

# BT SuperWrap

Annual Report

for the year ended 30 June 2020

BT Funds Management Limited  
ABN 60 002 016 458  
AFSL No. 233724  
RSE Licence No. L0001090  
Westpac Banking Corporation  
ABN 33 007 457 141

# Contents

<b>Message from the the Chair and Managing Director</b>	4
<b>Who we are</b>	6
<b>The board and governance</b>	7
<b>CIO Investment Markets update</b>	10
<b>Investing during a recession</b>	12
<b>Recent developments in superannuation and changes to your product</b>	14
<b>Proposed changes to superannuation</b>	15
<b>Investment information</b>	16
<b>Other important information</b>	21
<b>Financial information</b>	24

## About this Annual Report

This annual report dated December 2020 is issued by BT Funds Management Limited (ABN 63 002 916 458, RSE L0001090, AFSL No. 233724) ('Trustee'), the issuer and trustee of SuperWrap, which is part of the super fund known as Retirement Wrap (ABN 39 827 542 991, RSE R1001327). The Trustee is an approved trustee under the Superannuation Industry (Supervision) Act 1993 (Cth) ('SIS').

SuperWrap, which comprises of the Personal Super Plan, Pension Plan and Term Allocated Pension Plan, is part of the complying superannuation fund known as Retirement Wrap, constituted under the Retirement Wrap Trust Deed dated 1 February 1999. Members of SuperWrap are bound by the provisions of the trust deed, as amended from time to time.

The information contained in this report is given in good faith and has been derived from sources believed to be accurate as at its issue date.

However, neither the Trustee nor any company in the BT Financial Group nor any of their related entities, employees or directors gives any warranty of reliability or accuracy nor accepts any responsibility arising in any other way including by reason of negligence for errors or omissions.

This disclaimer is subject to any contrary provisions of the law. Taxation considerations are based on current laws and their interpretation.

The information contained in this annual report is general information and does not take into account your individual objectives, financial situation or needs. You should consider the appropriateness of this information, taking into account your objectives, financial situation and needs, and consider talking to your adviser before acting on any of the information in this annual report.



# Message from the Chair and Managing Director



On behalf of the board and management of BT, we are pleased to introduce our Annual Report for the financial year ending 30 June 2020.

It has been a big year of change and challenges for our members. And we don't yet know when the world will return to a 'new normal'. In these uncertain times, we recognise it's more important than ever to keep our members informed, and assured, that we are looking after one of their most precious investments – their retirement savings. Despite the challenges we are currently facing, the team at BT are here for our members, helping them through this difficult period.

## Simplifying our platforms offering

With a focus on being simpler and more efficient for our members, and to deliver the best outcomes for your superannuation investments - we're pleased to announce that we will be commencing the migration of SuperWrap members to Panorama Super in the 2020-2021 financial year (FY21). The foresight in developing and investing in a contemporary platform is highlighted through the ongoing growth and adoption of Panorama - indicating we have focused on the investment in valued features and capabilities important to members which will continue to deliver the best outcomes for your superannuation investments. Panorama will deliver a simpler, efficient, and more engaging platform for you as a member.

Panorama has established itself as one of the fastest growing platforms in the retail market, winning awards for our mobile application for members and the support of members' advisers. Most recently, the latest Investment Trends Planner Technology Report recognised our Panorama mobile app for being rated the number one platform app for the third year in a row!

## Supporting our members during tough times

In March, the Government announced measures to help eligible individuals affected by the coronavirus related downturn to apply to have limited access to their superannuation savings. By assisting members in accessing to their super, we're helping those currently experiencing financial hardship to get through this difficult time. Since the measure came into effect, we have been able to assist 5,279 members by releasing \$50,234,910 of their super.

## Supporting Royal Commission and legislation changes

We support the outcomes of the Royal Commission, ensuring we continue to have our members' best interests at heart.

In addition, we've worked hard to ensure our members are aware of and understand how their insurance in super is affected by the Government's Protecting Your Super and Putting Members' Interests First legislation. Both are designed to protect members' super balances from being eroded by fees for insurance that they may not be aware they have. Our priority remains ensuring we help members make informed decisions about their super.

## Upcoming Annual Member Meeting

We will be holding our first Annual Members Meeting (AMM) for our members on Thursday 25 February 2021. The AMM is an opportunity for our Board of Directors and key executives to provide you with an update on our strategy and performance. Look out for an email or letter with details on how to register to attend shortly. We look forward to you joining us, and providing us valuable feedback about your super.

## Farewell Jane Perry

We'd like to take this opportunity to say farewell and thank you to Jane Perry. Jane was a Non-executive Director of the Superannuation Board from February 2016 to July 2020, and the Chair of the Insurance Sub Committee. We would like to recognise the significant member centric focus that Jane brought to her role on the Board, and in particular to the governance of our insurance offers. We wish her well in her future endeavours.

## Welcome Doug Carmichael

Lastly, we'd like to extend a warm welcome to Doug Carmichael. Doug was appointed as a director of the Superannuation Board in July 2020. Doug has more than 30 years of financial services experience, most recently as the Commonwealth Bank Group Super Chief Executive where he led the trustee services team assisting the Group Super board in the development and execution of strategies to achieve member satisfaction, fund growth and member retention.

He was previously General Manager of Strategic Operations and Risk Management for Australian Administration Services. Doug is a Founding Director and current President of the Canadian Australian Chamber of Commerce and was previously a Director of the Fund Executives Association Limited.

This year, we've updated our Annual Reports with more information for our members. We hope you find our report informative and helpful.

We look forward to continuing to help prepare you for your best financial future.



David Plumb  
Chairman,  
BT Super



Kathy Vincent  
Managing Director,  
Platforms, Investments  
& Operations



# Who we are

2019-20 highlights

Number of members   
**131,155**

  
Funds under administration  
over  
**\$29.8b**

  
**60**  
Average member age

55%  45%  
Gender split  
Men Women

  
**28%**  
Percentage of members insured

over  
**\$88.9m**  
Insurance claims paid

Members who  
logged into  
investorwrap.com.au

**78,786**



  
**\$227,156**  
average account balance

# The board and governance



## Chairman

### David Plumb

Independent, Non-executive Director (1 March 2011 to present),  
Chairman (16 November 2015 to present)

David Plumb was appointed as a director of the Superannuation Board in 2011. He served as Chairman of the Board Audit, Risk and Compliance Committee from 2011 to November 2015 and has continued to serve as a member subsequently. He also serves on the Board Investment Committee. He was appointed as Chairman of the Superannuation Boards on 16 November 2015.

David has more than 35 years' financial services experience, having operated at a Director and Executive level principally within the superannuation, funds management, advice and insurance sectors. Prior to joining the BT Board and becoming a Non-executive Director his executive career was spent at Challenger, Tyndall Australia and Ernst & Young.

In addition to his roles with BT, David is currently the chair of Allianz Australia Life Insurance Ltd, a Director on the Board of Insurance and Care NSW, chairs the Compliance Committee for Blackrock Investment Management and is a Director of Implemented Portfolios Ltd. David is a Graduate Member of the Australian Institute of Company Directors, a Fellow of the Institute of Chartered Accountants and holds a Bachelor of Commerce from the University of New South Wales and a Master of Economics – Professional Accounting from Macquarie University.



## Non-executive Director

### Robin Burns

Independent, Non-executive Director (1 July 2019 to present)

Robin was appointed as a director of the Superannuation Boards on 1 July 2019 and serves on the Board Investment Committee and Board Audit, Risk & Compliance Committee. Effective 10 July 2019, Robin was appointed as the Chairman of the Board Investment Committee.

Robin held senior executive roles in financial services for over 25 years in a range of enterprises. He was Managing Director of Equity Trustees Ltd from 2010 to 2016 and since then has held a number of non-executive director positions. Before Equity Trustees he was CEO of Equipsuper and held previous positions as a CEO and CFO in financial services.

Robin is a past member of the Chartered Accounting Institutes in England & Wales and Australia and was a personal member of the Australian Stock Exchange. He is a Fellow of the Australian Institute of Company Directors. He served on the board of the Financial Services Council until 2016, chairing a number of Board Committees.

He is a non-executive director of Defence Health Ltd, 8IP Emerging Companies Limited, and an independent member of the PIMCO Australia Compliance Committee.



### Non-executive Director

#### **Doug Carmichael**

Independent, Non-executive Director (1 July 2020 to present)

Doug was appointed as a director of the Superannuation Boards in July 2020. Doug has more than 30 years' financial services experience most recently as the Commonwealth Bank Group Super chief executive where he led the trustee services team assisting the Group Super board in the development and execution of strategies to achieve member satisfaction, fund growth and member retention.

He previously was general manager of strategic operations and risk management for Australian Administration Services.

Doug is a Founding Director and current President of the Canadian Australian Chamber of Commerce and was previously a Director of the Fund Executives Association Limited.

Doug was educated at Mount Allison University, Canada, and holds a Bachelor of Commerce.



### Non-executive Director

#### **Michael Cottier**

Michael Cottier was appointed as a Director of the Superannuation Boards in November 2015 and serves as Chairman of the Board Audit, Risk and Compliance Committee.

Michael is an experienced financial service professional with expertise in finance and taxation. Michael's most recent Executive role was as CFO, QSuper Limited. Michael has also worked as CFO of QIC Limited and in senior finance and tax roles at Suncorp Group Limited.

Michael is a Fellow of the Australian Institute of Company Directors, a Fellow of Chartered Accountants ANZ (FCA), and holds a Masters in Taxation from The University of Queensland.

Michael is currently on the Boards of Metro Arts Limited (Board Chair), Queensland Teachers Union Health Limited (chair of Risk Committee), and WAM Alternative Assets Limited (Board Chair), and previously served as a member of the ASFA Governance & Regulatory Council.



## Executive Director

### **Melinda Howes**

Appointed – March 2015

Melinda Howes commenced a role in late 2014 as Managing Director of Superannuation for BT Financial Group. Until June 2014 she was the Director of Product Strategy and Services for AMP's Insurance and Superannuation business.

Melinda is an actuary whose career in financial services has spanned policy, strategy, consulting, product and sales work in superannuation, wealth management, insurance and not for profit entities.

Melinda was the CEO of the Actuaries Institute for three and a half years. Prior to that she was Director of Policy at ASFA (the Super Funds Association). She has also been a consultant with ALEA Actuarial and previously spent eleven years at BT from 1993, culminating in a role as Director of Superannuation and Retirement Products. She started her career in life insurance with Prudential.

Melinda is on the Super FSC board, an Executive Director on the BT Financial Group RSE Boards. Melinda is a member of the Australian Institute of Company Directors and a Fellow of The Institute of Actuaries of Australia, she's also on the advisory board of Macquarie University's Faculty of Business and Economics.



## Executive Director

### **Kathy Vincent**

Appointed – August 2018

Kathy Vincent is BT's Executive Director, Superannuation Boards & Managing Director, Platforms and Investments. In this role Kathy is responsible for leading BT's retail platforms (BT Panorama, BT Wrap and Asgard) as well as BT's investments business.

Prior to joining BT in July 2018, Kathy was General Manager, Wealth Products and Platforms at NAB where she was responsible for the leadership and management of the retail super and investments platform, as well as NAB's Asset Management Product Team.

Previous roles include Co-Head of Macquarie's alternatives business and Head of Product Strategy for Macquarie Group's Global Investments business.

Kathy has 25 years' experience in financial services with specialist expertise in retail platforms, product strategy and distribution. She has a Bachelor of Commerce from the University of New South Wales and a Graduate Diploma in Applied Finance and Investment.

Kathy is on the board of Financial Services Council and Co-chair of FSC Advice Board Committee.

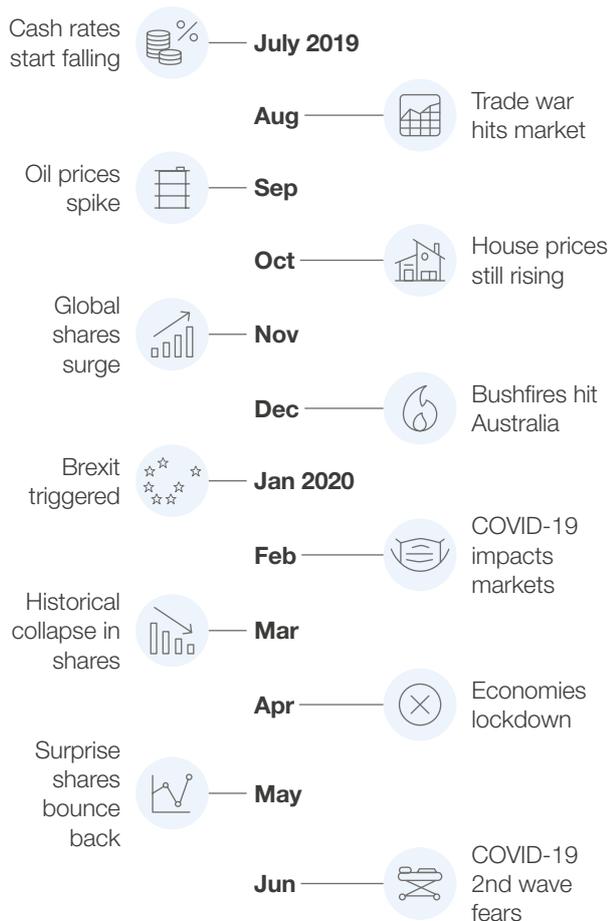
# CIO Investment Markets update



Corrin Collocott, Chief Investment Officer

Towards the end of the 2019/20 financial year, investment markets across the globe faced high levels of volatility and uncertainty, rivalling the Great Depression and both World Wars.

While we saw some indicators of positive economic growth during the first half of the year, such as domestic housing prices achieving their best results since 2011 – we entered 2020 experiencing bouts of significant share market under-performance, with cracks of uncertainty emerging across the globe as the COVID-19 pandemic became a reality.



## July–October 2019

Australia's cash rate lowered to a record 1% in July and then 0.75% in October, in an attempt to improve labour market conditions.

## September 2019

A large spike in oil prices following the attack on Saudi oil facilities, temporarily impacting a large portion of global production.

## October 2019

Australia's housing prices were still increasing as boom-time conditions returned to the nation's largest cities.

## November 2019

Global equities rose strongly with several markets hitting all-time highs, but weak US manufacturing data and renewed US/China trade concerns began to reduce confidence in the markets.

## December 2019

Uncertainty in the US markets due to the ongoing and increasing tension between the USA and China, and President Trump's impeachment hearings.

The Australian economy recorded a trade surplus, rounding out two straight years of monthly surpluses. However, the ongoing economic damage from the bushfires along Australia's eastern seaboard had begun to flow through impacting domestic tourism and localised industries across the affected areas.

## January 2020

The UK officially left the European Union after 47 years of membership, with Brexit officially occurring on 31 January 2020.

## February 2020

What started in late 2019 as headline news, the COVID-19 outbreak sent ripples through global financial markets. The pandemic disrupted trade and supply chains worldwide, pressuring asset prices and forcing multinational businesses to make decisions around trade and employee wellbeing. As COVID-19 spread rapidly around the world, it caused most major cities to completely shut down.

## March 2020

In response to the COVID-19 pandemic, Australian equities fell by 20.8% (as measured by the ASX 300 index). The Reserve Bank of Australia reacted and cut the cash rate to a record low of 0.25%. Other global central banks reduced their interest rates to new lows and governments globally announced record policy stimulus. At the same time, the US share market (as measured by the S&P 500 index) fell by 12.4%.

A price war erupted between OPEC and Russia which saw global oil prices falling to levels not seen since 2002.

## April–May 2020

After the significant market decline in March, we saw equities rebound strongly in April and May as countries that have introduced effective measures in controlling the virus began putting in place plans to gradually reopen their economies.

## June 2020

June experienced continual but slower, economic growth compared to April and May, as most countries continued to relax restrictions. However, reports of 'second wave' outbreaks indicated that this global pandemic is far from over.

In the last few months, the world has entered uncharted territory. Economies have not just been suffering, they've been closed. Millions of people have been sick, and hundreds of thousands have succumbed to COVID-19.

## What's next for the markets?

Governments and central banks are continuing to roll out stimulus measures, to reduce the damage caused by the economic shutdown. The gradual lifting of containment measures has been seen as positive by the markets, although the long-term economic damage of the shutdown is still not known.

In Australia, our gross domestic product (GDP) fell in the first quarter of the financial year of 2019/20, and with a further decline in growth in the second quarter of the financial year we entered our first technical recession in almost three decades.

While we've witnessed a strong recovery in equity markets from the March lows, supported by the benefits of low interest rates and the unprecedented scale of spending programs by governments around the world, there are still concerns over the short term. A rise in unemployment can result in lower productivity and economic growth, particularly if this reflects longer-term structural changes in the economy. Countries also face the uncertainty of possible further waves of COVID-19 infections and its potential impacts.

## What does it mean for your investments?

While we are in a time of uncertain economic and market conditions, it is important to remember that generally, over the long-term, growth assets such as shares and property should provide an opportunity to build long-term wealth.

As always, we support the strategy of diversification when investing, which means that by allocating your risk across different asset classes, you may be less exposed to a single economic or market event like what we have experienced this financial year.

# Investing during a recession

While the COVID-19 pandemic has impacted financial markets, there are still ways your investments can work hard. Read our four strategies for smart investing during an economic downturn.

In times of uncertainty, when share markets and interest rates are falling, along with declines in consumer and business confidence, investors often question if their money is safe and if it's still going to meet their long-term investment goals.

But whether it's a period of sustained volatility due to a global financial crisis, a medical pandemic, or a recession, the basic rules of investing hold true.

- Don't panic!
- Set long-term investment goals
- Keep investing (if you can)
- Don't try and time the market
- Spread your risk through diversification
- Don't panic!

## Keep a level head

It's almost thirty years since Australia last experienced an economic period of this kind, so for many investors where to put money during such a period isn't something they've had to think about before.

We understand you're probably concerned about your investments and wondering what to invest in if Australia does enter a recession. Volatility isn't something investors enjoy. The pain of losing is significantly more powerful than the pleasure of gaining, which makes us more likely to overreact during market downturns than when the market is booming.

To help your investments continue to work hard for you, we've outlined four simple strategies you could consider.



## 1. Invest for the long term

If you're a long-term investor (with a time horizon of 10+ years), don't let emotion get in the way of sensible decision-making. Selling out of your investments and moving to cash may seem like a safe option, but you'll potentially be crystallising your losses and missing out on any opportunities that could arise when the market rebounds.

A good investor is a patient investor. Just like you need to save money for an overseas trip or wait another year for your favourite movie sequel to be released, investing is a long-term activity.

We recommend you seek good advice at the start, so you have a plan to realise your investment dreams, leaving you to get on with enjoying your life. You're not a professional investor, it's not what you do for a living, so there's no need to fear every daily movement in the share market.

## 2. Try to invest regularly

Volatility doesn't necessarily result in poor investment outcomes. It can present opportunities. The principle of investing regularly, regardless of whether the market is rising or falling, allows you to buy more of an asset when prices are low and buy less when prices are high.

Known as "dollar cost averaging", not only will this average out over the long term, resulting in a better average price for the assets, but you'll also potentially hold more of an asset, which will be beneficial when prices rise again.

Those superannuation members who are making regular contributions and don't yet need to withdraw from their super, and investors who have a regular contribution plan set up as part of their investment strategy, are already making the most of this approach.

## 3. Be sensible and leave the decisions to the professionals

Market timing is an investment strategy used to try and 'beat' the share market by predicting its movements and buying and selling accordingly. It's the exact opposite of the long-term 'buy-and-hold' strategy, where an investor buys shares or assets and holds them for a long time, designed to ride out periods of market volatility<sup>1</sup>.

According to Morningstar, investors would need to be correct 70% of the time to get any benefit from an active market timing strategy. This is almost impossible to achieve, even for market professionals.

You're more likely to miss some of the best days of the market rather than picking them correctly. And as research from global fund manager Fidelity shows, a \$10,000 investment that missed the 10 best days in the Australian share market during the period October 2003 to April 2020 would have cost you \$13,523 in lost earnings<sup>2</sup>.

## 4. Allow diversification to spread your risk

Not only is it difficult to time the market correctly, but it's also hard to predict which asset class will perform best in any given year. Last year's best performing asset class can easily become next year's worst, or vice versa.

Many investors choose to manage this by diversifying their investments across different asset classes (shares, bonds, cash etc.) and create a portfolio that's based on their risk tolerance, time horizon and investment goals.

However, it's important to understand that diversification doesn't mean you'll avoid market volatility completely. Even with a well-diversified portfolio, your investments could still potentially experience periods of what you'd probably deem underperformance.

For example, when the Australian share market is rising, it may feel like your investments are lagging if the share market rises by more than your investment does. But be assured, when that same share market falls by 5% and your investment's value is relatively unaffected, the benefits of diversification will become much clearer<sup>3</sup>.

### Staying positive during market downturns

The most important thing you can do during market downturns is not panic.

Stay emotionally strong and ensure your investments remain aligned to your investment goals.

1 Investopedia <https://www.investopedia.com/terms/m/markettiming.asp>.

2 Fidelity International <https://www.bt.com.au/insights/strategies/2019/03/dealing-with-market-volatility.html> The chart shows how a notional \$10,000 investment would have been affected if the 10 best days were missed. Uses daily returns of the ASX/S&P 200 Accumulation index (Source: Datastream) for the calculations, from 31 Oct 2003 to 06 Apr 2020.

3 Vimal Gor, Pental's Head of Bonds, Income & Defensive Strategies <https://www.fidelity.com.au/learning-hub/understanding-markets/timing-the-market/>.

# Recent developments in superannuation and changes to your product

## 1. 2020/21 superannuation thresholds

The superannuation contributions caps and various other superannuation thresholds that apply for the current financial year are as follows:

<b>Concessional contributions cap</b>	<b>\$25,000<sup>1</sup></b>
Non-concessional contributions cap	\$100,000 <sup>2</sup>
<b>Capital Gains Tax (CGT) cap (lifetime limit)</b>	<b>\$1,565,000</b>
<b>Government co-contributions</b>	
Maximum co-contribution <sup>3</sup>	\$500
Lower threshold	\$39,837
Upper threshold (cut off)	\$54,837
<b>Superannuation Guarantee (SG) rate<sup>4</sup></b>	<b>9.5%</b>
<b>Low rate cap</b>	<b>\$215,000</b>

## 2. Work test changes

From 1 July 2020, if you are aged 65 or 66 you can make voluntary super contributions without meeting the work test.

The work test means that you must be 'gainfully employed' for at least 40 hours in any 30 consecutive day period in the financial year in which the super contribution is made.

If you are aged 67-74 you may be exempt from the work test if you met it in the previous financial year and your total super balance was less than \$300,000 at 30 June in the same year. This means you may be able to make additional contributions to super in the financial year after you retire. The work test exemption can only be used once in your lifetime.

## 3. Spouse contributions

The age limit for spouse contributions has increased to age 74. This means from 1 July 2020 you can make super contributions to your spouse if they are under 75, with those aged 65 and 66 no longer needing to meet a work test.

## 4. COVID early release

You can apply to access your super on compassionate grounds if you are financially affected by the COVID-19 pandemic. If you are eligible, you can access \$10,000 until 31 December 2020.

You can submit your application to the Australian Taxation Office (ATO) through [MyGov](#) and if approved the payment will be made to you from your nominated super account.

Refer to [ato.gov.au/coronavirus](https://ato.gov.au/coronavirus) for more information.

## 5. Employer Super Guarantee opt-out

If you receive compulsory SG contributions from multiple employers and are concerned about exceeding your concessional contribution cap, you may be able to apply to the ATO for an exemption certificate which would allow your employer to choose to cease paying SG contributions on your behalf.

Refer to [ato.gov.au](https://ato.gov.au) for more information.

## 6. Adviser commissions

All commission payments that are currently paid to financial advisers from managed investment or superannuation accounts will be banned from 1 January 2021. This measure was recommended as part of the Royal Commission into Banking, Superannuation and Financial Services Industry.

## 7. Choice of super fund extended

Currently employees covered under enterprise agreements and workplace determinations, may not have the option to elect which super fund into which they want their employer super contributions to be paid. From 1 January 2021 this restriction will be removed for new enterprise agreements and workplace determinations allowing employees employed under these arrangements the right to choose where to direct their super.

1. Members with a total super balance less than \$500,000 at the end of the previous financial year can make additional concessional contributions by utilising unused cap amounts accrued from 1 July 2018, for up to five financial years.
2. If you were under age 65 on 1 July 2020 and satisfy other conditions you may be able to make larger non-concessional contributions over two or three financial years. Once your total super balance has reached \$1.6 million, your non-concessional contribution cap will be nil. Your total super balance is assessed as at 30 June of the previous financial year.
3. The maximum co-contribution payable is phased out by 3.333 cents for every dollar of total income over the lower threshold, until it reaches zero at the upper threshold.
4. The SG rate is currently 9.5% where it will remain until 30 June 2021. From 1 July 2021, the SG rate will increase to 10% and thereafter will increase by 0.5% each financial year until it reaches 12% at 1 July 2025.

# Proposed changes to superannuation

The following proposed changes, are not yet law and are subject to change.

## Bring Forward Non-Concessional Contributions

The government has proposed changes to the bring forward provisions for non-concessional contributions allowing individuals aged 65 and 66 to make non-concessional contributions over two or three financial years. This would align with the recent changes allowing individuals aged 65 and 66 to make voluntary super contributions without meeting the work test.

## Removal of eligible rollover funds

Currently super funds can transfer accounts of members to an eligible rollover fund (ERF). The government has proposed that from 1 May 2021 super funds can no longer transfer super accounts to an ERF.

## Transfer Balance Cap Increase

There is a limit on how much you can transfer to a super income stream where earnings are tax free called the transfer balance cap. The general transfer balance cap is currently \$1.6 million. The transfer balance cap may be indexed to \$1.7 million from 1 July 2021.

Your personal transfer balance cap may differ from the general cap from that date.

## Your future, your super

The government proposed a number of measures in the 2020 Federal Budget to enhance the super system for Australians.

The first proposal is to create a YourSuper online comparison tool to help individuals compare super products that may best suit their needs. Funds will also be subject to an annual performance test, and those funds that do not meet the benchmarks imposed by the test, will be identified in the YourSuper comparison tool.

The government also proposed that super accounts will be “stapled” to individuals when they change jobs. This means when you start a job with a new employer, your employer will contribute to your existing account if you don't provide them with instructions to contribute to another super fund.

# Investment information

SuperWrap offers a wide selection of investment strategies to enable you or your adviser to plan for your retirement needs. Under these strategies, there are a number of options including cash, listed securities and managed funds. As the investment climate or your needs change, you can change your investment as often as you want, provided you maintain the minimum balance in your Transaction Account and any applicable investment limits are not exceeded.

The investments available to you will depend on the SuperWrap product you hold. You should refer to the latest Investment Options Booklet for the product you hold for details of the investments currently available to you. A copy of the latest Investment Options Booklet is available from your adviser or via the Wrap Desktop.

SuperWrap has been designed to provide a range of investment strategies and options, for you and your adviser (if you have one) to plan your investment goals. All of the strategies (except the sector specific direct strategies and certain cash options, such as Term Deposits) are invested in managed funds. Each strategy has different risk and return characteristics and investment time frames.

Each of the available investments (detailed in the applicable Investment Options Booklet) falls within one of the investment strategies. The Trustee does not manage the underlying investments. Consequently, the Trustee has no control over the performance of the underlying fund or the time the fund manager takes to make and redeem investments. The Trustee may place restrictions on the percentage that you may invest in a particular investment strategy or investment. Please refer to the SuperWrap Product Disclosure Statement and the Investment Options Booklet for further details regarding any investment restrictions.

The following pages provide a guide to the characteristics of each investment strategy offered under SuperWrap.

However, this information is provided as a guide only. Before deciding to invest in any particular investment, you are responsible for determining whether the investment is appropriate for your needs. You should consult with your adviser, if you have one, before deciding to invest in any particular investment.

The Trustee may remove, withdraw or add managed fund, listed security and term deposit investments at its discretion at any time and may change the conditions associated with investing in these options.

In determining whether to remove or withdraw an option, the Trustee can take into account a variety of issues including, but not limited to, performance, administration and the liquidity of the option. If an option is removed, the Trustee will redeem your funds from that option and place them into your Transaction Account. Where an investment is withdrawn, you may continue to retain your investment in that option. However, no new investments (including distribution reinvestments) may be placed into that option unless approved by the Trustee. Please note that the Trustee does not directly invest in derivative securities.

## Changes to investment strategies

The Trustee may change the investment strategies for SuperWrap at any time. The Trustee will notify you of any such changes.

## Investments exceeding 5%

As at 30 June 2020, the value of members':

- Transaction Accounts, which are invested in one or more underlying bank accounts at Westpac Banking Corporation, represents 9.08% of the total assets of SuperWrap
- units in managed funds managed by Advance Asset Management represents 9.16% of the total assets of SuperWrap
- units in managed funds managed by Pandal Institutional Limited represents 5.37% of the total assets of SuperWrap
- units in managed funds managed by Vanguard Investments Australia represents 9.13% of the total assets of SuperWrap
- units in managed funds managed by IOOF Investment Services Ltd represents 8.93% of the total assets of SuperWrap

The above values are accurate as at 30 June 2020, but will continue to change over time.

There are no other combinations of investments that the Trustee knows or ought reasonably to know are invested, directly or indirectly, in a single enterprise or single group of associated enterprises and that have a combined value in excess of 5% of the total assets of SuperWrap as at 30 June 2020.

## Strategies offered to SuperWrap members

Please note that some of these investment strategies may not be available to you. Please contact your adviser, if you have one, or refer to the latest Investment Options Booklet for the SuperWrap product you hold for further information about what investment strategies are available to you.

## Use of derivatives

The trustee may add or remove derivatives at their discretion. In addition some underlying investments may invest in derivatives such as options or futures. These may, as part of that fund manager's investment strategy, be used to hedge or partially hedge against specific exposures.

## Earnings

Earnings, in the form of capital growth, income distribution or dividends, received from your investments are credited to your account. Your investment earnings will depend on the performance of the investments you choose and the amount of money invested in each.

Diversified managed investment strategies				
	Standard risk measure	Time frame	Investment objective	Indicative ranges
<b>Growth</b>	Risk bands 5-6 (Medium to high to high)	Recommended for 5-6 years or more	<p>To provide investors with growth through higher exposure to growth assets with a lower level of capital security.</p> <p>This is achieved through a higher exposure to shares and property, with some fixed interest and cash investments as well as a possible exposure to Alternative Assets.</p> <p>Investment Options in this strategy will suit investors who want to grow the value of their investment over the long term and accept that returns over the short term will fluctuate and may even be negative.</p>	<p>Growth assets 70% – 100%</p> <p>Defensive assets 0% – 30%</p>
<b>Balanced</b>	Risk bands 4-5 (Medium to medium high)	Recommended for 4-5 years or more	<p>To provide investors with growth through a balanced exposure to growth and income producing assets with a moderate level of capital security.</p> <p>This is achieved through a balanced exposure to shares and property as well as to fixed interest and cash investments. This may also include an exposure to Alternative Assets.</p> <p>Investment Options in this strategy will suit investors who want a balanced exposure to growth and income producing assets and accept that returns over the short term will fluctuate and may even be negative.</p>	<p>Growth assets 40% – 70%</p> <p>Defensive assets 30% – 60%</p>

Diversified managed investment strategies				
	Standard risk measure	Time frame	Investment objective	Indicative ranges
<b>Conservative</b>	Risk bands 2-3 (Low to low medium)	Recommended for 3-4 years or more	To provide investors primarily with income and also some growth with a higher level of capital security. This is achieved through an investment portfolio consisting mainly of fixed interest and cash investments, but which normally will also have some exposure to growth assets such as shares and property. This may also include an exposure to Alternative Assets. Investment Options in this strategy will suit investors who prefer a higher exposure to income producing investments, while having limited exposure to growth investments and accept that returns over the short term will fluctuate and may even be negative.	Growth assets 0% – 40% Defensive assets 60% – 100%

Sector specific managed investment strategies				
	Standard risk measure	Time frame	Investment objective	
<b>Australian shares</b>	Risk bands 6-7 (High to very high)	Recommended for 6-7 years or more	To provide investors with growth to the value of their investments through both capital growth and distributions with a low level of capital security. This is achieved primarily through an exposure to Australian shares. Investment Options may have a specific focus or employ internal leverage. Investment Options in this strategy will suit investors who want to grow the value of their investment over the long term and accept that returns over the short term will fluctuate and may even be negative.	
<b>International shares</b>	Risk bands 6-7 (High to very high)	Recommended for 6-7 years or more	To provide investors with growth to the value of their investments through both capital growth and distributions with a low level of capital security. This is achieved primarily through exposure to shares from around the world although some Investment Options may also have exposure to Australian Shares. Within this strategy Investment Options may have a specific focus (such as smaller companies) or employ internal leverage. Investment Options in this strategy will suit investors who are seeking to invest in international share markets to grow the value of their investment over the long term and who accept that returns over the short term will fluctuate and may even be negative.	

## Sector specific managed investment strategies

	Standard risk measure	Time frame	Investment objective
<b>Property securities</b>	Risk bands 6 -7 (High to very high)	Recommended for 6-7 years or more	To provide investors with income and some growth to the value of their investments through mainly distributions but also some capital growth with a low level of capital security. This is achieved through exposure to property related listed securities in Australia and New Zealand. Investment Options in this strategy will suit investors who want mostly income returns while maintaining some growth in the value of their investment over the long term and accept that returns over the short term will fluctuate and may even be negative.
<b>Direct property</b>	Risk bands 5-7 (Medium high to very high)	Recommended for 5-6 years or more	To provide investors with mostly income and some capital growth to the value of their investments with a medium level of capital security. This is achieved primarily through exposure to direct property. Investment Options in this strategy may have internal leverage and could experience limited liquidity due to direct property exposure and therefore may have delays in redemptions. Funds in this strategy will suit investors who want mostly income returns while maintaining some growth in the value of their investment over the long term and accept that returns over the short term will fluctuate and may even be negative.
<b>Hedge Funds (Alternative)<sup>1</sup></b>	Risk bands 5-7 (Medium high to very high)	Recommended for 5-7 years or more	To provide investors with returns that may be uncorrelated to the direction of the share and bond markets. Investment Options in this strategy may not be managed to track a specific index, such as the All Ordinaries, Dow Jones or MSCI, may invest in both physical securities and derivatives such as managed futures and may use leverage with a clear goal to deliver an absolute return to investors.
<b>Australian fixed interest</b>	Risk bands 3-5 (Low medium to medium high)	Recommended for 4 years or more	To provide investors with mainly income returns that are above inflation and cash with a higher level of capital security. This is achieved primarily through exposure to Australian and New Zealand fixed interest securities. Investment Options in this strategy will suit investors who want to maintain the value of their investment over the medium term and accept that returns over the short term will fluctuate and may even be negative.

1. Some of the alternative asset investments have characteristics that are different to other managed fund investments. These characteristics include infrequent pricing of units (e.g. monthly rather than daily or weekly pricing) and possible extended delays in processing withdrawals or redemptions (e.g. in some cases 5 months or more depending on the liquidity of underlying assets). Before deciding to invest in an alternative asset fund investment you should consult your adviser and ensure you read and understand the relevant offer document and Product Profile for the relevant alternative asset investment.

Sector specific managed investment strategies			
	Standard risk measure	Time frame	Investment objective
<b>International fixed interest</b>	Risk bands 3-5 (Low medium to medium high)	Recommended for 3-5 years or more	To provide investors with mainly income returns that are above inflation and cash with a higher level of capital security.  This is achieved primarily through exposure to fixed interest securities from around the world. Investment Options in this strategy will suit investors who want to maintain the value of their investment over the medium term and accept that returns over the short term will fluctuate and may even be negative.
<b>Short term fixed interest</b>	Risk band 2 (Low)	2 years	To provide investors with mainly income returns that are higher than cash with a high level of capital security. This is achieved primarily through exposure to a range of cash, fixed interest securities and mortgages. Investment Options in this strategy will suit investors seeking returns and risk slightly higher than those available from cash investments while aiming to maintain the value of their investment over the short term.
<b>Cash</b>	Risk bands 1-2 (Very low to low)	Less than 2 years	To provide investors with income returns that are above at call bank deposit rates with a high level of capital security. This is achieved primarily through exposure to a range of short term securities, government and bank backed securities and corporate securities. Funds in this strategy will suit investors seeking high investment liquidity for short periods with a low risk of capital loss.
<b>Term Deposits</b>	Risk bands 1-2 (Very low to low)	Time frame of the term deposit	To provide investors with income returns that are above at call bank deposit rates with a high level of capital security. This is achieved primarily through exposure to term deposits across a range of maturities. Term deposits will suit investors seeking returns and risk slightly higher than those available from cash investments and aiming to maintain the value of their investment over the term of the term deposit with a low risk of capital loss.

Sector specific direct investment strategies			
	Standard risk measure	Time frame	Investment objective
<b>Listed Australian shares</b>	Risk bands 6-7 (High to very high)	Recommended for 6 years or more	To provide investors with growth to the value of their investments through both capital growth and dividends with a low level of capital security.  This is achieved primarily through a choice of listed equity securities on the ASX. This strategy will suit investors who want to manage their own portfolio of listed Australian equity securities and accept a high level of risk associated with this type of investment and the possibility of negative returns in any year.

## Sector specific direct investment strategies

	Standard risk measure	Time frame	Investment objective
<b>Listed trusts including property trusts, LICs, LITs and ETFs</b>	Risk Bands 1-7 (Very low to very high)	As per underlying asset class	To provide investors with growth in the value of their investment, the level of capital security will vary depending on the nature of the underlying assets.  This is achieved primarily through exposure to a choice of Listed Trusts available on the ASX. Investments in this strategy will suit investors seeking to manage their own portfolio of Listed Trusts.
<b>Listed debt securities (including bonds, floating rate notes, convertible notes, hybrid securities and collateralised debt obligations)</b>	Risk bands 3-6 (Low medium to high)	Recommended for 3-6 years or more	To provide investors with mainly income returns that are above inflation and cash with a medium level of capital security.  This is achieved primarily through exposure to a choice of debt securities listed on the ASX. Investments in this strategy will suit investors who want to manage their own portfolio of listed Australian debt securities and accept a moderate level of risk associated with this type of investment.

## Other important information

### How is my investment valued?

Your benefit in SuperWrap is equal to the number of units, listed securities, or term deposits you hold in the underlying investment multiplied by the relevant withdrawal or sale price of each investment, plus the value of your Transaction Account, less all taxes payable and SuperWrap charges.

Your Transaction Account is an interest bearing account and forms part of your investment. The Transaction Account serves a number of purposes including receipt of contributions, a settlement account for your investment transactions and the account from which fees and charges are deducted and to which income is credited.

The value of a managed fund holding is determined by the governing rules of the relevant fund manager and reflect the value of the underlying investments held by that fund. As the value of these underlying investments go up and down, so will the value of your managed fund holding.

Similarly the value of any listed security investments you hold will fluctuate with movements in the prices of the securities.

Your withdrawal benefit in SuperWrap will differ from your total benefit, as the Trustee will create a provision for fees, charges and tax payable, that have accrued but have not yet been deducted from your account.

These provisions are required to ensure that there are sufficient funds left to meet these accrued liabilities

if you leave the fund before these liabilities fall due. In calculating this provision the Trustee will make an assessment as to what value, if any, will be given for franking credits received or credited and losses incurred.

## Other important information

### Performance information

Past performance of investments available through SuperWrap is not a reliable indicator of future performance.

You can view your SuperWrap account's actual performance by logging on to [investorwrap.com.au](http://investorwrap.com.au) and referring to your Annual Statement.

### Eligible Rollover Fund for SuperWrap

The Eligible Rollover Fund ('ERF') currently selected for SuperWrap is:

SuperTrace Eligible Rollover Fund  
Locked Bag 5429  
Parramatta NSW 2124

If your benefit is transferred to SuperTrace:

- you will cease to be a member of SuperWrap and any insurance cover provided will also cease on the date of transfer or the end of any continuation period that may apply, if that period is after the cessation date
- you will need to contact the SuperTrace Administrator on 1300 788 750 in order to claim your benefit back or deal with your benefit
- you will not be able to make contributions to the ERF
- you will not have any investment choice – the trustee of the ERF will nominate the investment strategy that will apply
- the ERF will normally ensure that your benefits will not be eroded by administration fees and charges; however, other fees may apply. Refer to the ERF's disclosure statement for more information.

Currently your benefit may be transferred to the ERF in the following circumstances:

- If you are a member of the Personal Super Plan and become a lost member, that is:
  - one piece of written communication has been returned unclaimed, or
  - the Trustee has never received your address details unless during the last two years the Trustee has verified that your address is correct and has no reason to believe it is not correct. It is important that you inform the Trustee of any changes to your address details so that you are not transferred to the ERF. Trustees of regulated super funds report details

of lost members to the Australian Tax Office ('ATO'), which maintains a lost members register. Persons may search the register to ascertain whether they have benefits, which are lost.

- If your Transaction Account balance falls below the minimum required balance (unless you are a member of the Pension Plans and the total value of your pension account is below the minimum amount). If this happens, you will be requested to make an additional investment or sell down investment holdings to increase your balance over the minimum. If you do not increase your balance, your benefit may be transferred to the ERF
- If you request to transfer your benefit to another fund and that request cannot be processed due to insufficient information, or the other fund returns the money to SuperWrap because they have been unable to process the request
- If you cease to have an adviser that is authorised to sell or distribute interests in SuperWrap
- If the Distributor of the SuperWrap product you hold ceases to distribute SuperWrap
- If circumstances discussed in the 'Cooling-off period' section of the SuperWrap Product Disclosure Statement (available via the Wrap Desktop or through your adviser) apply
- If the circumstances discussed in the 'Transfers from UK pension schemes' section of the SuperWrap Product Disclosure Statement (available via the Wrap Desktop or through your adviser) apply
- In any other circumstances permitted under superannuation law.

### What if I have a complaint?

SuperWrap has arrangements in place for dealing with members' inquiries or complaints. If you have any inquiries or complaints about SuperWrap that cannot be discussed with your adviser, if you have one, please contact a SuperWrap Consultant on 1300 657 010 from 8.00am to 6.30pm, Monday to Friday (Sydney time).

If it cannot be resolved over the phone, you can outline your complaint in writing to:

The Complaints Officer  
SuperWrap  
GPO Box 2675  
Sydney NSW 2001

The Complaints Officer will endeavour to resolve your complaint within 30 days of receiving your letter.

If you are dissatisfied with the Trustee's response (or have not received a response within 90 days), you may escalate your complaint to the Australian Financial Complaints Authority ('AFCA') by:

Calling: 1800 931 678  
Emailing: [info@afca.org.au](mailto:info@afca.org.au)

Writing to: Australian Financial Complaints Authority  
GPO Box 3 Melbourne VIC 3001

Visiting its website: [www.afca.org.au](http://www.afca.org.au)

AFCA is an independent body, set up to assist customers in the resolution of complaints relating to members of the financial services industry including super funds.

### Superannuation surcharge

Any surcharge amounts will be deducted from your account.

### Indemnity insurance

The Trustee is indemnified by a professional indemnity insurance policy in respect of its duties as Trustee of SuperWrap.

### Temporary residents

A temporary resident is a holder of a temporary visa under the *Migration Act 1958*.

From 1 April 2009, if you are, or were, a temporary resident and are not an Australian citizen, New Zealand citizen or permanent resident of Australia, or a holder of a retirement visa (Subclass 405 or 410), you can generally only access your preserved super benefits if you become permanently incapacitated, have a terminal medical condition, or have departed Australia permanently and your visa has ceased, or your beneficiaries may access your benefits if you die.

You may also be able to access your benefit if you satisfied another condition of release under superannuation law before 1 April 2009.

The Australian Government also requires us to pay temporary residents' unclaimed super to the ATO after at least six months have passed since the later of:

- the date a temporary resident's visa ceased to be in effect and
- the date a temporary resident permanently left Australia.

The ATO identifies and informs the Trustee of the impacted members on a twice yearly basis. Once your benefit has been transferred to the ATO you will need to claim it directly from the ATO ([ato.gov.au](http://ato.gov.au)).

If your benefit has not yet been transferred to the ATO, applications to claim your benefit can be made using the ATO Departing Australia Superannuation Payment ('DASP') online application system. To access this system and full information regarding DASP procedures and current tax rates visit [ato.gov.au](http://ato.gov.au).

It is important to note that we do not allow temporary residents under age 55 to transfer money derived from a UK registered pension scheme after 5 April 2015 to SuperWrap (to the extent that SuperWrap is able or willing to accept such transfers). For more information on this restriction, refer to the 'Transfers from UK pension schemes' section of the SuperWrap Product Disclosure Statement (available from your adviser).

We are permitted under, and rely on, ASIC relief under Class Order CO 09/437 to not notify or provide an exit statement to a non-resident in circumstances where we pay unclaimed superannuation to the ATO under Division 3 of Part 3A of the Superannuation (Unclaimed Money and Lost Members) Act 1999.

### Financial information

As permitted under the Corporations Act 2001, audited fund accounts and the auditor's report have not been included with this Annual Report. Copies of complete audited financial statements and the auditor's report will be available from:

BT Funds Management Limited  
Level 18, 275 Kent Street,  
Sydney NSW 2000

or by contacting the SuperWrap Consultants on 1300 657 010.

# Financial Information

## Retirement Wrap – SuperWrap

Statement of Financial Position as at 30 June 2020

	As at 30 June 2020	As at 30 June 2019
	\$'000	\$'000
<b>Assets</b>		
Cash and cash equivalents	1,185,994	610,087
Unsettled sales	42,763	55,807
Accrued income	687,906	828,637
Receivables	1,144	10
Financial assets held at fair value through profit or loss	27,959,498	34,908,768
Tax refund due	-	45,608
Other assets	63,620	59,253
<b>Total assets</b>	<b>29,940,925</b>	<b>36,508,170</b>
<b>Liabilities</b>		
Unsettled purchases	10,489	9,359
Payables	37,077	52,844
Income tax payable	37,624	-
Deferred tax liabilities	9,137	126,809
<b>Total liabilities (excluding member benefits)</b>	<b>94,327</b>	<b>189,012</b>
<b>Net assets available for member benefits</b>	<b>29,846,598</b>	<b>36,319,158</b>
Defined contribution member liabilities	29,846,598	36,319,158
<b>Total net assets</b>	<b>-</b>	<b>-</b>

This annual report contains unaudited abridged financial information for the financial year ended 30 June 2020 in relation to SuperWrap as part of Retirement Wrap (Fund). The Fund's audited financial statements and auditors report are available upon request by contacting the SuperWrap Consultants on 1300 657 010.

## Retirement Wrap – SuperWrap

Income Statement for the year ended 30 June 2020

	Year ended 30 June 2020	Year ended 30 June 2019
	\$'000	\$'000
<b>Superannuation activities</b>		
Interest income	69,915	114,057
Dividend income	134,648	241,761
Distribution income	1,113,258	1,293,832
Net gains/(losses) on financial instruments held at fair value through profit or loss	(1,953,604)	866,608
Other income	12,915	10,663
<b>Total net income</b>	<b>(622,868)</b>	<b>2,526,921</b>
Trustee's fees	15,638	24,290
Other expenses	150,504	197,052
<b>Total expenses</b>	<b>166,142</b>	<b>221,342</b>
<b>Profit/(loss) from superannuation activities before income tax</b>	<b>(789,010)</b>	<b>2,305,579</b>
Income tax expense/(benefit)	(171,704)	(125,157)
<b>Profit/(loss) from superannuation activities after income tax</b>	<b>(617,306)</b>	<b>2,430,736</b>
Less: net benefits allocated to defined contribution members' accounts	617,306	(2,430,736)
<b>Profit/(loss) after income tax</b>	<b>-</b>	<b>-</b>

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## Financial information

### Retirement Wrap – SuperWrap

Statement of Changes in Member Benefits for the year ended 30 June 2020

	Defined contribution \$'000
<b>Opening balance of member benefits</b>	<b>36,319,158</b>
Employer contributions	460,854
Member contributions	504,874
Transfers from other funds	848,099
Superannuation co-contributions	878
Income tax on net contributions	(58,214)
<b>Net after tax contributions</b>	<b>1,756,491</b>
Benefit payments	(7,362,258)
Insurance premiums charged to members' account	(157,943)
Insurance benefit credited to members' account	62,371
Adviser fees	(190,121)
Refund of adviser fees	36,206
Net benefits allocated to defined contribution members' accounts	(617,306)
<b>Closing balance of member benefits</b>	<b>29,846,598</b>

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## Retirement Wrap – SuperWrap

Statement of Changes in Member Benefits for the year ended 30 June 2019

	Defined contribution \$'000
<b>Opening balance of member benefits</b>	<b>39,487,382</b>
Employer contributions	518,930
Member contributions	594,876
Transfers from other funds	1,086,780
Superannuation co-contributions	901
Income tax on net contributions	(55,849)
<b>Net after tax contributions</b>	<b>2,145,638</b>
Benefit payments	(7,400,487)
Insurance premiums charged to members' account	(182,346)
Insurance benefit credited to members' account	64,948
Adviser fees	(232,074)
Refund of adviser fees	5,361
Net benefits allocated to defined contribution members' accounts	2,430,736
<b>Closing balance of member benefits</b>	<b>36,319,158</b>

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For more information

[investorwrap.com.au](http://investorwrap.com.au)

1300 657 010

GPO Box 2337 Adelaide SA 5001

