Members will not receive insurance cover until their super balance reaches \$6,000, unless the member opts into the cover. Once the account reaches \$6,000 insurance can apply even if later the account drops below \$6,000.

These changes are in addition to other reforms where insurance cover ceases on inactive accounts unless the member opts-into the cover. Members can opt-in online, by email or in writing. Members applying for new insurance opt in on the insurance application form.

SMSF rollovers through SuperStream

The start date for including self-managed superannuation funds (SMSFs) rollovers into SuperStream remains 31 March 2021, however in response to COVID-19 the ATO has provided a transition period to 30 September 2021 before SMSF use of SuperStream will be mandatory.

The Government has announced other changes that have not yet passed into law. These are:

- **Larger non-concessional contributions up to age 67**
Members under age 67 can now make non-concessional contributions without meeting the work test. However, legislation which would permit larger contributions up to age 67 by bringing forward future years of the non-concessional contributions cap has not yet passed through parliament. If passed it is likely to apply to the 2020/21 tax year and beyond.

- **Member Advice fee changes**

The Government has announced it will introduce changes to how financial advice fees can be deducted from superannuation accounts. These changes are expected to commence from 1 January 2021. Under these changes, financial advice fees cannot be deducted from MySuper accounts and for Choice accounts members will be required to annually consent to any ongoing financial advice fees.

The trustee has already moved to restrict new financial advice fees in MySuper and will implement the other changes when the legislation is passed.

- **Winding up of Eligible Rollover Funds (ERFs)**

APRA and the Government has commenced a process to wind up ERFs, now that the ATO has power to proactively unite a person's lost and unclaimed super with an active super account. Under the new process, super funds will not be able to rollover member benefits to an ERF, and instead can transfer amounts to the ATO if it would be in the member's best interests. For existing accounts in ERFs, those under \$6,000 will transfer to the ATO before 1 July 2021 and the remainder before 1 January 2022, following the legislation passing through parliament. Members of the SMF ERF will be given prior notice of any transfer to the ATO.

- Super splitting rules on relationship breakdown is to be extended to de-facto couples in Western Australia. Currently super splitting for de-facto relationships in WA is not covered by the commonwealth Family Law Act. WA has now referred this responsibility to the Commonwealth, and legislation implementing it is before parliament.
- The Government intends to extend the maximum size of self-managed super funds from 4 members to 6 members, to provide for larger families. The change will commence from the next quarter following the legislation being passed.

Superannuation thresholds for 2020/21	
Concessional contributions cap	\$25,000 (no change from 2019/20)
Non-concessional contributions cap (NCC)	<p>\$100,000 annual cap (no change from 2019/20) if under \$1.6m in super and pension on 30 June 2020</p> <p>\$0 if \$1.6 million or more in super and pension on 30 June 2020</p> <p>If individual is under age 65*, potential bring-forward:</p> <ul style="list-style-type: none"> • \$300,000 if under \$1.4 million in super and pensions on 30 June 2020 • \$200,000 if between \$1.4 million and \$1.5 million in super and pensions on 30 June 2020. <p>* Proposed to change to age 67.</p>
Superannuation guarantee (SG) rate	9.5%
SG maximum contribution base	\$57,090 ordinary time earnings per quarter or \$228,360 pa (up from \$55,270 per quarter 2019/20)
Preservation age <ul style="list-style-type: none"> • Benefits can be accessed on retirement • 0% effective tax on withdrawals under low rate threshold 	<p>Age 55 if born before 1 July 1960</p> <p>Age 56 if born from 1 July 1960 to 30 June 1961</p> <p>Age 57 if born from 1 July 1961 to 30 June 1962</p> <p>Age 58 if born from 1 July 1962 to 30 June 1963</p> <p>Age 59 if born from 1 July 1963 to 30 June 1964</p> <p>Age 60 if born after 1 July 1964</p>
Low rate cap <ul style="list-style-type: none"> • 0% effective tax on taxable component of withdrawals 	\$215,000 (up from \$210,000 for 2019/20)
CGT cap amount <ul style="list-style-type: none"> • Excluded from NCC cap 	\$1,565,000 (up from \$1,515,000 for 2019/20)
Government co-contribution income	<p>Full co-contribution – \$39,837 pa or less (up from \$38,564 for 2019/20)</p> <p>No co-contribution – \$54,837 pa or more (up from \$53,564 for 2019/20)</p>
Spouse contribution tax offset	Maximum of \$540 if annual spouse income less than \$37,000. Offset ceases at \$40,000.
Departing Australia Superannuation Payment tax rate	35% on taxable component (65% for working holiday makers)
Centrelink age pension age	<p>Age 66</p> <p>Age pension age increases by 6 months every 18 months until it reaches age 67 by 1 July 2023.</p>

Abridged financial statements

Set out below are the abridged financial statements detailing the Fund's financial transactions for the year ended 30 June 2020.

If you would like to obtain a copy of the full audited fund financial statements and related audit reports for the year (free of charge), please contact our Client Services Team on 1800 012 709 or email us at wrapolutions@macquarie.com.

The auditor has issued an unmodified audit report in respect of the financial statements.

Extract of accounts as at 30 June	2020 (\$'000)	2019 (\$'000)
Revenue		
Investment income	(5,388)	29,793
Employer contributions	2,610	2,728
Member contributions	8,108	8,845
Transfers from other funds	17,936	11,429
Total Revenue	23,266	52,795
Expenses		
Benefits paid	105,641	43,602
Management Fees	4,699	5,078
Group life and income protection premiums	570	612
Income tax (benefit)/expense	(2,277)	(519)
Total Expenses	108,633	48,773
Decrease/Increase in members' funds	(85,367)	4,022
Balance brought forward	436,240	432,218
Net Assets available for Member Benefits	350,873	436,240
<i>Represented by</i>		
Assets		
Investments	326,276	414,269
Cash and cash equivalents	16,345	18,024
Sundry debtors	7,750	4,190
Current tax asset	1,039	1,217
Total Assets	351,410	437,700
Liabilities		
Creditors and accruals	360	422
Deferred tax liability	177	1,038
Total Liabilities	537	1,460
Member Benefits	349,784	435,156
Net Assets	1,089	1,084
Equity		
ORFR	1,089	1,084
Total Equity	1,089	1,084

Operational Risk Financial Requirement

The ORFR has been established to meet the requirements of Prudential Standard SPS 114 – Operational Risk Financial Requirement. The prudential standard requires the Trustee to maintain adequate financial resources to address losses arising from operational risks that may affect the Fund. Investment earnings generated by the ORFR are credited to the ORFR account. The ORFR may be invested in:

- Cash and/or cash equivalents;
- Term deposits;
- Unlisted unit cash trusts; and
- Liquid unlisted unit trusts.

As part of the Trustee's regular review of the Fund's investment strategy, the Product Investment Committee and the Trustee will review and revise, as necessary, the investment strategy of the ORFR.

ORFR Reserve	2020 (\$'000)	2019 (\$'000)
Opening balance	1,084	1,070
Transfer to reserves	5	14
Closing balance	1,089	1,084

Concentration of assets of the Fund

As at 30 June 2020, no underlying investments exceeded five per cent of the total assets of the Fund.

The Trustee acknowledges that, as a result of the discretion which can be exercised by account holders, individual accounts may have a greater than five per cent exposure to a single investment.

Further, the Trustee acknowledges that when considered in aggregate (across all managed fund options in which the Trustee holds assets on behalf of members of the Fund), the Fund may be construed as having a total exposure to a single shareholding (or to a composite interest in the investment assets of a single issuer) and this exposure may exceed five per cent of the total value of Fund assets.

Allocation of earnings into members' accounts

Earnings from a particular investment of the Fund will be allocated into the members' accounts in proportion to the member's interest in the investment.

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