

# ALLAN GRAY

CONTRARIAN INVESTING

## ALLAN GRAY SUPERANNUATION

Annual Report

2020



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## About this Annual Report

This Annual Report is for members of Allan Gray Superannuation, a sub plan of MAP Superannuation Plan (Div II) ABN 71 603 157 863, APRA Registrable Superannuation Entity No R1001587, referred to in this Annual Report as the Fund or the Plan. This Annual Report is also for members of Allan Gray Retirement, which forms part of the Allan Gray Superannuation sub plan.

This Annual Report has been issued by Diversa Trustees Limited (the Trustee or Diversa Trustees or We) ABN 49 006 421 638, AFSL 235153 RSE Licence L0000635 as Trustee of Allan Gray Superannuation. The Sponsor and Promoter of the Fund is OneVue Wealth Services Pty Limited ABN 70 120 380 627 AFSL No. 308868 (OneVue Wealth). Allan Gray Australia Pty Ltd ABN 48 112 316 168 AFSL No. 298487 (Allan Gray) is the appointed Sub-Promoter of Allan Gray Superannuation.

This Annual Report forms Part 2 of the annual periodic information. Your Annual Member Statement forms Part 1 of the annual periodic information and should be read in conjunction with this Annual Report.

The information in this document is intended to provide you with general information only and does not take into account your personal objectives, financial situation or needs. Before making any financial decisions about Allan Gray Superannuation, it is important that you consider the current product disclosure statement (PDS) relevant to your membership and consider your particular circumstances and whether the particular financial product is right for you. The current PDS for the product is available online at [www.allangray.com.au](http://www.allangray.com.au). You should consult a financial adviser if you require personal advice.

# Welcome to the Annual Report for 2020

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Dear member

We are pleased to provide the Annual Report for Allan Gray Superannuation and Allan Gray Retirement. The Report contains updates on product and regulatory changes that may affect your superannuation, as well as providing financial and other important information.

## **An unprecedented year**

This past year has been far from normal. During the first half of the financial year, Australians were already experiencing prolonged drought conditions. This was followed by the worst bushfire seasons on record in late-2019 and early-2020, only to be trumped by the onset of COVID in February 2020 which has affected businesses and communities on a global scale.

In March 2020, we closed our offices as a precautionary measure to protect the health and wellbeing of our employees and our communities. Since then we have transitioned to remote working with a commitment to continue to provide the high standards of service that our members are used to. With a combination of well-documented processes, secure technology, dynamic teams and reliable service providers, we were pleased that we achieved an almost seamless transition for our clients.

## **Temporary superannuation changes**

As a result of the global pandemic the Federal Government announced temporary changes to superannuation. These included the early access to super scheme, which enabled eligible members to access up to \$20,000 of their retirement savings. Additionally, members in the Retirement or Transition to Retirement phase were able to reduce their minimum pension payments by 50% for the 2019/20 and 2020/21 financial years.

## **Improvements to our offer**

On 1 August 2019 we extended our Investment Menu to provide more choice for our members. We have over 350 managed funds from which investors can choose to invest their money, as well as continuing to offer investments in ASX Listed Securities, Managed Account Model Portfolios and a range of term deposits.

We also reduced our administration fees and abolished some transaction fees. Our new fee structure is simpler and easier to understand, this is in line with our commitment to breaking down the complexity of superannuation and ensuring that our members understand the fees that they are charged.

As our clients' needs evolve, we are constantly looking for new ways to improve the products and services that we provide to you. We also welcome any feedback you may have; you can contact us either directly or through your adviser.

## **Our thanks to you**

We would like to thank you for supporting us through this difficult time and we look forward to the next 12 months together. Importantly, we would also like to thank those who have worked tirelessly this year to protect the lives of so many.

**Allan Gray Australia Pty Ltd**

**OneVue Wealth Services Ltd**

# Trustee Governance

The Trustee of the Fund is Diversa Trustees Limited and is responsible for the ongoing management of the Fund. As Trustee, Diversa Trustees employ specialist providers to help look after the Fund and its investments which are outlined in the 'Directory' section at the end of this Annual Report.

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

## **In summary, the Trustee's role generally incorporates:**

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

Note: Further information on Trustee Governance policies are available at [www.diversa.com.au/trustee/governance](http://www.diversa.com.au/trustee/governance).

## **The names of the Directors of the Trustee as of 30 June 2020 are as follows:**

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

## **Remuneration**

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

## **Board committees**

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

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

- Investment Committee, and
- Audit, Compliance, Risk and Remuneration Committee.

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

## **Professional indemnity insurance**

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

### The Trust Deed

The governing rules of the Fund are set out in the MAP Master Superannuation Plan Division II Trust Deed. The Board has some powers to alter the Trust Deed. A copy of the Fund Trust Deed can be found online at [onesuper.com/about-onesuper/](https://onesuper.com/about-onesuper/)

### Compliance

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

### Internal Auditor

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

# Investments

## Investment objectives

The general investment objectives of Allan Gray Superannuation are:

- To offer members a range of different approved investment options by return potential, risk profile and style to suit their individual circumstances and promote diversification of member strategies,
- To achieve competitive investment returns for its members commensurate with risk.

Note: Where the Fund offers members an externally managed investment option (including Managed Portfolios offered through external Responsible Entities and MDA providers) it will adopt the investment objectives specific to that option. Those objectives can be found in the Offer Documents made available to members prior to investment.

## Investing via discretionary investment options

Allan Gray Superannuation offers you the choice of investing in investment options including a cash hub and managed funds, and managed account model portfolios and ASX listed securities available through the OneVue Managed Account, and term deposits. You can select investments from either the Core Menu or the Full Menu as shown in the table below. Each menu has a different list of investment options and fees.

Core Menu	Full Menu
<ul style="list-style-type: none"> <li>■ Cash Hub</li> <li>■ Allan Gray managed funds</li> <li>■ Selected managed funds (FUND.eXchange)</li> <li>■ Selected model portfolios</li> <li>■ Term deposits</li> </ul>	<ul style="list-style-type: none"> <li>■ Cash Hub</li> <li>■ Full range of managed funds</li> <li>■ Full range of model portfolios</li> <li>■ ASX listed securities</li> <li>■ Term deposits</li> </ul>

Depending on the type of the investments in your portfolio you will be automatically classified as investing in the Core Menu or the Full Menu.

## Investing in investment options

### Cash Hub

The purpose of the Cash Hub is to:

- Receive deposits and execute withdrawal requests (provided you have met a condition of release)
- Settle purchases and sales of investments
- Pay any fees, taxes and insurance premiums

The investment objective of the Cash Hub is to provide investors with returns that are at least equivalent to 'at call' bank deposit rates through exposure to a range of short term government, bank backed and corporate securities. Investment in this strategy will suit investors seeking high investment liquidity for short periods.

Note: For the latter part of the financial year, due to reductions in Reserve Bank rates, the return has been 0% after fees and costs.

The funds in the Cash Hub are held on deposit with Australia and New Zealand Banking Group Limited, ABN 11 005 357 522 (ANZ). OneVue Wealth manages and operates the Cash Hub under authority from the Trustee. We will not withdraw any part of your money except at the member's direction.

### Managed Funds

You can access a broad range of managed funds issued by leading investment managers. Depending on your preferences, you can choose from Allan Gray Funds or select managed funds from the Core Menu or the Full Menu, as set out in the Investment Menu available on our website at [allangray.com.au](http://allangray.com.au) and via the Secure Online Portal. The Trustee reserves the right to change the managed funds available from time to time.

FUND.eXchange is a unique service offering managed funds through a digital gateway direct to Australia's leading unit registry provider. Investors will benefit from a preferred administration pricing structure, more efficient



settlement and the ability to utilise later cut-off times for orders. The FUND.eXchange options within Allan Gray Superannuation provide the opportunity to purchase units in a range of managed funds on the Core Menu which have their own product disclosure statements. You should refer to the relevant fund product disclosure statement for latest information (including fees) before making an investment decision.

The full list of managed funds and their associated disclosure documents is available via the Secure Online Portal. The managed funds on the investment menu must be registered under the Corporations Act, must meet certain practical operational criteria and must belong to an appropriate dispute resolution scheme. We aim to give you a wide choice of investments. The available investments may include managed funds managed by Allan Gray or a related party of theirs.

### Managed Account

The Managed Account is a registered managed investment scheme ARSN 112 517 656. OneVue Wealth is the responsible entity. Through the Managed Account, you can invest your super in:

- Managed Account Model portfolios, and
- ASX listed securities (including shares in the All Ordinaries Index, Exchange Traded Funds (ETFs) and Listed
- Investment Companies (LICs).

### Managed Account Model Portfolios

Members of the Fund are offered access to a range of Managed Account Model Portfolios. These are managed by professional investment managers, and are available with differing investment styles and objectives. Investment styles may include single sector strategies and multi-sector strategies.

### Australian Listed Securities

Investment objectives are as follows:

- Listed Australian Shares – to provide investors with income and growth in the value of their investment over rolling five year periods through exposure to securities listed on the ASX. Investment in this strategy will suit investors who want to manage their own portfolio of listed Australian securities and accept a high level of risk, and possibility of negative returns in any year.
- Listed Trusts - to provide investors with income and growth in the value of their investment over rolling five year periods through exposure to securities listed on the ASX. Investment in this strategy will suit investors seeking to investment in investment trusts and funds, who accept a moderate level of risk and the possibility of negative returns in any year.

The Trustee selects the investments available to Members from those offered by the responsible entity, and reserves the right to change these investments at any time. You should read the product disclosure statement and the accompanying Managed Account Model Portfolio Guide for the Managed Account and the relevant disclosure document for ASX listed securities carefully and seek professional advice before investing. More specific information about the risks and benefits associated with the Managed Account can be found in the Managed Account product disclosure statement available in the Secure Online Portal.

### Term Deposits

- The Fund offers members a choice of term deposits only issued by Approved Deposit Institutions (ADI's) with varying choices of terms, providing investors with income and a high degree of security.

### Standard Risk Measure

The Standard Risk Measure (SRM) which is based on industry guidance, allows you to compare investment options that are expected to deliver a similar number of negative annual returns over any 20-year period. The SRM does not completely assess all forms of investment risk. For instance, it does not detail what the size of a negative return could be or the potential for a positive return to be less than a member may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return. You should still ensure that you are comfortable with the risks and potential losses associated with your chosen investment option(s).

For Allan Gray Managed Funds only, the risk measure is the guide as to the likely number of negative annual returns each fund may experience over any 20 year period. As the funds do not have a 20 year history Allan Gray have decided to look at the performance of proxy indices over the previous approximately 20 year period.



alone (S&P/ASX 300 index for the Allan Gray Australia Equity Fund, Reserve Bank Cash rate for the Allan Gray Australia Stable Fund and the custom index for the Allan Gray Australia Balanced Fund), because each fund's investment universe is not confined to the constituents of its benchmark index. For example, in respect of the Allan Gray Australia Equity Fund, the market capitalisation of the companies included in the All Ordinaries Index amounts to over 95% of the value of all shares listed on the ASX.

Allan Gray looked at the proportion of negative years in the previous approximately 20 year period, adjusted to take into account each fund's investments class (for the Allan Gray Australia Equity Fund, this is predominantly ASX Listed Securities, for the Allan Gray Australia Stable Fund, it is a mixture of cash and ASX-listed securities and for the Allan Gray Australia Balanced Fund it is a mixture of global and domestic equities, fixed income and commodity-linked investments). Allan Gray then assigned a risk rating to each fund based on the seven categories provided for in the Standard Risk Measure guidance issued jointly by AFSA and the FSC in July 2011.

### **Investment Performance**

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

### **Derivatives**

The Trustee does not enter into any derivatives contracts on its own account. However, external managers may use derivatives instruments and hedging procedures to protect an investment from adverse movements in the investment market, but may not gear the investment ('Gearing' is a measure of borrowing against assets or borrowing to fund investments). The Fund holds no derivatives.

### **For more information**

Further information regarding the Fund's investment options, risk and returns for Superannuation and Retirement Account members is available in the current PDS and PDS Guides relevant to your membership in the Fund. These documents are available by phoning Client Services on 1300 604 604 or online at the Secure Online Portal.

You should consider the most up to date PDS and PDS Guides where applicable, Annual Report and any Significant Event Notices provided to you when choosing an investment option.

Neither past performance nor volatility is not a reliable indicator of what may happen in the future.

Neither capital nor returns are guaranteed.

Past performance is calculated net of investment fees and taxes, excludes fees charged to member accounts directly, and does not take into account inflation.

# Investment Managers

## Gross Assets of the Fund

	30 June 2020		30 June 2019	
Asset Type	% of Fund Assets	Amount \$'000	% of Fund Assets	Amount \$'000
Cash and liquids	37.30%	5,923	28.4%	2,712
Managed investment scheme	62.80%	9,999	71.6%	6,827
Other	-	-	-	-
<b>Total Assets</b>	<b>100.00%</b>	<b>15,922</b>	<b>100.00%</b>	<b>9,539</b>

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

## Significant Investment managers

The assets of the Fund are invested in a range of investment funds or products. The table below provides information regarding the Fund's total holdings in the investment funds or the highest percentage of the underlying fund manager investment funds or products in which assets of Allan Gray Superannuation were invested as at 30 June 2020. As at 30 June 2020, the following underlying investments exceeded 5% of the total assets of the Allan Gray Superannuation.

Investment Manager	2020	2019
Allan Gray Australia Pty Limited	30.0%	37.4%
Australia and New Zealand Banking Group Limited	32.4%	28.3%
Orbis Investment Management Limited	10.0%	15.8%
Vanguard Investments Australia Ltd	6.0%	5.2%

Note: the underlying fund managers utilised by the Trustee for investment of the Fund's assets may be changed from time to time at the absolute discretion of the Trustee. They are shown in this report to provide historical information about the investments of the Fund during the year. You have no ability to choose the underlying fund managers utilised by the Trustee.

## Other considerations

Labour standards, environmental, social or ethical considerations are not taken into account in making investment decisions or selecting underlying investment managers or investment funds.

# News in Superannuation

This update was compiled as at October 2020 and is subject to change. For up to date information relating to taxation of superannuation, go to [www.ato.gov.au](http://www.ato.gov.au) or contact the Fund.

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

## Contributing to Super

### The 'work test'

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

### 'Work Test exemption'

For individuals aged 65 to 74, the 'work test exemption' has applied since July 2019. To meet the criteria, you must have:

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

### From age 75

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

## Spouse Contributions

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

From 1 July 2020, the age limit for spouse contributions has risen from age 69 to age 74. If you are aged 67 to 74 you will still need to meet the work test or satisfy the work test exemption criteria. Previously, you were eligible if you had not reached age 65, or you had reached preservation age but were aged up to age 69 and met the work test or work test exemption. The contribution must also be paid from an account in the name of your spouse or a joint account where your spouse is an account holder.

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

## Contributions Caps

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

### Caps for the upcoming financial year 2020-2021:

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

### Concessional cap – Carry forward arrangements

Since 1 July 2018, you have been able to carry forward an unused amount of your concessional contributions cap.

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

### **Non Concessional contribution cap – Bring Forward arrangements**

For the 2020-21 financial year, it was proposed to extend the non-concessional cap bring-forward rule to people up to the age of 67. However, at the time of writing, this is not yet law. Currently, if you are under age 65, and are eligible, you may be able to make non-concessional contributions up to three times the annual non-concessional contributions cap in a single year in any one three-year-period.

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

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

### **Accessing your super early**

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

### **The First Home Super Saver (FHSS) scheme**

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

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

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

**Early release from your super can be considered under financial hardship and incapacity:**

**By application to the Fund for consideration by the Trustee:**

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

**By application via [www.my.gov.au](http://www.my.gov.au) and regulated by the ATO:**

- COVID-19 early release from super,
- Compassionate grounds, and
- First home super saver scheme

### **Coronavirus Economic Response Package Omnibus Bill**

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

## Early release from super

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

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

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

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

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

## Superannuation Drawdowns

Changes to superannuation drawdowns were effective from 25 March 2020. The minimum drawdowns were reduced to provide support for retirees to enable them to manage market volatility and reduce the impact of the downturn on retirement savings in the drawdown phase.

These reductions applied to the 2019/2020 financial year, and have been extended to the 2020-2021 financial year, with pension payment minimum amounts halved for:

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

### Options provided included:

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

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

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

Further information on Superannuation Drawdowns can be found at [www.ato.gov.au/super](http://www.ato.gov.au/super).

## Protecting Your Superannuation Package Legislation

### Changes to your insurance cover

*Protecting Your Superannuation Package* legislation came into effect from 1 July 2019. This required funds to cancel members' insurance cover when an account is considered "inactive" – that is, the account hasn't received a contribution or rollover for 16 consecutive months (regardless of your account balance), and you have not advised us that you want to keep your insurance cover.

The Fund regularly communicates with members to provide notifications of the possible cancellation of their insurance at 9 months, 12 months and at 16 months after the account has last received a contribution. Where members wish to retain their insurance cover, they may 'opt in' by completing, forwarding or emailing to the Fund the opt in to maintain or reinstate insurance cover form. This form can be found on the Secure Online Portal in the FAQ/Forms tab.

### Caps on certain fees

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

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

### Unclaimed Super Monies Act (Amendment)

#### Treatment of inactive low-balance super accounts

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

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

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

Further information on unclaimed super monies and inactive low-balance super accounts can be found in the Important Information section of this Annual Report or on the ATO website at

<https://www.ato.gov.au/Individuals/Super/In-detail/Growing-your-super/Inactive-low-balance-super-accounts/>.

Alternatively, if you make a contribution or rollover to your Account, make changes to your insurance, or change your investment options, before the transfer date, your account will be considered 'active' and won't be closed or transferred to the ATO.

### Putting Members Interests First Act 2019

The *Putting Members Interests First* Bill was passed by Federal Parliament in September 2019, and came into effect on 1 April 2020.

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

From 1 April 2020, insurance cover is now only offered on an opt-in basis – meaning you'll have to choose to participate in insurance cover, rather than having it applied by default – if you're under 25 or have a balance less than \$6,000. There is one exception to this, and that's if you work in what's determined to be a "dangerous occupation" such as the police force, truck driving, farming or concreting. Further information on PMIF can be found on the Federal Government Treasury website.

Default Insurance Cover held should also be considered, as certain occupations including those noted as 'dangerous' are excluded from cover.



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

# Important Information

## Abridged financial information

Set out below is the abridged financial information relating to MAP Superannuation Plan (Div II) consolidated financial position and Allan Gray Superannuation member movements as at 30 June 2020\*.

MAP Superannuation Plan (Div II) Statement of consolidated financial position – at 30 June 2020		
	2020 \$'000	2019 \$'000
Opening net assets (as at 1 July)	783,434	583,440
Increase (decrease)	5,237	199,994
Closing net assets (as at 30 June)	788,671	783,434

Allan Gray Superannuation Statement of member movements – at 30 June 2020		
	2020 \$'000	2019 \$'000
Opening net assets (as at 1 July)	9,540	0
Increase (decrease)	6,010	9,540
Closing net assets (as at 30 June)	15,550	9,540

\* The Funds financial accounts have been prepared in accordance with accounting standard AASB1056 Superannuation Entities applicable to reporting periods on or after 1 July 2016. The Fund's financial accounts and audit report can be made available to members on request by phoning Client Services (Refer Directory on the back page)

## Reserves

The Trustee maintains the following reserves in the Fund for the benefit of members. Reserves are held to meet licence conditions, facilitate administration efficiency and are invested for the benefit of members.

## Operational Risk Financial Requirement

Trustees of super funds are required to establish and maintain an Operational Risk Financial Reserve (ORFR) which complies with prudential requirements to ensure that the Trustee has sufficient financial resources to provide for member and/or beneficiary losses arising from an operational risk event such as incorrect benefit payments due to human or system error, unit pricing errors and loss of data. The reserve is funded from fees and other costs. Expense recovery fees may include a transfer to the ORFR to meet this regulatory requirement. Please refer to the current PDS and PDS Guides for more information.



## Expense reserve

The Trustee maintains an expense reserve (ER) for costs not related to the administration of the fund. The expense reserve complies with prudential requirements and is utilised for the payment of fund fees, costs, tax and levies.

Please refer to the current PDS and PDS Guides for more information.

## Reserves (as at 30 June 2020)

Fund Reserves MAP Superannuation Plan (Div II) ORFR		
	2020 \$'000	2019 \$'000
Opening balance	2,063	1,526
Increase (decrease) in Reserves	-	537
Closing balance	2,063	2,063

## Allocating net earnings to members' accounts - investments

The net return achieved by the investments selected by a member, after taking into account gains or losses of a revenue or capital nature, any applicable expenses or tax, and interest on the cash holdings in respect of a member, is passed on to the member.

Taxes relating to investment income and capital gains are applied at the Fund level. To the extent practicable, the effect of these taxes is passed on to members based on the individual investments in their accounts, however this may not occur in all circumstances or may be based on reasonable estimates. Members who leave the Fund will not receive the benefit of un-recouped capital losses.

The value of a member's Fund Account will reflect the performance of underlying investments attributable to the member's investments, based on market valuations provided as at the close of business on the previous day.

Updated valuations of your investments will generally be available online each business day (see the current PDS for more information about available online reports). Income and distributions from investments will be accrued in your cash holding in the Cash Hub or reinvested in model portfolios if held.

Refer to the current PDS for more detailed information about the calculation of earnings. The PDS is available by contacting us on 1300 604 604 or downloading from the FAQ/Forms tab of the Secure Online Portal.

Refer to your Annual Member Statement for information about the gross investment performance of each of the model portfolios, as well as the net investment performance for your portfolio of investments.

## Types of Unclaimed Super

Superannuation legislation requires the Trustee of the fund to transfer information and superannuation benefits to the Australian Taxation Office (ATO) when member benefits are classified as Unclaimed Super.

There are two ATO reporting periods each year (by 31 October for the 30 June six-month period, and by 30 April for the 31 December six-month period).

- Member aged 65 years or older** – your account has been inactive for two years or more, and we have not been able to make contact with you for five years.
- Non-member spouse** - An amount payable to a non-member spouse as a result of a family law superannuation split and after making reasonable efforts to contact the non-member spouse, and after a reasonable period has passed, we are unable to ensure that the non-member spouse will receive the amount.
- Deceased member** – the trustee is unable (after reasonable endeavour) to locate a beneficiary to pay your benefit to.

4. **Temporary residents** – temporary residents permanently leaving Australia have up to six months to claim their super and if not claimed the amount will be transferred to the ATO.
5. **Former temporary resident member** - and you have not claimed your benefit after six months from your visa expiry or cancellation date and you are not Australian or New Zealand citizen.
6. **Small and insoluble lost member** – when your balance is less than \$6,000 (small lost member account) and you are considered as:
  - **uncontactable** – two pieces of mail sent to you have been returned undelivered, no contributions or rollovers have been received within the last 12 months, and the fund is satisfied that it will never be possible to pay an amount to the member (insoluble lost member account)
7. **Holding an inactive low-balance account** - A super account is an inactive low-balance account if all of the following criteria are met on unclaimed money day where:
  - no contribution or rollover has been received for 16 months,
  - the account balance is less than \$6,000,
  - the member has not met a prescribed condition of release,
  - the account is not a defined benefit account,
  - there is no insurance on the account, or
  - the Fund is not a self-managed super fund (SMSF) or small Australian Prudential Regulation Authority (APRA) Fund.

#### When is an inactive low-balance account considered active?

An inactive low-balance account is deemed to be active if any of the following have occurred within the last 16 months. The member:

- Changed their investment options,
- Changed or elected to maintain insurance coverage,
- Made or amended a binding death benefit beneficiary nomination,
- Notifies the Fund or ATO in writing that they are not a member of an inactive low-balance account,
- Owes the super provider an amount in respect of their membership.

Further information on Unclaimed Super and Inactive low balance accounts can be obtained from the website [www.ato.gov.au/Individuals/Super/Growing\\_your\\_super](http://www.ato.gov.au/Individuals/Super/Growing_your_super) or in News in Superannuation on page 14.



If you don't want your super member benefits transferred to the ATO, contact Client Services for further information, advise of any change in your personal contact details, and/ or submit the ATO form advising you are NOT an inactive member. This form is available in the FAQ/Forms tab of the Secure Online Portal.

#### Member statements

Your Annual Member Statement is published online within your Account, you can access this via the Super tab/Report inbox in the Secure Online Portal. Additionally, we also publish product updates and personalised communications online.

#### Superannuation surcharge tax

While the superannuation surcharge was abolished with effect from 1 July 2005, the ATO may still issue assessments in relation to previous years. Any amounts dedicated by the Fund in relation to the superannuation surcharge tax payable will be reflected in the transaction section of your Annual Member Statement.

## Former Temporary Residents Superannuation

If you have worked in Australia on a temporary visa and you have super in Australia, you can apply after you leave Australia, to have this super paid to you as a departing Australia superannuation payment (DASP).

The Trustee has an obligation to pay unclaimed superannuation of a non-resident to the Commissioner of Taxation under Division 3 of Part 3A of the *Superannuation (Unclaimed Money and Lost Members) Act 1999*. If you have not claimed your super after you have left Australia for at least 6 months, and your visa has expired or been cancelled, your super will be transferred to the ATO as unclaimed super money. You can subsequently access your benefit from the ATO. The ATO can be contacted on 13 10 20. The Trustee relies on ASIC relief to the effect that the Trustee is not obliged to notify or give an exit statement to a non-resident in circumstances where the Trustee pays unclaimed superannuation to the Commissioner of Taxation after a non-resident departs Australia.

There are limited conditions of release available to a member who is or was a temporary resident. Accounts in respect of all temporary resident members (irrespective of whether or not they have left Australia) will only be able to be released under the following conditions:

- death or terminal medical condition,
- permanent incapacity,
- departing Australia permanently – applies to temporary residents who apply in writing for release of their benefit,
- Trustee payments to the ATO under the *Superannuation (Unclaimed Money and Lost Members) Act 1999*, or
- temporary incapacity and/or release authorities under the *Income Tax Assessment Act 1997*.

**Note:** If you are a New Zealand citizen or you become an Australian citizen or permanent resident these changes will not apply to you.

For further information, go to [www.ato.gov.au](http://www.ato.gov.au) or contact the Australian Taxation Office on 13 10 20.

## Eligible rollover fund

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

The Trustee may transfer your superannuation benefit to the Plan's ERF if you become:

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

Being transferred to an ERF may affect your benefit because:

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

The ERF currently selected by the Trustee is:

## Super Money Eligible Rollover Fund (SMERF)

<b>Phone</b>	1800 114 380
<b>Write to</b>	PO Box 1282, Albury NSW 2640
<b>Website</b>	<a href="http://www.smerf.com.au">www.smerf.com.au</a>

## Disclosure of Interest

The Trustee is also the Trustee of SMERF and receives remuneration in this capacity.

## The future of ERFs

The Government has been working towards the closure of Eligible Rollover Funds, however due to COVID-19 the effective date of the proposed change was deferred until 2021. The Trustee is monitoring the passage of the *Treasury Laws Amendment (Reuniting More Superannuation) Bill 2020*, and if passed, will issue communications to all members advising of the change.

## Conflicts

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

## Enquiries and Complaints

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

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

<b>Phone</b>	1300 604 604
<b>Email</b>	clientservices@allangray.com.au
<b>Write to</b>	Complaints Officer Allan Gray Superannuation PO Box 1282 Albury NSW 2640

## AFCA

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

Strict time limits apply for lodging certain complaints with AFCA; otherwise AFCA may not be able to deal with your complaint.

To find out if AFCA can handle your complaint and determine the type of information you need to provide, AFCA contact details are as follows:

<b>Phone</b>	1800 931 678
<b>Email</b>	info@afca.org.au
<b>Write to</b>	Australian Financial Complaints Authority (AFCA) GPO Box 3, Melbourne VIC 3001
<b>Website</b>	Afca.org.au

Access to AFCA is free of charge. You can also find out more about Allan Gray Superannuation enquiries and complaints procedures by phoning Client Services on 1300 604 604 (within Australia) or online at [www.allangray.com.au](http://www.allangray.com.au) or at the Secure Online Portal.

### Information on request

The following information is available on the Fund website, via the Secure Online Portal or, online at [www.allangray.com.au](http://www.allangray.com.au) and/or by contacting Client Services (refer to the Directory on the back page):

- The Fund's various Product Disclosure Statements (including Insurance Guide and Additional Information Guide which are incorporated by reference, where applicable),
- The Fund's regular investment performance,
- Recent Member Newsletters,
- The Fund's Trust Deed and Rules,
- All Forms, e.g. the Nomination of Beneficiaries Form
- Information about your benefit entitlements, and
- Any other information that may help you understand particular investments of the Fund or its management.

### Disclaimer

Reasonable care is taken to ensure that information is correct, however neither the Trustee nor its service providers accept responsibility for any errors, misprints or for anyone acting on this information. The Trustee reserves its right to correct any errors or omissions.

The terms of your membership in the Fund are set out in the Fund's Trust Deed and any applicable insurance policy. Should there be any inconsistency between the Annual Report and the Fund's Trust Deed, the terms of the Fund's Trust Deed will prevail.

The Trustee reserves the right to amend the terms and conditions of the Fund in accordance with the provisions of the Trust Deed and superannuation law. The Trustee may also withdraw the PDS and close the Fund.

# Directory

## Obtaining further information

### Allan Gray Superannuation

**Phone** 1300 604 604 (within Australia)  
+61 2 8224 8604 (outside Australia)

**Email:** [clientservices@allangray.com.au](mailto:clientservices@allangray.com.au)

**Write:** PO Box 1282 Albury NSW 2640

**Visit:** [allangray.com.au](http://allangray.com.au)

### Trustee

#### Diversa Trustees Limited

ABN 49 006 421 638  
AFSL No. 235153  
RSE Licence No L0000635 GPO Box 3001  
Melbourne VIC 3001

### Auditors

#### PricewaterhouseCoopers

ABN 52 780 433 757  
Freshwater Place  
2 Southbank Boulevard  
Southbank VIC 3006

### Custodian

#### JP Morgan Nominees Australia Limited

ABN 75 002 899 961  
Level 21, 55 Collins Street  
Melbourne VIC 3000

### Promoter

#### OneVue Wealth Services Ltd

ABN 70 120 380 627  
AFSL No. 308868  
Level 5, 10 Spring Street  
Sydney NSW 2000

### Sub Promoter

#### Allan Gray Australia Pty Ltd

ABN 48 112 316 168  
AFSL No. 298487  
Level 2, Challis House 4-10 Martin Place  
Sydney NSW 2000  
Phone: 1300 604 604  
Website: [allangray.com.au](http://allangray.com.au)

### Administrator

#### OneVue Super Services

ABN 74 006 877 872  
AFSL No. 246883  
PO Box 1282  
Albury NSW 2640