

Netwealth Superannuation Master Fund Annual Trustee's Report For the financial year ended 30 June 2021

Personal Super
Standard Income Stream
Employer Sponsored Super
TTR Income Stream
Term Allocated Pension

Issuer/trustee:

Netwealth Superannuation Services Pty Ltd
ABN 80 636 951 310
AFSL 528032
RSE Licence L0003483

Postal address

Netwealth Investments Limited
PO Box 336
South Melbourne VIC 3205

Fund details:

Netwealth Superannuation Master Fund
ABN 94 573 747 704

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IMPORTANT DETAILS

This Annual Trustee's Report ('Trustee's Report') is issued by Netwealth Superannuation Services Pty Ltd ('NSS', 'we', 'us', or 'our') as the trustee of the Netwealth Superannuation Master Fund ('Fund'). The information contained in this Trustee's Report is general information only and is not intended to imply any recommendation or opinion about a financial product. This information does not take into account your personal objectives, financial situation or needs. You should consider whether the information is appropriate for you in light of your personal objectives, financial situation and needs, and you should consider consulting a financial adviser before making a decision about whether to invest in the Fund. For more information about Netwealth Super Accelerator ('Super Accelerator') and Russell Investments Super Series ('Super Series'), please contact us or your financial adviser to obtain a copy of the Product Disclosure Statements ('PDSs'). You should consider the applicable PDS before making a decision about the Fund.

In this Trustee's Report 'our website' means netwealth.com.au for Super Accelerator and netwealth.com.au/russellinvestments for Super Series.

To request a printed copy of this Annual Trustee's Report or to request that a copy be emailed to you, please contact us on:

Freecall 1800 888 223
Phone +61 3 9655 1300
Fax +61 3 9655 1333
Email contact@netwealth.com.au
Web netwealth.com.au

Fund information

This Trustee's Report to members of the Fund for the year ended 30 June 2021 provides important information about the Fund.

Netwealth Superannuation Services Pty Ltd is the issuer and the trustee of the Fund, marketed as Super Accelerator and Russell Investments Super Series.

Netwealth Superannuation Master Fund ABN 94 573 747 704
RSE Registration R1000184

Below is the Unique Superannuation Identifier ('USI') for each of the superannuation products within the Fund. USIs are used in SuperStream to identify the superannuation product which an employee (member) is contributing to.

Superannuation service	USI
Netwealth Super Accelerator – Personal Super	NET0017AU
Netwealth Super Accelerator – Employer Sponsored Super	NET0018AU
Russell Investments Super Series – Personal Super	NET0017AU
Income Stream service	USI
Netwealth Super Accelerator – Standard Income Stream	NET0021AU
Netwealth Super Accelerator – Transition to Retirement Income Stream	NET0019AU
Netwealth Super Accelerator – Term Allocated Pension	NET0020AU
Russell Investments Super Series – Standard Income Stream	NET0021AU
Russell Investments Super Series – Transition to Retirement Income Stream	NET0019AU
Russell Investments Super Series – Term Allocated Pension	NET0020AU

Trustees have obligations to assess their performance and to determine whether the financial interests of members are being promoted and publish a summary of those findings on the fund website - you can find our assessments under the 'Member information' section of our website. Information about Annual Member Meetings are published on fund websites – you can find such information under the 'Member information' section of our website.

The trustee

As trustee of the Fund, we are responsible for the operation and overall investment policy of the Fund. We hold a Registrable Superannuation Entity ('RSE') Licence (No. L0003483) to act as trustee for the purposes of the Superannuation Industry (Supervision) Act 1993 ('SIS Act') and we hold an Australian Financial Services ('AFS') licence (No. 528032).

We comply with the Australian Prudential Regulation Authority ('APRA') Superannuation Prudential Standards.

We have effected and maintain an in-force professional indemnity insurance policy.

Compliance

The annual return for the year ended 30 June 2021 was lodged with APRA by 30 September 2021, as required by legislation.

The Fund is a complying and regulated superannuation fund in line with the Income Tax Assessment Act 1997. We monitor compliance and legislative requirements in respect of the Fund and can confirm we have not received a notice of non-compliance under Section 40 or Section 63 of the SIS Act.

The Fund has not sought a MySuper authorisation and as a result, the Fund does not accept default employer contributions on behalf of members who have not nominated the Fund as their chosen fund and provided an investment direction.

We can confirm that as at 30 June 2021 the Fund is eligible to accept most other contribution types allowable under superannuation legislation.

Further information

All members have the right to inspect the trust deed which governs the Fund and are able to request a copy of the most recent Auditor's Report. To request this information or any other information to help you understand your benefit or the features of the Fund, please contact us by email – contact@netwealth.com.au, or by telephone – Freecall 1800 888 223 (within Australia) or +61 3 9655 1300.

Information in relation to COVID-19

Following the onset of COVID-19, Netwealth has implemented a comprehensive operational plan to ensure we remain well positioned to support our members.

There has been no significant disruption to the services provided to members.

The Federal Government announced temporary changes to the conditions of early release of super as part of its COVID-19 response ('**Early Release Initiative**') in the 2019/20 financial year, followed by a brief extension in the 2020/21 financial year before it ceased on 31 December 2020. From 1 July 2021, members who received a payment under the Early Release Initiative can re-contribute some or all of that amount back into the Fund between 1 July 2021 and 30 June 2030 ('Covid-19 re-contribution') by giving us notice in the approved ATO form which is available on the ATO website. Covid-19 re-contributions will not count towards a member's non-concessional contribution cap. Further information about Covid-19 re-contributions is available at ato.gov.au.

Changes to the Fund, super and other legislation

Changes to the Fund

The PDSs for Super Accelerator and Super Series were last updated on 1 July 2021.

We continue to add features to the Fund to improve the options for our members and ensure they can make the most of their super. Members have access to new features of the Fund when those features are released.

Where we have made changes that have had a material impact on members, we wrote to affected members to make sure that they were properly informed and updated the information in the applicable PDSs (including applicable Information Guide(s)). Members should obtain a copy of the latest applicable PDS before using these new features or undertaking new investments as they are taken to have read and accepted the terms and conditions contained in that PDS.

Where changes to the Fund are not materially adverse, the updated information may be made available to members in the applicable Product Disclosure Updates document at any time on our website.

Important changes made to the Fund over the last 12 months are outlined below. These changes have previously been notified to members. For more information on the changes listed below, refer to the applicable PDS (including applicable Information Guide(s)) and to Product Disclosure Updates on our website.

Change of trustee for the Fund

As a result of the Hayne Royal Commission recommendation that a superannuation trustee should not undertake any activity other than being a superannuation trustee, there has been a change of trustee for the Fund which occurred on 1 July 2021. Netwealth Investments Limited has retired as the trustee of the Fund and NSS has been appointed as the new trustee.

NSS is a fully owned subsidiary of Netwealth Group Limited ('NGL'). The Board of Directors of NSS is comprised of Rita Harris (chair) and Jack Diamond, who are independent directors not otherwise associated with NGL, and Michael Heine, Davyd Lewis and Sally Freeman, who are also directors of NGL and other Netwealth companies. NSS is a separate entity whose sole role is to be the trustee of the Fund, to the exclusion of all other activities.

Changes to the way the interest retained on the cash account is disclosed

This cost has been reclassified in the PDS from an administration cost to an indirect cost to better reflect the nature of this cost to members. There is no change to the way interest is allocated to your account or the way it is calculated.

Upfront member advice fee on future contributions

If you have a Nominated Financial Adviser, you may agree with them to pay an upfront member advice fee on initial contributions or rollovers into your account. If you have an existing standing instruction on your account to pay an upfront member advice fee on subsequent contributions or rollovers, or in relation to a regular contribution plan, this will cease to apply from 1 July 2022. You can find information about your member advice fees by logging into your account and viewing your fee profile under 'My Details', or you can contact us. If you want to change your member advice fees you should contact your adviser or us.

Changes to the Fund, super and other legislation

Introduction of a new fixed term member advice fee option

If you have a Nominated Financial Adviser, you may agree to pay them a fixed term member advice fee. Fixed term member advice fees are payable for a period of no longer than 12 months. Further details about this fee can be found in the PDSs.

Product Disclosure Updates

NSS provides new and improved functionality on an ongoing basis to ensure we continue to meet the needs of our members. Ongoing changes to the product are published in the 'Product Disclosure Updates' section on our website. The following enhancements and changes have previously been updated on our website and are now incorporated in the new disclosure documents:

- Changes to the way ASX listed securities are executed for 'at market' orders
- Increased investment limits for international listed securities
- Managed Account investments now available in a Dollar Cost Averaging Plan
- Increased ASX listed securities pricing frequency
- Reduced minimum annual payment required for income stream accounts
- Changes to contribution rules around the work test and spouse contributions

Changes to super and other legislation

The following is a summary of some of the changes to superannuation regulation and tax law announced by the government. These have resulted in changes to information that has been previously provided to members, including in the PDSs:

- Indexation of contribution and transfer balance caps
- Removing the ability for trustees to voluntarily transfer member benefits to an eligible rollover fund
- The temporary 50% reduction in the minimum annual payment requirements for income stream accounts for the 2020/21 financial year was extended for another financial year
- The cut-off age for non-concessional contribution bring forward arrangements has been increased from age 65 to age 67
- The excess concessional contributions charge has been removed

More information about these changes is available in the applicable PDS for the Fund (including Information Guides) which are available on our website, in printed form by calling Freecall 1800 888 223 or from your financial adviser.

Investing and investments

Investment objective

The objective of the Fund is to provide a range of investment options that allow members and their financial adviser, if they have one, to select from a wide range of accessible investments, design a diversified portfolio and easily make changes to their portfolio.

Investment strategy

The investment strategy for the Fund aims to:

- provide investment choice to members including a wide range of investment options, covering a range of assets, asset classes, investment structures and geographical regions;
- enable members to construct investment strategies to match their needs, objectives and circumstances;
- manage investment risk by making available investments that typically have been subject to appropriate research and approvals; and
- manage investment risk by facilitating investment diversification and applying limits to the concentration of investments in certain assets.

Investment options

Super Accelerator

Super Accelerator investment options will depend on whether the member has chosen Super Accelerator Core or Super Accelerator Plus.

In Super Accelerator Core, the available investment options are:

- term deposits;
- managed funds in the Netwealth Global Specialist Series;
- certain managed models available through approved managed account services; and
- other investments made available from time to time by us for Super Accelerator Core.

In Super Accelerator Plus, the available investment options are:

- term deposits;
- an extensive menu of managed funds (including the Netwealth Global Specialist Series funds) and other types of managed investments;
- managed models available through approved managed account services;
- ASX listed securities (including certain warrants and exchange traded funds);
- international securities listed on overseas exchanges as approved from time to time by us;
- securities listed on other exchanges as approved from time to time by us; and

Investing and investments

- other investments made available from time to time by us for Super Accelerator Plus.

Russell Investments Super Series

In Super Series, the available investment options are:

- term deposits;
- a range of managed funds provided by Russell Investment Management Ltd; and
- other investments that may be made available from time to time by us for Super Series.

Investment Menu

The Fund makes a range of investment options available to members. Information about each of the investment options available using the Fund is contained in the Investment Menu which is available in the 'Forms and documents' section of our website, in printed form by calling Freecall 1800 888 223 or from your financial adviser.

The Investment Menu provides details of the term deposits, managed funds and managed models (as applicable) available using Super Accelerator and Super Series. Each managed fund or managed model has its own disclosure document which is available on our website through the Investment Menu and you should read the disclosure document of any investment option that you are considering investing in through the Fund. Most ASX listed securities are available for investment using Super Accelerator. A list of available overseas exchanges and approved international securities is available on our website through the Investment Menu for Super Accelerator.

Investment limits

There are limits to the proportion of your account that we permit to be invested in different investment categories and in certain investments. These investment limits are set by us to promote diversification of investments. These investment limits may be applied by us when you join and first invest and when you make additional investments. We may also review your investments in relation to these limits from time to time. Where we determine that the investments held in your account are significantly outside any of these limits, we may advise you of this and request that you review and update the investments held in your account. Where investments held in your account remain significantly outside these limits and we have previously notified you of this, we may sell the holding down to the applicable limits. We will notify you or your financial adviser before we take such action. More information about investment limits is available in the applicable version of Information Guide 1 which is available from our website, in printed form by calling Freecall 1800 888 223 or from your financial adviser.

Investment option objectives

We classify investment options into the categories described below.

Category of investment option	Investment objective
Cash	To provide members with a secure investment option for liquid funds or short-term investment with a competitive interest rate.
Term deposits	To provide a choice of secure income bearing investments that allow members to make an investment for a fixed length of time at a rate of return that is determined at the time of investment.

Investing and investments

Category of investment option	Investment objective
Australian mortgage trusts	To provide members with the opportunity to generate regular income with capital stability and potential diversification benefits when included with other asset classes.
Australian fixed interest funds or models	To provide members with the opportunity to generate regular income with capital stability and potential diversification benefits when included with other asset classes.
International fixed interest funds or models	To provide members with the opportunity to generate regular income and potential asset class and geographical diversification benefits when included with other asset classes.
Australian equities funds or models - general	To provide members with the opportunity to generate long term capital growth and/or dividend income from a diversified portfolio of ASX listed securities and to provide the opportunity for diversification benefits across securities, manager styles and asset classes (when included with other asset classes).
Australian equities funds or models – specialist	To provide members with the opportunity to generate long term capital growth and/or dividend income from a specialised portfolio of Australian listed securities that includes small & micro-cap strategies, equity income, sector specific, geared and low volatility strategies and to provide the opportunity for diversification benefits across securities, manager styles and asset classes (when included with other asset classes).
International equities funds or models	To provide members with the opportunity to generate long term capital growth and/or dividend income from a portfolio of overseas listed securities. This aims to provide the opportunity for diversification benefits through exposure to other economies and markets and to companies and industries that are not represented on Australian markets.
International equities funds or models – specialist	To provide members with the opportunity to generate long term capital growth and/or dividend income from a specialized portfolio of international listed securities that includes small & micro-cap strategies, equity income, sector specific, geared and low volatility strategies and to provide the opportunity for diversification benefits across securities, manager styles and asset classes (when included with other asset classes).
Australian property securities funds or models	To provide members with the opportunity to generate long term capital growth and/or income that reflects the characteristics of property investment with diversification across property types and location whilst also providing liquidity offered by equity markets. This provides potential diversification benefits when included with other asset classes.
Australian direct property funds	To provide members with the opportunity to benefit from professionally managed investments in direct property that typically reflect the characteristics of property (tax effective income with some potential for capital growth and provide potential diversification benefits when included with other asset classes). These managed funds are often internally geared which provides the opportunity for members to benefit from leveraging strategies, with recourse limited to the assets of the direct property fund.

Investing and investments

Category of investment option	Investment objective
International property funds or models	To provide members with the opportunity to generate long term capital growth and/or income that reflects the characteristics of property investment with diversification across property types and locations whilst also providing liquidity offered by global equity markets and the benefit of exposure to other economies.
Alternative investments	To provide members with the opportunity to benefit from alternative investment strategies which are typically referred to as skills based strategies across non-traditional asset classes. This aims to provide diversification benefits through the sources of investment return and to manage market risk or volatility within the portfolio.
Multi sector funds or models	To provide members with the opportunity to benefit from investment in a diverse range of markets and asset classes, and to be managed by professional investment managers.
ASX listed securities	To provide members with the opportunity to benefit from investment in a wide range of ASX listed securities.
International listed securities	To provide members with the opportunity to generate long term capital growth and/or dividend income from investment in overseas listed securities, across a range of overseas markets and economies.

More information about each of the investment options and their risks is available in the applicable PDS for the Fund (including the applicable version of Information Guide 1) which is available on our website, in printed form by calling Freecall 1800 888 223 or from your financial adviser.

Derivatives and warrants

The Fund does not directly hold or manage derivatives but has approved some investments that use derivatives in their investment strategies and maintains a policy regarding the use of derivatives in managed funds.

Derivatives are used by some of the managers of managed funds included in the Investment Menu in their investment strategies. This is disclosed in the managed fund's product disclosure statement as provided by us and both investors and advisers are encouraged to read and understand these documents. Some listed securities that are available through the Fund, such as exchange traded funds, may also use derivatives to implement their investment strategies. Information on the use of derivatives in these products is available from the product's investment manager.

Investment limits are set taking into consideration investment risk and the unique risks associated with alternative strategies that use derivatives extensively.

We may allow investment in certain warrants listed on the ASX, pursuant to an investment request given by a member exercising investment choice within the investment limitations set out in the applicable PDS for the Fund. We do not make investment decisions about warrants.

In approving any warrants for member investment choice, we consider the general and financial reputation of the issuer of the investment option. Investment limits are set taking into consideration the level of diversification within the warrant.

Investing and investments

We have considered listed warrants in the context of the Fund's overall risks and determined that the risk is not material to the total investments of the Fund. The total value of warrants held in the Fund, as a percentage of total assets, is less than 0.1% of the Fund's assets, and is relevant only to those members who have requested us to invest in them.

Significant holdings

At 30 June 2021, the Fund held 10% of the Fund's assets with Australia and New Zealand Banking Group Limited (ABN 11 005 357 522), predominantly in cash and term deposits.

At 30 June 2021, the Fund did not have any other investments that were in excess of 5% of the Fund's total assets.

Investment performance

Members select their own investment options from a wide range of accessible investments to suit their personal needs and circumstances. The investment performance for each member will vary depending on the choices they make. Members can view information about the performance of their investments by logging into their account and accessing online reports and periodic statements.

Other information

Fund reserve

We maintain a fund reserve account, from which certain approved Fund expenses are paid. These expenses include but are not limited to regulatory costs and audit fees. The fund reserve account is retained in cash and cash equivalents.

Movement in the fund reserve account for the previous three financial years is:	30 June 21 \$000s	30 June 20 \$000s	30 June 19 \$000s
Opening balance	1,004	1,526	2,930
plus Unallocated income & tax credits	1,561	1,014	371
less Fund expenses paid	1,924	1,536	1,775
Closing balance	641	1,004	1,526

Operational risk financial requirement ('ORFR')

Under the APRA prudential requirements, we must ensure we have access to sufficient funds to meet the ORFR. We meet the ORFR with a combination of an operational risk reserve amount held within the Fund and operational risk trustee capital that we hold ourselves specifically for that purpose.

The trustee capital is provided by a related party and we pay the related party a fee based on the amount of capital provided. The cost is reimbursed from the Fund and the cost is generally apportioned between each member's account based on the value of their investments.

The operational risk reserve component is held in an operational risk reserve account within the Fund which is retained in cash and cash equivalents.

Movement in the operational risk reserve for the previous three financial years is:	30 June 21 \$000s	30 June 20 \$000s	30 June 19 \$000s
Opening balance	1,295	1,284	1,263
plus Amount transferred in	-	-	-
plus Earnings & interest	6	11	21
Closing balance	1,301	1,295	1,284

Abridged financial statements

Please note that the following 2021 abridged financial statements have been extracted from the audited financial statements.

A full copy of the financial statements and the related audit reports are available by contacting us by email – contact@netwealth.com.au, or by telephone – Freecall 1800 888 223 (within Australia) or +61 3 9655 1300.

Netwealth Superannuation Master Fund

Income Statement for the year ended 30 June 2021

	2021 \$000	2020 \$000
Revenue		
Changes in net market value of investments	1,584,427	(610,546)
Distributions and dividends	645,267	376,912
Interest	55,683	39,648
Total Revenue	2,285,377	(193,986)
Expenses		
Administration and management fees	59,232	52,806
Adviser fees and remuneration	112,247	94,503
Other expenses	1,814	1,765
Total Expenses	173,293	149,074
Operating result before income tax expense	2,112,084	(343,060)
Net benefits allocated to members	2,022,287	(273,340)
Operating result	89,797	(69,720)
Income tax benefit / (expense)	(90,154)	69,209
Operating result after income tax	(357)	(511)

Abridged financial statements (continued)

Netwealth Superannuation Master Fund

Statement of Financial Position as at 30 June 2021

	2021 \$000	2020 \$000
Investments		
Cash and short-term deposits	133,194	217,165
Equities	3,810,073	2,427,322
Pooled superannuation trusts	1	11
Units in managed funds	11,000,023	7,358,457
Derivatives ¹	12,171	7,732
Total Investments	14,955,462	10,010,687
Other Assets		
Cash at bank	1,499,400	1,371,068
Receivables	563,806	327,971
Current tax assets	-	-
Deferred tax assets	-	13,878
Total Other Assets	2,063,206	1,712,917
Total Assets	17,018,668	11,723,604
Liabilities		
Current tax liabilities	48,809	10,949
Deferred tax liabilities	78,797	-
Payables	69,825	55,502
Total Liabilities	197,431	66,451
Net assets available for member benefits	16,821,237	11,657,153
Defined contribution member liabilities	16,819,295	11,654,854
Net Assets	1,942	2,299
Equity		
Fund reserves	641	1,004
Operational risk reserve	1,301	1,295
Total Equity	1,942	2,299

¹ Including warrants.