

Smartsave

Annual Report

Super/Pension

2019



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About this Annual Report

This Annual Report is for members of Smartsave 'Member's Choice' Superannuation Master Plan (Smartsave or the Fund) ABN 43 905 581 638 Registrable Superannuation Entity No: R1001341 MySuper No. 43905581638357.

This Annual Report has been issued by Diversa Trustees (the Trustee or Diversa Trustees or We) ABN 49 006 421 638, AFSL 235153 RSE Licence L0000635 as Trustee of Smartsave 'Member's Choice' Superannuation Master Plan (Smartsave or the Fund). The appointed Promoter of Smartsave is OneVue Wealth Services Pty Limited ABN 70 120 380 627 AFSL No. 308868 (OneVue Wealth).

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 Smartsave 'Member's Choice' Superannuation Master Plan 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 at www.smartsavesuper.com.au. You should consult a financial adviser if you require personal advice.

Welcome to the 2019 Annual Report

As Promoters of the Fund, OneVue Wealth Services Limited understand that super is not only important as an investment, but it is a key part of the plan for your retirement.

It has been a busy year in superannuation with regulatory changes affecting fees, insurance and inactive Accounts among them. Our 'What's new in superannuation' section of this report outlines the changes over the past 12 months. We encourage you to familiarise yourself with the changes and how you can best use your superannuation.

Having a robust investment strategy is one of the key parts of having a successful superannuation fund. Last year the Trustee appointed Mercer Investments (Australia) Limited (Mercer) as the Asset Consultant and Investment Manager. In 2019, the relationship extended to engage Mercer as the Implemented Asset Consultant of the Fund. Mercer is one of the world's largest asset consultants with an international network of approximately 12,000 experienced investment professionals, and have been providing professional investment services to Australian clients for 45 years.

Through this appointment Smartsave is able to access the size and scale of Mercer to provide quality investment management for your retirement savings. Further information about Mercer can be found in the 'Investment' section, and Mercer have provided the 'Year in Review'.

We are continually working hard for you to provide new functionality and provide the best service for your retirement savings.

Updates can be found on the website and when you sign in to the Secure Online Portal.

We thank you for being part of Smartsave and look forward to the coming year.

Brett Marsh

Head of Product, OneVue Wealth Services Ltd

Governance

The Trustee

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

The names of the Directors of the Trustee as of 30 June 2019 are as follows:

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

Notes:

- Garry Wayling ceased to act as a Director (Diversa Trustees Limited only) on 28 June 2019

- Andrew Peterson and Fiona McNabb commenced as Directors of the Trustee on 28 June 2019

Remuneration

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

Board committees

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

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

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

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

Professional indemnity insurance

Diversa Trustees has professional indemnity insurance to protect the Trustee, its directors and the Fund against certain losses or liabilities. The indemnity insurance cover is subject to the terms and conditions of the relevant policy and 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 Smartsave Trust Deed. The Board has some powers to alter the Trust Deed. A copy of the Fund Trust Deed can be found online at www.smartsavesuper.com.au.

Compliance

Smartsave 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.

Investments:

Financial year ending 30 June 2019 Review

Asset consultant

The Trustee utilises an independent Asset Consultant to provide advice regarding the investments of Smartsave. The Asset Consultant is Mercer Investments (Australia) Limited.

The underlying investment managers and investment funds utilised by Smartsave are appointed and removed by the Trustee in accordance with Smartsave's investment strategy. Any decision to appoint/remove a manager or fund is based upon an assessment of the style and performance of the manager or fund.

Appointment of MERCER as Asset Consultant to the Fund

Mercer Investments Australia Ltd was appointed by the Trustee, Diversa Trustees, as the Asset Consultant to Smartsave on 1 July 2019. In this role, Mercer assists the Trustee to set the investment objectives for the Fund, as well as manage the investment strategy to meet those objectives.

About Mercer

Mercer was founded in 1945 as William M. Mercer Limited in Canada. William M. Mercer Limited was acquired by Marsh & McLennan Companies, Inc. in 1959. The firm is listed on the New York Stock Exchange. Mercer's Australian operations commenced in 1971, with investment advice provided to Australian organisations since 1972.

The Mercer portfolio management teams now manage approximately US\$200 billion worldwide, with approximately A\$33 billion invested on behalf of clients in Australia and New Zealand. Mercer has an international network of over 1200 highly experienced investment professionals working in over 43 countries with sophisticated investment tools which contribute to providing diversified portfolios that outperform in even the most volatile markets.

Managing the Smartsave investment strategy

The Smartsave investment strategy involves setting the allocation to the various asset sectors in which each option invests (Strategic Asset Allocation) and selecting and managing the underlying investments which make up the portfolio. The underlying investments are made up from Mercer Multi-Manager Funds (MMF's) which invest with selected investment managers that have specialist skills in each selected asset sector.

The process for determining the optimal Strategic Asset Allocation for the Fund is driven by Mercer's latest global investment and risk management insights, robust modelling capabilities and reliable capital market assumptions. Qualitative analysis is reinforced by rigorous quantitative risk modelling involving stress-testing, risk factor analysis and liquidity analysis utilising Mercer proprietary investment tools.

Selection of the managers for the Fund is based on Mercer's rigorous manager ratings process designed to identify high quality investment strategies with the greatest probability of outperforming their peers. The process is forward-looking and consistent across regions and asset classes. It involves a combination of on-site visits to managers, discussion amongst Mercer researchers, qualitative views, quantitative analysis, the direct experience of Mercer consultants, and ongoing reviews. Mercer constructs an optimal blend of managers for the Fund to achieve the objectives set for the portfolio.

Selected managers are regularly monitored to ensure they continue to invest according to their planned strategy and to track any material changes affecting managers. Any significant change to, or concern with research inputs, investment process, or underlying personnel may trigger a review, and subsequently, the termination and replacement of the manager.

Mercer commenced environmental, social and governance (ESG) research in 2005, and has since integrated ESG factors into the standard manager research process for all asset classes, with a rating specific to ESG integration capabilities. ESG integration provides additional risk management views and analysis and continues to be woven into standard manager selection processes.

Investment commentary

Investment markets delivered strong returns in the 2019 financial year despite the 12 months being a particularly volatile period. Asset class returns for the period were as follows:

ASSET CLASS	RETURN* (%)
Cash	2.0
Australian Bonds	11.0
International Bonds (hedged)	7.2
Australian Shares	11.4
Australian Property Securities	19.4
International Shares (hedged)	6.2
International Shares (unhedged)	11.9
Emerging Share Markets (unhedged)	6.6



* Capital and income return

The year started on a strong note with most equity markets posting positive September quarter returns. This was primarily supported by robust economic growth in the US, which led the Federal Reserve to raise rates for a third time in 2018, moving closer to normalising its monetary policy. Against this positive economic backdrop, US-China trade tensions continued to build with further tariffs imposed by the US on US\$200bn of Chinese imports and China retaliating with tariffs on US\$60bn of US imports.

The December 2018 quarter saw a sharp reversal in the positive market sentiment. Share markets experienced sharp declines, mostly attributable to concerns that the rising US interest rates would slow growth, and the rising global trade tensions were unlikely to be resolved in the near term, further adding to a slowing economic environment. As a result, investors moved to defensive assets, reflected in meaningfully lower bond yields over the December 2018 quarter.

Shares rebounded strongly in the first quarter of 2019, with the turnaround largely due to the Federal Reserve reversing its tightening policy bias in favour of a more accommodative monetary policy, raising market expectations for the first cut in the US federal funds rate in over a decade. This was followed by a similar stance adopted by other central banks. The delay of Brexit beyond March to October 2019 also provided some respite for the UK equity market. Although trade tensions continued to weigh on market sentiment, with further tariff increases announced by both the US and China in May, investors remained hopeful that the resumption of trade talks would finally lead to a trade deal between the US and China.

Global equity markets ended the year on a strong note, posting positive returns over the final quarter of 2019. The prospect of lower rates into the new financial year outweighed the negative impact of expected slower global growth and ongoing geopolitical risks centred on the unresolved US-China trade dispute.

Bond markets performed particularly strongly over the year as yields reversed course and trended downwards. Australian bonds (11.0%) outperformed Global bonds (7.2%, hedged), due to comparatively greater yield decreases in Australia. Over the year, Australian 10-year bond yields decreased from 2.64% to 1.32%, compared to US 10 years which fell from 2.85% to 2.00%. Notably, the spread between US and Australian 10-year bonds remained negative and widened further over the year.

In Australia, economic growth slowed further to a meagre 1.4% for the year to June 2019, the weakest growth rate since the Global Financial Crisis. Amid the softening economic conditions, the Reserve Bank of Australia ended a 34-month pause to cut the official cash rate by 0.25% to a historic low of 1.25% in June 2019. This was done in a bid to combat weakening employment, wages and inflation.

In spite of the weak economic outlook towards year end, the Australian share market rose 11.4% over the financial year, with a significant recovery in 2019, boosted by the surprise Coalition victory in May, which more than offset the volatility during the December 2018 quarter in which the Australian market fell by 8.4%. The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry began in March 2018, with the final report released in February 2019. Negative sentiment weighted on financials, particularly big banks, throughout this period. However, banks experienced a relief rally in the wake of the final report which was light on specific recommendations for the banks' core business structures. Overall the S&P/ASX300 Financials rose 8.2% over the year, underperforming the broader share market. Australian Property Securities performed particularly strongly (19.4%) supported by the falling interest rate environment.

There are a number of signs that global growth is set to slow materially in the current financial year and global trade tensions are likely to persist for some time. Slower growth and subdued inflation globally are likely to support further falls in interest rates in the near term. While this environment does not suggest markets will necessarily fall, investors should be prepared for lower returns in the coming year than delivered in financial year 2019.

Vincent Parrott

Senior Investment Consultant, Mercer



Investment options

The tables following contain information regarding the investment options of the Fund for the year ended 30 June 2019. Details of investment options shown are not a guarantee of any particular benefit or return. The investment option objectives are used by the Trustee to measure the performance of the Fund's investments.

The investment option objectives and strategies of the investment options available to Pension Account members are the same as the objectives and strategies of the investment options available to Accumulation Account members, however no tax is applicable to pension assets (except effective 1 July 2017 for transition to retirement pensions).



Investment options as at 30 June 2019

	CASH	MODERATE
WHO IS THIS INVESTMENT OPTION DESIGNED FOR?	Members who prefer low risk and a high level of security on their Account balance.	Members who seek exposure to mainly defensive assets and can tolerate a moderate level of risk over three years. This option invests predominantly in defensive assets across most asset classes.
INVESTMENT RETURN OBJECTIVE	Bloomberg AustBond BB Index	CPI + 0.5%
MINIMUM SUGGESTED INVESTMENT TIME FRAME	12 months	3 years
STANDARD RISK MEASURE[#]	Very Low	Medium
INVESTMENT OPTION ASSET ALLOCATION RANGE	Cash 100%	Cash 12.5 - 50% Australian fixed income 15 - 40% Global Fixed Income 10 - 30% Australian equities 5 - 20% International equities 5 - 25% Global listed property & infrastructure 0 - 15%
DEFENSIVE VS GROWTH ASSET ALLOCATION RANGE	Defensive 100% Growth 0%	Defensive 70% Growth 30%

	BALANCED	GROWTH
WHO IS THIS INVESTMENT OPTION DESIGNED FOR?	Members who seek exposure to a combination of growth and defensive assets and can tolerate a medium to high level of risk over four years. This option invests predominantly in a mixture of growth and defensive assets across most asset classes.	Members who seek exposure to mainly growth assets and can tolerate a high level of risk over five years. This option invests mainly in growth assets across most asset classes.
INVESTMENT RETURN OBJECTIVE	CPI + 1.5%	CPI + 2.5%
MINIMUM SUGGESTED INVESTMENT TIME FRAME	4 years	5 years
STANDARD RISK MEASURE [#]	Medium to High	High
INVESTMENT OPTION ASSET ALLOCATION RANGE	Cash 5 - 20% Australian fixed income 10 - 25% Global Fixed Income 15 - 35% Australian equities 10 - 30% International equities 10 - 35% Global listed property & infrastructure 0 - 15%	Cash 2 - 15% Australian fixed income 2 - 20% Global fixed income 8 - 25% Australian equities 17.5 - 45% International equities 22.5 - 50% Global listed property & infrastructure 0 - 15%
DEFENSIVE VS GROWTH ASSET ALLOCATION RANGE	Defensive 50% Growth 50%	Defensive 30% Growth 70%

	GROWTH (MYSUPER)	AUSTRALIAN SHARES
WHO IS THIS INVESTMENT OPTION DESIGNED FOR?	Members who seek exposure to mainly growth assets and can tolerate a high level of risk over ten years. This option invests mainly in growth assets across most asset classes.	Members who seek exposure to a broad range of companies listed on the Australian Stock Exchange across large and small capitalisation companies with a mix of index and active management.
INVESTMENT OBJECTIVE	CPI + 2.5%	S&P/ASX 300 Accumulation Index
MINIMUM SUGGESTED INVESTMENT TIME FRAME	10 years	n/a
STANDARD RISK MEASURE[#]	High	High
INVESTMENT OPTION ASSET ALLOCATION RANGE	Cash 2 - 15% Australian fixed income 5 - 20% Global fixed income 8 - 25% Australian equities 17.5 - 45% International equities 15 - 45% International equities 22.5 - 50% Global listed property & infrastructure 0 - 15%	Cash 0 - 10% Australian equities 90 - 100%
DEFENSIVE VS GROWTH ASSET ALLOCATION RANGE	Defensive 30% Growth 70%	Defensive 2% Growth 98%

	INTERNATIONAL SHARES	DIVERSIFIED SHARES
WHO IS THIS INVESTMENT OPTION DESIGNED FOR?	Members who seek exposure to companies listed on international exchanges across developed and emerging markets with a mix of index and active management.	Members who seek exposure to Australian and international listed companies with a mix of index and active management.
INVESTMENT OBJECTIVE	MSCI World Index in \$A	CPI + 4.0%
MINIMUM SUGGESTED INVESTMENT TIME FRAME	n/a	10 years
STANDARD RISK MEASURE[#]	High	High
INVESTMENT OPTION ASSET ALLOCATION RANGE	Cash 0 - 10% International equities 90 - 100%	Cash 0 - 10% Australian equities 45 - 55% International equities 45 - 55%
DEFENSIVE VS GROWTH ASSET ALLOCATION RANGE	Defensive 2% Growth 98%	Defensive 2% Growth 98%

Standard risk measure guidance: The standard risk measure is based on industry guidance to allow you to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period. The standard risk measure is not a complete assessment of 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 customer 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. Customers should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option(s). Past performance is not an indicator of future investment performance.

Closed investment options

There are two closed investment options:

LM First Mortgage Income Fund (FMIF) (closed 26 August 2008)

The Fund's investment in LM Wholesale First Mortgage Income Fund (FMIF) continues to be frozen.

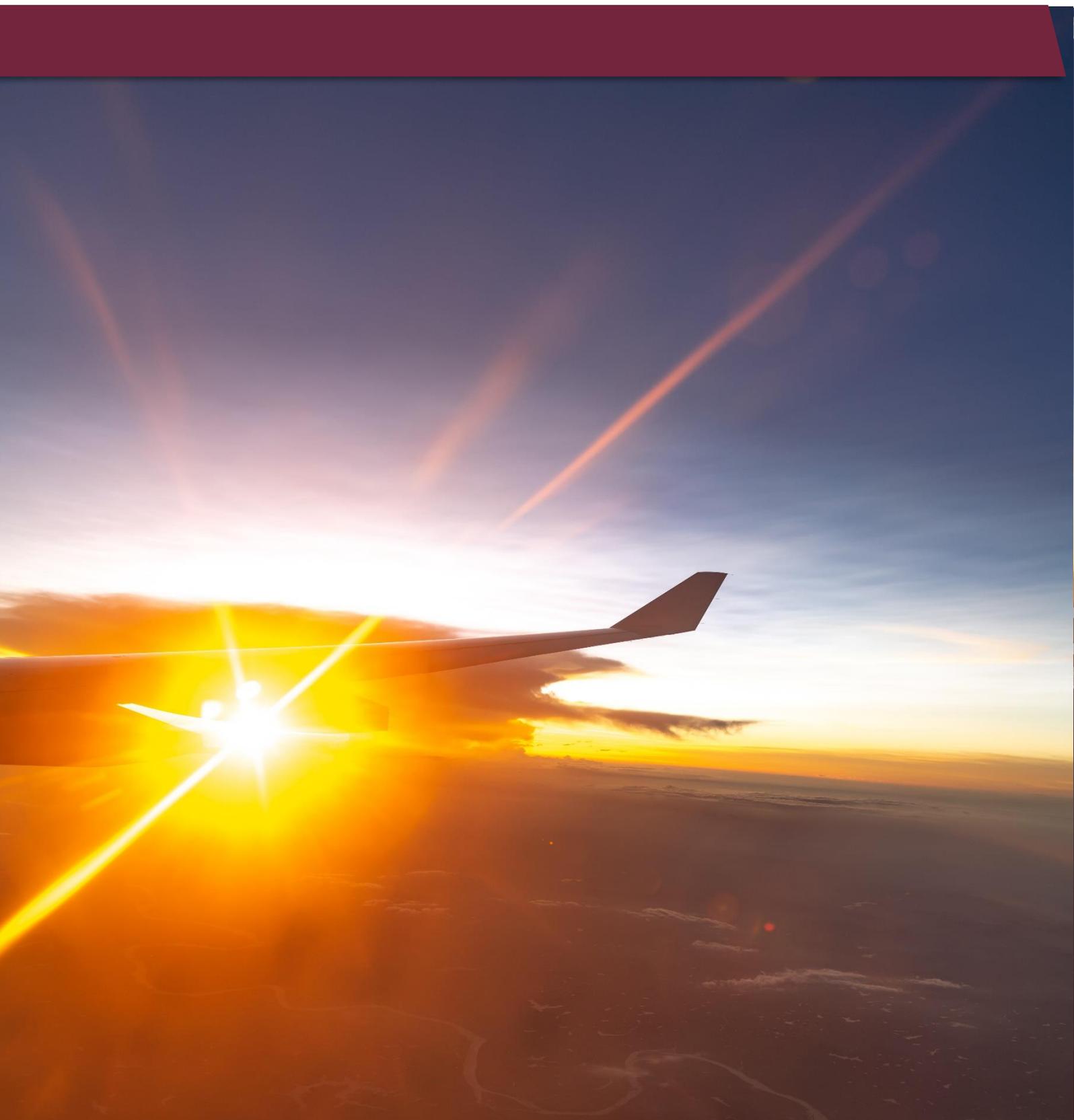
As members in this pooled investment option are aware, on 8 August 2013 the Supreme Court of Queensland ordered that the FMIF be wound up. The LM Wholesale funds, of which the Fund is an investor, hold units in the FMIF. The assets of the FMIF have been in the process of being sold since, with regular updates from the Liquidator and Receiver. In recent updates, the Liquidator and Receiver applied to the Supreme Court of Queensland seeking orders to continue to supervise the wind up of the FMIF. As well, Further applications were filed for directions on the terms of a Deed of Settlement and Release to unit holders on 1 February 2019.

At 30 June 2019 the Funds unit holdings were valued at 13.39 cents per unit. It continues to be unknown what return to investors will be available, on finalisation of the wind up of FMIF and when any funds will be paid.

Further information can be found on the responsible entity Trilogy Funds Management Limited website <https://www.trilogyfunds.com.au/lm-wholesale-first-mortgage-income-fund/> or the direct FMIF website <http://www.lmfimif.com/>.

MacarthurCook Mortgage Fund (closed 27 October 2008)

Information on the AIMS Commercial Mortgage Fund (formerly MacarthurCook Mortgage Fund) can be found on the website www.macarthurcook.com.au under Investment Funds, and sub heading Mortgage Funds. While the Fund continues to be illiquid, regular distribution letters and Investor correspondence updates can be found on the overview page, with regular quarterly updates on available quarterly redemption periods, terms and conditions applicable to the quarterly withdrawal offer and redemption percentages paid to investors each quarter.



Investment allocation

Asset allocation by asset class as at 30 June 2019

	Moderate	Balanced	Growth (MySuper)	Growth	Diversified Shares	Australia n Shares	International Shares	Cash
Cash	25.13%	16.43%	6.46%	4.92%	0.68%	0.20%	0.10%	100.00%
Australian Fixed Income	29.81%	15.23%	9.20%	9.35%	0.00%	0.00%	0.00%	0.00%
Global Fixed Income	13.55%	16.47%	12.35%	12.56%	0.00%	0.00%	0.00%	0.00%
Australia Equities	13.47%	22.28%	30.80%	31.31%	49.22%	99.80%	0.00%	0.00%
International Equities	15.33%	25.30%	34.88%	35.46%	50.10%	0.00%	99.90%	0.00%
Global Property	2.71%	4.29%	6.30%	6.41%	0.00%	0.00%	0.00%	0.00%
Global Infrastructure	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Alternatives	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Default investment option

Your Annual Member statement outlines your investment holdings as at 30 June 2019. If you have not selected an investment option when joining Smartsave, your Account will be invested in the Growth MySuper option.

You can change your investment option selection at any time. If you wish to switch to another investment option or mix of options with Smartsave, you can either log in to your online Account to switch online, or request an Investment Switch form from Smartsave Member and Adviser Services on 1300 654 720. Your current investment selection can be viewed online or by contacting us.

Obtaining further information

Further information regarding the Fund's investment options for Accumulation and Pension members is available in the current PDS and PDS Guides relevant to your membership in the Fund. These documents are available from the Fund's website www.smartsavesuper.com.au or by contacting Member and Adviser Services (Refer to the Directory on the back page for details). 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.

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 does not hold any derivative contracts.

Investment performance

A superannuation funds investment performance typically varies over time. Because superannuation is a long term investment, longer term returns (such as 5 and 10 investment returns) smooth out short term results. Depending on the nature of each investment option (including its risk profile), an investment option may experience negative returns from time to time and it is generally not appropriate to assess the performance of an investment option by the return for a single year or other short term periods.

Actual returns will be determined by the investment strategy adopted and prevailing market conditions. The Fund's monthly investment performance information is also made available on the funds website or via the Secure Online Portal.

Information on investment performance relating to your Account specifically is provided in your Annual Member Statement for the year ended 30 June 2019.

Smartsave - Accumulation returns (%)²

Investment option	2019 ¹	2018 ¹	2017 ¹	2016 ¹	2015 ¹	5 year compound return ¹	10 year compound return ¹	Return since inception ³
Growth (MYSUPER)	7.67	9.04	5.0	3.1	7.1	6.38	N/A	6.48
Cash	0.76	1.99	0.4	0.7	1.5	1.06	N/A	1.02
Balanced	6.79	8.30	4.3	2.4	6.9	5.72	5.74	4.41
Growth	7.12	10.81	6.3	2.3	8.2	6.91	7.15	4.74
Diversified Shares	7.79	13.49	9.6	0.9	9.5	8.17	8.50	5.09
Moderate	6.36	5.93	1.6	3.1	5.1	4.41	4.42	3.73
Australian Shares	6.33	13.3	10.0	-1.8	3.6	6.31	6.99	5.28
International Shares	7.79	13.00	11.6	-0.2	17.2	8.17	8.50	5.09

Smartsave - Pension returns (%)²

Investment option	2019 ¹	2018 ¹	2017 ¹	2016 ¹	2015 ¹	5 year compound return ¹	10 year compound return ¹	Return since inception ³
Cash	0.60	2.0	0.3	0.7	1.6	1.03	N/A	1.00
Balanced	7.56	7.7	4.9	3.5	7.4	6.18	6.27	5.05
Growth	9.39	10.8	8.0	3.1	8.6	7.94	7.58	4.79
Moderate	7.57	6.5	2.1	3.9	5.7	5.15	5.22	4.29
Australian Shares	8.65	11.5	12.9	0.8	3.5	7.35	8.45	3.77

1 One year returns are to 30 June 2019 and compound annualised averages to 30 June 2019.

2 All investment returns are net of investment fees and taxes, and exclude fees charged to members directly such as administration or activity fees.

3 When the 5 or 10 years compound return is unable to be determined, the since inception return is provided. The investment options opened from 1 July 2013, and for MySuper Balanced from 1 January 2014.

Refer to the SEN on the Mercer investment transition of pooled investment options and PDS and Investment Guide for further information. Further details on the transition of pooled investment options and underlying investments to Mercer can be found in Investment - Year ending 30 June 2019 in Review.

Neither past performance nor volatility is 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 Accounts directly, and does not take into account inflation.

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 products of the underlying fund managers managed the investment funds or products in which assets of Smartsave were invested as at 30 June 2019.

- Bank SA
- Mercer Investments (Australia) Limited

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.

Concentration of assets

As at 30 June 2019, the following investments exceeded 5% of the total assets of Smartsave:

- Bank SA Cash 8.0%
- Mercer 92.0%

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.

What's new in superannuation

This update was compiled as at November 2019 and is subject to change. For up to date information relating to taxation of superannuation, go to ato.gov.au or contact the Fund.

Over the past financial year, there have been several changes to laws surrounding superannuation, some of which may apply to you.

The First Home Super Saver (FHSS) scheme

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

There have been some changes made to and conditions associated with the FHSS scheme over the past financial year, though, 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.

Protecting Your Superannuation Package Legislation

Changes to your insurance cover

From 1 July 2019, with the implementation of the Protecting Your Superannuation Package legislation, if your Account is considered "inactive" – that is, the Account hasn't received a contribution or rollover for 16 months (regardless of your Account balance), your insurance cover will be terminated if it is held in a Super Fund.

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 and forwarding or emailing to the Fund the Opt In to maintain or reinstate insurance cover form, and/or completing and forwarding or emailing to the ATO notification of not being an inactive member.

Both of these forms can be found on the Secure Online Portal in the FAQ/Forms tab.

Caps on certain fees

From 1 July 2019, a cap will be 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).

That cap is 3% of your Account balance. If you're charged more than that 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 might still apply.

Unclaimed Super Monies Act (Amendment)

Treatment of inactive low-balance super Accounts

From 31 October 2019, if you have an inactive low-balance Account, the ATO will try to match said Account with your active one. This also applies to Accounts identified as being low-balance and inactive from 30 June 2019, which must be transferred to the ATO by 31 October 2019.

An inactive low-balance Account is defined as:

- Having an Account balance lower than \$6,000,
- For the past 16 months the member:
 - hasn't received any rollovers or contributions,
 - hasn't completed a request to change investment options,
 - hasn't met a prescribed condition of release,
 - hasn't made a binding beneficiary nomination, or not made amendment to an existing nomination,
 - hasn't changed their insurance coverage,
 - the Account holder hasn't given notice to the Commissioner of Taxation that the Account is not an inactive low balance Account, or
 - the superannuation provider was not owed money.

Further information can be found on the ATO website at <https://www.ato.gov.au/Individuals/Super/In-detail/Growing-your-super/Inactive-low-balance-super-accounts/>.

Changes to the Work Test

From 1 July 2019, an exemption from the Work Test for voluntary contributions will apply if you're between 65 and 74 and have an Account balance below \$300,000. The new exemption means you will be able to make voluntary contributions for one more year after you stop working. The Work test exemption allows an individual's super fund to accept voluntary contributions made by individuals aged between 65 to 74 for an additional 12 months.

This exemption applies for a further 12 months from the end of the financial year in which you last met the Work Test. It doesn't apply if you've used the Work Test exemption previously.

In addition, from 1 July 2020, if you're between 65 and 66 you'll be able to make voluntary super contributions without meeting the Work Test. On top of that, you will also be able to make up to three years of non-concessional contributions under the bring-forward rule.

Coming Soon

Putting Members Interests First Act 2019

(being implemented in the 2019/2020 financial year)

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

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

From 1 April 2020, insurance cover must now be 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.

The Trustee has written to members in early December providing details on the impact of PMIF to members.



Important information

Abridged financial information

Smartsave 'Members Choice' Superannuation Master Plan Superannuation (Smartsave)*

Set out below is the abridged financial information relating to Smartsave:

Statement of financial position (at 30 June 2019)

	2019 \$'000	2018 \$'000
Opening net assets as at 1 July 2018	192,792	191,586
Increase (decrease)	(4,961)	1,206
Closing net assets at 30 June 2019	187,831	192,792

Statement of Member Movements (at 30 June 2019)

	2019 \$'000	2018 \$'000
Opening member movement as at 1 July 2018	192,068	188,017
Increase (decrease)	(6,812)	4,051
Closing net assets at 30 June 2019	185,256	192,068

* 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 Funds financial accounts and audit report can be made available to members on request by phoning Member and Adviser Services (Refer to the 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 (at 30 June 2019)

SMARTSAVE RESERVES (\$'000)		
Expense recovery		ORFR
2018/2019	\$243	\$553
2017/2018	\$348	\$544
2016/2017	\$386	\$541

Allocating net earnings to members' Accounts

Your Account balance is equal to the amount of units held multiplied by the applicable unit price(s). The value of each unit held and the unit price for each investment option changes with the value of the underlying assets of the investment option.

The unit pricing process

We calculate the value of the underlying assets of each Pooled Investment option once every day. The value of the underlying assets is divided by the number of units on issue for that investment option. This is the unit price that will be applied to your transaction request.

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).

- 1. 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.
- 2. Non-member spouse** - An amount payable to a non-member spouse – a payment split for an interest is due to a non-member spouse, 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.
- 3. 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 an 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)
 - 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 their insurance coverage,
- made or amended a binding death benefit beneficiary nomination,
- notifies the ATO in writing that they are not a member of an inactive low-balance Account, or
- owes the super provider an amount in respect of their membership.

Further information can be obtained from the website [ato.gov.au/Individuals/Super/Growing your super](http://ato.gov.au/Individuals/Super/Growing_your_super)



If you don't want your super member benefits are not transferred to the ATO, contact the Fund and advise of any change in your personal contact details by phoning Member Services, or submitting the ATO form advising you are an active member available in the FAQ/Forms tab via the Secure Online Portal or (Refer to the Directory on the back page)

Member statements

Your Annual Member Statement is published online within your Account. Additionally, product updates and personalised communications are also published to you 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 deducted by the Fund in relation to the superannuation surcharge tax payable will be reflected in the transaction section of your Annual Member Statement.

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
- 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 in the last 12 months).
- Being transferred to an ERF may affect your benefit because:
 - you will cease to be a member of the Plan,
 - any insurance cover you had with the Plan will cease, and
 - you will become a member of SMERF and be subject to its governing rules.

The ERF currently selected by the Trustee is:

Super Money Eligible Rollover Fund (SMERF)

Phone:	1800 114 380
Write:	PO Box 1282, Albury NSW 2640
Visit:	www.smerf.com.au

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

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.

Enquiries and Complaints

The Trustee has set up a formal procedure for dealing with complex enquiries and complaints about Smartsave or your Smartsave Account, including insurance. You can make an initial enquiry by phoning Member and Adviser 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.

Phone:	1300 654 720
Email:	smartsave@onevue.com.au
Write:	Complaints Officer Smartsave PO Box 1282 Albury NSW 2640

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

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

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

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

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

Access to AFCA is free of charge. You can also find out more about Smartsave enquiries and complaints procedures at the Funds website.

Information on request

The following information is available on the Fund website, via the Secure Online Portal and/or by contacting Member and Adviser Services (refer to the Directory on the back page):

- the Fund's various Product Disclosure Statements (including Investment Guide, Insurance Guide and Additional Information Guide which are incorporated by reference, where applicable),
- the Fund's regular investment performance,
- MySuper Product Dashboard,
- recent member newsletters,
- the Fund's Trust Deed and Rules,
- all forms, e.g. the Nomination of Beneficiaries form,
- information about your benefit entitlements, or
- any other information that may help you understand particular investments of the Fund or its management.

Directory

Obtaining further information

Member and Adviser Services

Phone: 1300 654 720

Email: smartsave@onevue.com.au

Website: www.smartsave.com.au

Mail: PO Box 1282 Albury NSW 2640

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

Australian Executor Trustees Limited

ABN 84 007 869 794

AFSL 240023

Level 22, 207 Kent Street

Sydney NSW 2000

Asset Consultant

Mercer Investments (Australia) Limited

ABN 66 008 612 397

AFSL No 244385

One International Towers Sydney

100 Barangaroo Avenue

Sydney NSW 2000

Promoter

OneVue Wealth Services Ltd

ABN 70 120 380 627

AFSL 308868

Level 5, 10 Spring Street

Sydney, NSW 2000

Administrator

OneVue Super Services Pty Ltd

ABN 74 006 877 872

AFSL No 246883

PO Box 1282

Albury NSW 2640