

PERPETUAL SUPER WRAP

Perpetual Private Super Wrap
Perpetual Private Pension Wrap
Annual Report

ANNUAL REPORT
YEAR ENDED 30 JUNE 2016
Perpetual Superannuation Limited
ABN 84 008 416 831 AFSL 225246 RSE L0003315

Perpetual 

DIRECTORY

FUND

Perpetual Super Wrap (Fund)
ABN 22 897 174 641 RSE R1074406

PRODUCTS

Perpetual Private Super Wrap (Super Wrap)
SPIN PER0667AU

Perpetual Private Pension Wrap (Pension Wrap)
SPIN PER0665AU

ISSUER AND TRUSTEE

Perpetual Superannuation Limited (Trustee)
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IMPORTANT NOTES AND DISCLAIMER

This Annual Report (Report) provides the fund information required under the Corporations Act and has been prepared by the Trustee in September 2016 for members of the Fund. In this Report, 'we', 'us', 'our' and 'Perpetual Superannuation' are references to the Trustee.

The Trustee is part of the Perpetual Group, which comprises Perpetual Limited and its subsidiaries. Although the Trustee believes the information in this Report is accurate and reliable as at the date of issue, no company in the Perpetual Group, nor any director or officer of any company in the Perpetual Group, makes any representation or warranty as to the accuracy, reliability or completeness of material in this Report. Except in so far as liability under any statute cannot be excluded, companies in the Perpetual Group and directors, officers, employees and consultants of companies in the Perpetual Group do not accept any liability (whether arising in contract, tort, negligence or otherwise) for any error or omission in this Report or for any loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of this information or any other person.

Some of the information in this Report is based on an interpretation of relevant laws that were current as at 30 June 2016. None of the information in this Report constitutes financial product advice. No member or any other person should act on the basis of any statement, matter or thing in this Report without first obtaining independent advice.

Neither we nor any company in the Perpetual Group guarantee that you will earn any return on your investment or that your investment will gain in value or retain its value. Investment in the Fund is subject to investment risk, including possible delays in repayment and loss of income and capital invested.

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DIRECTORS' MESSAGE

Dear Member

On behalf of the Trustee of Perpetual Super Wrap (Fund), we are pleased to present the Fund's Annual Report for the year ended 30 June 2016. The Fund consists of the following products:

- Perpetual Private Super Wrap (Super Wrap) and
- Perpetual Private Pension Wrap (Pension Wrap).

This Report should be read in conjunction with your Annual Statement for the year ended 30 June 2016, which details your specific benefit entitlements under the Fund.

This Report brings you up to date with relevant details relating to the Fund. It also provides information on important changes in the superannuation environment (see page 2 for details).

The Super Wrap and Pension Wrap enable you to access a broad range of investments so with the help of your financial adviser you can tailor an investment strategy to suit your own circumstances and objectives.

If you are a Super Wrap member and have other superannuation accounts you may like to consider consolidating them into your Super Wrap account. This should make it easier to keep track of your superannuation and may save you on total fees and costs. You can download a Rollover Authority form from our website at www.perpetual.com.au/wrap or phone us on 1800 099 265 to request a form. We recommend you speak with your financial adviser about whether this is appropriate for you.

Thank you for entrusting us to look after your superannuation and retirement savings.

Directors, Perpetual Superannuation Limited

SUPERANNUATION CHANGES

INDEXATION OF SUPERANNUATION LIMITS AND THRESHOLDS

The following superannuation limits and thresholds have been set by the ATO for the 2016/2017 financial year.

LIMIT/THRESHOLD	2015/2016	2016/2017
Concessional contributions cap ¹	\$30,000 ²	\$30,000 ²
Non-concessional contributions cap ¹	\$180,000 ³	\$180,000 ³
Government co-contribution ⁴ :		
Lower income threshold	\$35,454	\$36,021
Higher income threshold	\$50,454	\$51,021
Limit on capital gains tax concession on disposal of eligible assets by qualifying small business owners	\$1,395,000	\$1,415,000
Low-rate cap ⁵ for the taxable component of lump sum benefit payments for members aged 56-59 (2015/2016) and 57-59 (2016/2017)	\$195,000	\$195,000

- 1 Please refer to 'Federal Budget 2016 - Proposed changes affecting superannuation' for information about proposed changes to the concessional contributions and non-concessional contributions caps.
- 2 This amount will be indexed in line with Average Weekly Ordinary Time Earnings (AWOTE) once the increase in the indexed amount is greater than \$5,000. A temporary higher concessional contributions cap of \$35,000 (unindexed) applies for individuals aged 49 years or over on the preceding 30 June. The higher cap will cease once the general concessional cap reaches \$35,000 by way of indexation.
- 3 The non-concessional contributions cap is six times the general concessional contributions cap. However, if you are under age 65 or turn 65 during the year, you can make non-concessional contributions of up to three times the non-concessional contributions cap over a three-year period under the 'bring forward' option. The bring-forward cap is three times the non-concessional cap of the first year. For example, if you bring forward your non-concessional contributions in 2016/2017, the cap would be \$540,000 (that is, three times \$180,000).
- 4 The co-contribution rate is 50%, with a maximum \$500 co-contribution on personal non-concessional contributions up to \$1,000 made by individuals with a total income up to the lower income threshold, which reduces by 3.333 cents for every \$1 of total income up to the higher income threshold where it ceases to apply. The higher income threshold is set at \$15,000 above the (indexed) lower income threshold.
- 5 The low-rate cap is a lifetime limit and will be indexed in line with AWOTE in multiples of \$5,000.

TAX ON BENEFITS PAID TO MEMBERS

When a superannuation benefit is received, it may include both tax-free and taxable components, calculated in the same proportions as the total account balance immediately before the payment.

The taxable portion of any superannuation lump sum or pension benefit is subject to tax depending on your age when received. Since the sliding preservation age scale for people born between 1 July 1960 and 30 June 1964 started to apply from 1 July 2015, the age scales applicable to the taxable component for people under age 60 will continue to increase progressively over the next four years, as shown in the following tables.

This means that from the 2019/2020 financial year, the tax treatment on the taxable component of any superannuation lump sum or pension benefit will depend on whether you are under age 60 or aged 60 and over when the benefit is received.

TAX ON TAXABLE COMPONENT OF LUMP SUM BENEFITS

FINANCIAL YEAR	TAX TREATMENT		
	TAXED AT 20% ¹	BALANCE ABOVE THE LOW-RATE CAP TAXED AT 15% ¹	TAX-FREE
2015/2016	Under 56	56-59	60 and over
2016/2017	Under 57	57-59	60 and over
2017/2018	Under 58	58-59	60 and over
2018/2019	Under 59	59	60 and over
2019/2020	Under 60	n/a	60 and over

TAX ON TAXABLE COMPONENT OF PENSION BENEFITS

FINANCIAL YEAR	TAX TREATMENT		
	TAXABLE AT MARGINAL TAX RATE ¹	TAXABLE AT MARGINAL TAX RATE LESS 15% TAX OFFSET ¹	TAX-FREE
2015/2016	Under 56	56-59	60 and over
2016/2017	Under 57	57-59	60 and over
2017/2018	Under 58	58-59	60 and over
2018/2019	Under 59	59	60 and over
2019/2020	Under 60	n/a	60 and over

1 Plus Medicare levy.

FEDERAL BUDGET 2016 - PROPOSED CHANGES AFFECTING SUPERANNUATION

On 3 May 2016, the Federal Government announced as part of its 2016 Budget the following changes affecting superannuation which, if implemented through the passing of appropriate supporting legislation, could significantly impact some Fund members.

Following consultation, on 15 September 2016, the Government announced changes to some of these previously announced reforms.

ELIGIBILITY TO CONTRIBUTE TO SUPERANNUATION

In the Budget the Government announced that, from 1 July 2017, the work test which must be satisfied before individuals aged between 65 and 74 (inclusive) can make voluntary concessional contributions or non-concessional contributions would be removed. This change would also allow individuals to make superannuation contributions for a spouse under age 75 without the need for the spouse to meet a work test.

The Government has since announced that it will not proceed with the above harmonisation of contribution rules for those aged 65 to 74.

CONCESSIONAL CONTRIBUTIONS REDUCTION TO THE ANNUAL CONCESSIONAL CONTRIBUTIONS CAP

The current general concessional contributions cap (\$30,000 for the 2016/2017 financial year) and the transitional cap (\$35,000 for individuals aged 49 years or over on the preceding 30 June) will be reduced to \$25,000 (indexed to AWOTE) from 1 July 2017.

NEW PROVISION TO MAKE 'CATCH-UP' CONCESSIONAL CONTRIBUTIONS

In the Budget the Government announced that, from 1 July 2017, members with superannuation balances of \$500,000 or less who have not fully utilised their concessional contributions cap in previous years will be able to carry forward the unused cap amounts on a rolling five consecutive year basis so that additional concessional contributions can be made during those years.

The Government has since announced that this provision will now apply from 1 July 2018 instead.

EXTENSION OF TAX DEDUCTIONS FOR PERSONAL CONTRIBUTIONS

In the Budget the Government announced that, from 1 July 2017, tax deductions for personal contributions up to the concessional contributions cap, currently available only to the self-employed (generally people who earn less than 10% of their income from salary or wages), would be extended to all individuals under the age of 75.

The Government has since announced that only members under the age of 65 and those aged 65 to 74 who meet the work test will be eligible to claim a tax deduction for personal contributions.

DECREASE IN INCOME THRESHOLD FOR ADDITIONAL CONTRIBUTIONS TAX TO APPLY

Generally, a flat 15% tax applies to concessional contributions. However, the income threshold (including concessional contributions) from which tax of 30% will apply instead to concessional contributions (within the concessional contributions cap) will be reduced from \$300,000 to \$250,000 from 1 July 2017.

LOW INCOME SUPERANNUATION CONTRIBUTION (LISC) REPLACED BY LOW INCOME SUPERANNUATION TAX OFFSET (LISTO)

Until it expires on 30 June 2017, a LISC of up to \$500 annually is paid by the Government directly into a member's account for members on adjusted taxable incomes of up to \$37,000. The LISC is calculated by applying a 15% matching rate to concessional contributions up to \$3,333 made each year by or for eligible individuals to offset the contributions tax payable on those contributions.

In the Budget the Government announced that, from 1 July 2017, the LISC would be replaced by the LISTO. The LISTO retains the same limits and rates as the LISC, however, the LISTO would be provided as a non-refundable tax offset to superannuation funds based on the tax paid on concessional contributions made by or for low income earners (capped at \$500 per eligible member).

The Government has since announced that instead of treating the LISTO as a non-refundable tax offset which the fund then needs to pay into the member's account, the LISTO will continue to be paid by the ATO to the fund to be credited to the member's account.

NON-CONCESSIONAL CONTRIBUTIONS ANNUAL NON-CONCESSIONAL CONTRIBUTIONS CAP CHANGED TO A LIFETIME CAP

In the Budget the Government announced that the current annual non-concessional contributions cap (\$180,000 for the 2016/2017 financial year or \$540,000 under the three-year 'bring forward' option) would be replaced from Budget night with a \$500,000 lifetime cap on total non-concessional contributions made since 1 July 2007 for all individuals under age 75.

The Government has since announced that instead of the \$500,000 lifetime cap, a lower non-concessional contributions cap of \$100,000 will apply from 1 July 2017. As is currently the case, members under age 65 will be eligible to bring forward three years of non-concessional contributions. Where a member has a total superannuation balance of more than \$1.6 million, they will no longer be eligible to make non-concessional contributions.

INCREASE TO INCOME THRESHOLD FOR SPOUSE CONTRIBUTIONS

From 1 July 2017, access to the low income spouse superannuation tax offset will be expanded by increasing the income threshold for the low income spouse from \$10,800 to \$37,000. The offset will remain at 18% of the amount of eligible spouse contributions up to a maximum of \$3,000, therefore remaining capped at \$540 per year.

INCOME STREAMS NEW INCOME STREAM TOTAL ACCOUNT BALANCE LIMIT

From 1 July 2017, a cap of \$1.6 million will apply on the total amount of accumulated superannuation that a member can transfer into the retirement (income stream) phase. Subsequent earnings on balances in the retirement phase will not be capped or restricted. This cap will be indexed in line with the Consumer Price Index (CPI) in \$100,000 increments.

Where a member accumulates amounts in excess of \$1.6 million, they will be able to maintain the excess amount in a superannuation accumulation account where earnings will continue to be taxed at the concessional rate of 15%.

Members already in the retirement phase with total account balances above \$1.6 million will have to reduce their retirement phase balance to \$1.6 million by 1 July 2017 by either transferring the excess back into a superannuation accumulation account or withdrawing the excess amount.

Members who breach the cap will be subject to penalty arrangements.

TRANSITION TO RETIREMENT (TTR) PENSIONS

EARNINGS ON TTR PENSIONS TO BE TAXED

The earnings on assets supporting TTR pensions are currently not subject to tax. From 1 July 2017, these earnings will be taxed within the superannuation fund at the maximum rate of 15%, which is the same as the concessional tax rate applying to fund earnings on superannuation accumulation accounts.

TAX TREATMENT OF INCOME PAYMENTS

Members are currently able to elect that TTR pension amounts paid from the taxable component be treated as lump sums for tax purposes. These payments are then received tax-free to the extent that they are within the member's low rate cap up to age 59 (currently \$195,000). Members will no longer be able to make this election from 1 July 2017, which means that members under age 60 who had not previously fully utilised their low rate cap will incur tax at their marginal tax rate (less a 15% tax offset if aged 58-59) on all TTR pension income amounts paid from the taxable component.

REMOVAL OF ANTI-DETRIMENT PAYMENTS ON DEATH BENEFITS

The anti-detriment provisions for death benefits paid as a lump sum to certain eligible beneficiaries, which currently allow for a refund of tax paid by a deceased member on superannuation contributions over their lifetime, will be removed from 1 July 2017.

OBJECTIVE OF SUPERANNUATION

In the Budget the Government announced that it will enshrine in legislation that the objective of superannuation is 'to provide income in retirement to substitute or supplement the Age Pension', with the intention that any future changes to superannuation will need to maintain this objective.

The Government has now also identified subsidiary objectives to support the primary objective of the superannuation system, which will provide a framework for assessing future legislation against the primary objective of superannuation.

PRODUCT UPDATE

REISSUE OF PRODUCT DISCLOSURE STATEMENT (PDS)

The PDS for Perpetual Private Super Wrap and Perpetual Private Pension Wrap was reissued on 4 April 2016.

You can download the current PDS from our website or obtain a copy, free of charge, by contacting us or your adviser.

UNITED KINGDOM (UK) PENSION TRANSFERS

We continue not to accept transfers of UK pension money. Any change to our current policy will be made available on our website.

INVESTMENT INFORMATION

TRUSTEE'S INVESTMENT OBJECTIVE

The Trustee's investment objective is to provide a range of investment options within which all members can select investments that are suitable for their personal circumstances at any particular time.

INVESTMENT OPTIONS

The investment options available through the Super Wrap and Pension Wrap are listed in the following 'Investment option classifications' table.

By investing your superannuation through the Super Wrap and Pension Wrap you have access to an extensive range of investments, including managed investments, ASX listed securities and term deposits.

INVESTMENT OPTION CLASSIFICATIONS

ASSET CLASS	INVESTMENT OPTION CLASSIFICATION	INVESTMENT OBJECTIVE (BEFORE TAX AND FEES)	INVESTMENT STRATEGY/TYPICAL BENCHMARK	STANDARD RISK MEASURE (SRM)/RISK PROFILE	REPRESENTATIVE ASSET ALLOCATION	
					ASSET CLASS	ALLOCATION (RANGES)
Cash	Cash	To earn returns that match the performance of the stated benchmark over rolling 1 year periods .	Funds offered will typically benchmark with reference to the Bloomberg AusBond Bank Bill Index.	1 – Very low	Cash	100% (100%)
Fixed interest	Australian fixed interest – core	To earn returns that match the performance of the stated benchmark over rolling 3 year periods .	Funds offered will typically benchmark with reference to an Australian index such as the Bloomberg AusBond Composite O+ Yr Index.	3 – Low to medium	Australian fixed interest Cash	100% (80%-100%) 0% (0%-20%)
	Australian mortgage backed	To earn returns from a diversified portfolio of Australian mortgages over rolling 1 year periods . To achieve an income/yield above cash.	Funds offered will typically benchmark with reference to the Bloomberg AusBond Bank Bill Index plus a margin of between 1-2%.	3 – Low to medium	Mortgages Cash	100% (80%-100%) 0% (0%-20%)
	Global bonds – core	To earn returns that match the performance of the stated benchmark over rolling 3 year periods .	Funds offered will typically benchmark with reference to a global bond index such as the Citigroup World Government Bond Index (hedged into \$A) or the Barclays Global Aggregate (hedged to \$A).	4 – Medium	International fixed interest Cash	100% (80%-100%) 0% (0%-20%)
	Global bonds – income	To earn returns that match the performance of the stated benchmark over rolling 3 year periods .	Funds offered will typically benchmark with reference to a global bond index such as the Barclays Global Aggregate (hedged to \$A) or to a Cash benchmark plus a margin of 1-3%.	3 – Low to medium	Sovereign Multi-sector Cash	(0%-100%) (0%-100%) (0%-20%)
	Global bonds – inflation linked	To earn returns that match the performance of the stated benchmark over rolling 3 year periods .	Funds offered will typically benchmark with reference to a global inflation linked bond index such as the Barclays Global Inflation Linked Bond Index (hedged to \$A).	5 – Medium to high	Global inflation linked bonds Cash	100% (80%-100%) 0% (0%-20%)

INVESTMENT OPTION CLASSIFICATIONS (CONTINUED)

ASSET CLASS	INVESTMENT OPTION CLASSIFICATION	INVESTMENT OBJECTIVE (BEFORE TAX AND FEES)	INVESTMENT STRATEGY/ TYPICAL BENCHMARK	STANDARD RISK MEASURE (SRM)'/ RISK PROFILE	REPRESENTATIVE ASSET ALLOCATION	
					ASSET CLASS	ALLOCATION (RANGES)
Real assets	Infrastructure – global	To earn returns that match the performance of the stated benchmark over rolling 5 year periods .	Funds offered will typically benchmark with reference to a listed index or inflation linked target.	6 – High	Global infrastructure Cash	100% (80%-100%) 0% (0%-20%)
	Real estate – listed – Australian	To earn returns that match the performance of the stated benchmark over rolling 5 year periods .	Funds offered will typically benchmark with reference to a listed property index such as the S&P/ASX 300 A-REIT Index.	7 – Very high	Australian real estate investment trusts (A-REITs) Cash	100% (80%-100%) 0% (0%-20%)
	Real estate – listed – global	To earn returns that match the performance of the stated benchmark over rolling 5 year periods .	Funds offered will typically benchmark with reference to a listed property index such as the FTSE EPRA/NAREIT (hedged to AUD) or UBSW Global Investors (hedged to AUD).	6 – High	Global real estate investment trusts (REITs) Cash	100% (80%-100%) 0% (0%-20%)
	Real estate – diversified – Australian and global	To earn returns that match the performance of the stated benchmark over rolling 5 year periods .	Funds offered will typically benchmark with reference to a direct property index such as the Mercer/IPD PPI (NAV).	5 – Medium to high	Direct property Cash	100% (80%-100%) 0% (0%-20%)
Alternatives	Hedge funds – multi-strategy and trading strategies	To deliver consistent medium term returns with low correlation to broad equity and fixed income markets by investing in both traditional and non-traditional asset classes over rolling 5 year periods .	Funds target either a specific level of return in excess of a hurdle rate return or a specific alternative asset index.	5 – Medium to high	Non-traditional assets Traditional assets Cash	80% (0%-100%) 20% (0%-100%) 0% (0%-100%)
	Hedge funds – global macro/ managed futures	To deliver consistent medium term returns with low correlation to broad equity and fixed income markets by investing in both traditional and non-traditional asset classes over rolling 5 year periods .	Funds target either a specific level of return in excess of a hurdle rate return or a specific alternative asset index.	5 – Medium to high	Non-traditional assets Traditional assets Cash	80% (0%-100%) 20% (0%-100%) 0% (0%-100%)
	Alternatives – diversified	To deliver consistent medium term returns with low correlation to broad equity and fixed income markets by investing in both traditional and non-traditional asset classes over rolling 5 year periods .	Funds target either a specific level of return in excess of a hurdle rate return or a specific alternative asset index.	6 – High	Non-traditional assets Traditional assets Cash	80% (0%-100%) 20% (0%-100%) 0% (0%-100%)

INVESTMENT OPTION CLASSIFICATIONS (CONTINUED)

ASSET CLASS	INVESTMENT OPTION CLASSIFICATION	INVESTMENT OBJECTIVE (BEFORE TAX AND FEES)	INVESTMENT STRATEGY/ TYPICAL BENCHMARK	STANDARD RISK MEASURE (SRM)/ RISK PROFILE	REPRESENTATIVE ASSET ALLOCATION	
					ASSET CLASS	ALLOCATION (RANGES)
Australian shares	Australian equity	To earn returns that match the performance of the stated benchmark over rolling 5 year periods .	Funds offered typically benchmark with reference to the S&P/ASX 300 Accumulation Index.	6 – High	Australian equities Cash	100% (80%-100%) 0% (0%-20%)
	Australian equity – small cap	To earn returns that match the performance of the stated benchmark over rolling 5 year periods .	Funds offered typically benchmark with reference to the S&P/ASX Small Ordinaries Accumulation Index.	6 – High	Australian small equities Cash	100% (80%-100%) 0% (0%-20%)
	Australian equity – geared	To earn returns that match the performance of the stated benchmark over rolling 5 year periods .	Funds offered are typically Australian long only equity funds which benchmark with reference to the S&P/ASX 300 Accumulation Index.	7 – Very high	Australian equities Cash	100% (80%-100%) 0% (0%-20%)
Global shares	Global equity – unhedged	To earn returns that match the performance of the stated benchmark over rolling 5 year periods .	Funds offered typically benchmark with reference to a broad market global index such as the MSCI World ex-Australia Index (in \$A) or the MSCI AC Index (in \$A).	6 – High	International equities Cash	100% (80%-100%) 0% (0%-20%)
	Global equity – hedged	To earn returns that match the performance of the stated benchmark over rolling 5 year periods .	Funds offered typically benchmark with reference to a broad market global index such as the MSCI World ex-Australia Index (hedged to \$A) or the MSCI AC Index (hedged to \$A).	6 – High	International equities Cash	100% (80%-100%) 0% (0%-20%)
	Global equity – small cap	To earn returns that match the performance of the stated benchmark over rolling 5 year periods .	Funds offered typically benchmark with reference to the MSCI Small Cap Index (in \$A).	6 – High	International small equities Cash	100% (80%-100%) 0% (0%-20%)
	Global regional equity – Asian and emerging markets	To earn returns that match the performance of the stated benchmark over rolling 5 year periods .	Funds offered typically benchmark with reference to a broad market or country grouping emerging market index such as the MSCI Emerging Markets Index or the MSCI Asia ex Japan Index.	7 – Very high	Asian (excluding Japan)/ emerging market equities Cash	100% (80%-100%) 0% (0%-20%)
	Global regional equity – developed market	To earn returns that match the performance of the stated benchmark over rolling 5 year periods .	Funds offered typically benchmark with reference to the relevant regional component of the MSCI Index.	6 – High	Regional international equities Cash	100% (80%-100%) 0% (0%-20%)
	Global sector specific equity (unhedged)	To earn returns that match the performance of the stated benchmark over rolling 5 year periods .	Funds offered typically benchmark with reference to the relevant sector component of the MSCI or S&P/ASX Index.	7 – Very high	Sector specific international equities Cash	100% (80%-100%) 0% (0%-20%)

INVESTMENT OPTION CLASSIFICATIONS (CONTINUED)

ASSET CLASS	INVESTMENT OPTION CLASSIFICATION	INVESTMENT OBJECTIVE (BEFORE TAX AND FEES)	INVESTMENT STRATEGY/ TYPICAL BENCHMARK	STANDARD RISK MEASURE (SRM) ¹ / RISK PROFILE	REPRESENTATIVE ASSET ALLOCATION	
					ASSET CLASS	ALLOCATION (RANGES)
Diversified	All growth (100% growth assets)	To earn returns that exceed Headline CPI increases by at least 4.5% per annum over rolling 5 year periods .	Funds offered will typically represent traditional multi-sector growth funds with 100% in growth assets.	6 – High	Australian equities International equities Cash	40% (20%-60%) 60% (40%-80%) 0% (0%-5%)
	Multi-asset – high growth (80%-100% growth assets)	To earn returns that exceed Headline CPI increases by at least 4% per annum over rolling 5 year periods .	Funds offered will typically represent traditional multi-sector growth funds with between 80-100% growth assets.	6 – High	Australian equities International equities Property Fixed interest Other Cash/enhanced cash	40% (38%-42%) 40% (38%-42%) 10% (5%-15%) 10% (8%-12%) 0% (0%-30%) 0% (0%-10%)
	Multi-asset – balanced growth (60%-80% growth assets)	To earn returns that exceed Headline CPI increases by at least 3.0% per annum over rolling 5 year periods .	Funds offered will typically represent traditional multi-sector growth funds with between 60-80% growth assets.	5 – Medium to high	Australian equities International equities Property Fixed interest Other Cash/enhanced cash	27% (10%-50%) 27% (10%-50%) 3% (3%-15%) 10% (0%-35%) 21% (0%-30%) 12% (0%-30%)
	Multi-asset – moderate (40%-60% growth assets)	To earn returns that exceed Headline CPI increases by at least 2.5% per annum over rolling 3 year periods .	Funds offered will typically represent traditional multi-sector growth funds with between 40-60% growth assets.	4 – Medium	Australian equities International equities Property Fixed interest Other Cash/enhanced cash	20% (0%-35%) 20% (10%-30%) 3% (0%-15%) 20% (10%-45%) 15% (0%-30%) 22% (0%-30%)
	Multi-asset – conservative (less than 40% growth assets)	To earn returns that exceed Headline CPI increases by at least 2% per annum over rolling 3 year periods .	Funds offered will typically represent traditional multi-sector defensive funds with less than 40% in growth assets.	3 – Low to medium	Australian equities International equities Property Fixed interest Other Cash/enhanced cash	11% (0%-25%) 9% (0%-20%) 3% (0%-10%) 30% (15%-55%) 13% (0%-30%) 34% (15%-45%)

INVESTMENT OPTION CLASSIFICATIONS (CONTINUED)

ASSET CLASS	INVESTMENT OPTION CLASSIFICATION	INVESTMENT OBJECTIVE (BEFORE TAX AND FEES)	INVESTMENT STRATEGY/ TYPICAL BENCHMARK	STANDARD RISK MEASURE (SRM) ¹ / RISK PROFILE	REPRESENTATIVE ASSET ALLOCATION	
					ASSET CLASS	ALLOCATION (RANGES)
Listed securities	Australian securities	To provide investors with a growth investment return from exposure to companies listed on the Australian Securities Exchange (ASX). This strategy may provide additional returns by investing in Australian companies that declare partially or fully franked dividends.	Investors using this strategy can expect to experience short to medium term fluctuation in the value of their investment. There is a high likelihood of a negative return in a given short term investment period.	7 – Very high	Listed Australian securities	100% (100%)
	Interest rate securities	To provide investors with a regular income stream above the cash rate over the short to medium term.	Suitable for investors seeking a regular income yield above the cash rate and seeking short to medium term volatility in their capital value.	5 – Medium to high	Listed interest rate securities	100% (100%)
Term deposits	Term deposits	To provide investors with an agreed rate of interest over a fixed amount of time, generally up to five years.	Suitable for investors seeking low risk and a set return for a pre-determined period.	1 – Very low	Term deposits	100% (100%)

¹ The SRM is based on industry guidance to allow members to compare investments that are expected to deliver a similar number of negative annual returns over any 20 year period, as follows.

RISK BAND	RISK LABEL	ESTIMATED NUMBER OF NEGATIVE ANNUAL RETURNS OVER ANY 20 YEAR PERIOD
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

The SRM is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of the 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.

Members should still ensure they are comfortable with the risks and potential losses associated with their chosen investments.

The SRMs for the investment options may change over time for various reasons, including as a result of reviews of the underlying capital market assumptions that are used in their calculation and future changes to asset allocations by the investment managers. Any changes to SRMs at any time will be available at our website.

INVESTMENT MENU

You can spread your account across an extensive range of investment options and investment managers.

Your adviser will provide you with the investment menu and recommend an appropriate investment strategy to suit your needs and risk profile.

You must read the product disclosure statements for any managed investments you are considering. These will be provided by your adviser free of charge.

ADDITION AND REMOVAL OF INVESTMENT OPTIONS

Our investment menu is reviewed regularly and is likely to vary over time where we believe it is in the best interests of members to do so.

Where possible, to allow you and your adviser time to adjust to variations to the investment menu, we will give advance notice of such a variation affecting your investment and the choice of retaining or disposing of that investment.

In adding or removing investment options to or from the investment menu, we do not take any liability for any movement in asset price or costs as they relate to delays in admitting or removing the investment nor do we make any representations as to the suitability of the investment either generally or for your personal circumstances.

The current investment menu at any time is available at www.perpetual.com.au/superwrap or can be obtained, without charge, from your adviser.

TRUSTEE INVESTMENT LIMITS

Some restrictions have been placed on certain types of investments available.

Investment limits are detailed in a separate document which is available at www.perpetual.com.au/superwrap or can be obtained, without charge, from your adviser.

These restrictions are designed to reduce the potential for losses by encouraging diversification and to ensure adequate liquidity to meet payments and satisfy regulatory requirements. Please note that limits do not eliminate the risk of large losses or insufficient liquidity.

We may change investment limits and may also place additional limits upon individual investments within each investment option at any time. If we determine that investment limits are to be added, withdrawn or amended we will endeavour to provide you and/or your adviser with advance notice of the change, however, this may not be possible in all circumstances.

ASSET ALLOCATION

The following table shows how the Fund was invested across different asset classes. Term deposits are classified as cash and ASX listed securities are classified as Australian shares.

Where a managed fund invests across a number of asset classes, we treat the asset allocation based on a 'look through basis' using the individual asset allocations either provided by the investment managers directly or sourced from a third party. Asset allocations for managed funds can vary over time within ranges specified by the individual product issuers, as detailed in their product disclosure statements.

ASSET CLASS	30 JUNE 2015	30 JUNE 2016
Cash	17.3%	17.1%
Australian fixed income	20.8%	17.2%
International fixed income	3.0%	2.9%
Property	9.1%	10.0%
Australian shares	28.6%	31.5%
International shares	19.6%	19.9%
Other	1.6%	1.4%
Total	100.0%	100.0%

SIGNIFICANT INVESTMENT HOLDINGS

The following tables provide details of the Fund's direct or indirect investment holdings that had a value in excess of 5% of the Fund's total assets as at 30 June 2016. Totals may vary slightly to the sum of the various components due to roundings in the components.

UNDERLYING INVESTMENTS	VALUE OF INVESTMENT (\$'000)	PERCENTAGE OF TOTAL FUND ASSETS
Perpetual Private International Share Fund ¹	\$205,835	19.6%
Perpetual Private Fixed Income Fund ¹	\$191,449	18.2%
Perpetual Private Real Estate Fund ¹	\$99,504	9.5%
Perpetual Cash Account	\$73,966	7.0%
Perpetual Private Australian Share Fund ¹	\$54,231	5.2%
Sub-total	\$624,985	59.4%
All other	\$426,993	40.6%
Total Fund assets	\$1,051,978	100.0%

1 Class I units.

ENTERPRISES	VALUE OF INVESTMENT (\$'000)	PERCENTAGE OF TOTAL FUND ASSETS
Perpetual Group ²	\$645,824	61.4%
Macquarie Group Limited	\$81,674	7.8%
Sub-total	\$727,498	69.2%
All other	\$324,480	30.8%
Total Fund assets	\$1,051,978	100.0%

2 Perpetual Group means Perpetual Limited (ABN 86 000 431 827) and its subsidiaries.

INVESTMENT PERFORMANCE

You should refer to your Annual Statement for the year ended 30 June 2016 for details of investment performance relating to your chosen investments.

FUND INFORMATION

THE FUND

Membership of the Fund was first offered in April 2012.

The Fund is a regulated superannuation fund under the Superannuation Industry (Supervision) Act 1993 (SIS). The Trustee operates, and intends to continue to operate, the Fund as a complying superannuation fund.

INDEMNITY INSURANCE

Professional indemnity insurance has been effected by the Trustee.

TRUST DEED

The trust deed dated 30 September 2011 (as amended) is a legal document that sets out the provisions governing the operation of the Fund and the rights and obligations of members and the Trustee. The Trustee is responsible for ensuring that the Fund operates according to the trust deed and the accompanying rules, and that the Fund complies with all relevant laws.

Members may inspect the trust deed at any time at www.perpetual.com.au/superwrap or by arrangement with us.

ENQUIRIES AND COMPLAINTS

We have arrangements for dealing with your enquiries and complaints. If you have an enquiry or complaint:

- contact your adviser and discuss your enquiry or complaint with them
- if you are not satisfied with the result, you may telephone us on 1800 099 265 or
- it may then be necessary to write to us.

We will deal with enquiries or complaints as soon as possible and ordinarily within 45 days of receipt.

If you are still not satisfied with our response to a complaint after 90 days, you may wish to refer the matter to the Superannuation Complaints Tribunal, an independent body set up by the Federal Government to review trustee decisions relating to individual members. You can contact the tribunal by telephoning 1300 884 114 or go to www.sct.gov.au for more information.

ELIGIBLE ROLLOVER FUND (ERF)

The Trustee will pay any money it decides to pay to an ERF into the Australian Eligible Rollover Fund (AERF). The trustee of the AERF is Perpetual Superannuation Limited. Contact details for the AERF are as follows:

Australian Eligible Rollover Fund
Locked Bag 5429
Parramatta NSW 2124
Phone: 1800 677 424

Being transferred to the AERF may affect your benefits because:

- you will cease to be a member of the Fund and will no longer have any insurance benefits
- you will become a member of the AERF and be subject to its governing rules
- the AERF will invest your benefit according to its investment strategy.

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

LOST MEMBERS

You will be considered a lost member in the Fund if either:

- the Fund has never had an address for you or
- two written communications have been sent to your last known address and returned unclaimed
and
- we have not received a contribution or rollover for you within the last 12 months.

Members who are classed as lost may also have their investment transferred to the AERF, unless your account is required to be paid to the ATO as unclaimed super (see 'Unclaimed super' below).

UNCLAIMED SUPER

Your superannuation may be treated as unclaimed money if you:

- have reached age 65 and we have not received an amount on your behalf for at least two years and five years have passed since we last had contact with you or
- were a temporary resident who has permanently departed Australia and you did not claim your benefits within six months of the later of the date of your departure or your visa ceasing to be effective (except if you are an Australian or New Zealand citizen). We will make all reasonable efforts to contact you in such circumstances, however, it is important that you notify us of any changes to your details.

Where your benefits become unclaimed money, we are required to pay them to the ATO within certain time frames. After payment to the ATO, we are discharged from any further liability for payment of the benefit and you may claim your benefit by contacting the ATO. In some circumstances, tax may be payable.

We are also required to transfer certain small and insoluble lost accounts to the ATO as unclaimed super where you are a lost member (see above) and:

- the balance of the account is less than \$4,000 (increasing to \$6,000 from 31 December 2016) or
- the account has been inactive for a period of 12 months and we have insufficient records to identify the owner of the account.

Interest will be paid at a rate equivalent to CPI inflation from 1 July 2013 on all lost superannuation accounts reclaimed from the ATO.

ABRIDGED FINANCIAL INFORMATION

The general purpose financial report for the Fund has been prepared in accordance with the requirements of the trust deed, the accounting and disclosure requirements of Australian Accounting Standard AAS 25 – ‘Financial Reporting by Superannuation Plans’, other applicable Accounting Standards, the requirements of SIS and other relevant legislative requirements.

Abridged financial statements are provided in Appendix 1 for the information of members. Copies of the full audited financial statements and auditor’s report are available upon request.

VALUE OF YOUR ACCOUNT

The value of your account is the aggregate net value of your investments, including your Perpetual Cash Account, after the deduction of fees, taxes and charges. The information below is a guide on how different investments are valued and what will be reported. Accrued fees and taxes are not reflected on your portfolio valuation report.

PERPETUAL CASH ACCOUNT

Returns are distributed to your Perpetual Cash Account monthly. Accrued returns are not reported on your account until they are paid.

TERM DEPOSITS

The value of a term deposit is determined by the amount initially invested. Interest is reported when the term deposit has matured and the interest has been paid.

MANAGED INVESTMENTS

When you invest in a managed investment, the number of units allocated to you depends on its unit price and the amount you invest. Each managed investment will have a unit price set by the product issuer. The unit price that you receive is determined by the product issuer, and generally reflects the value of the managed investment’s assets after deducting the product issuer’s fees, expenses and transaction costs. The value of your managed investments will be the number of units held by you multiplied by the redemption unit price set by the product issuer. Further details are available in the product disclosure statement for each managed investment.

Managed investment distributions will not be accrued on your account valuation after they have been declared by the product issuer and will only be credited and reported once received by us.

ASX LISTED SECURITIES (EXCLUDING INSTALMENT WARRANTS)

Listed securities are valued at their last available closing price on the ASX. If no trades have occurred for a security during the day, the last traded price will be used.

INSTALMENT WARRANTS

The valuation price used to value instalment warrants is generally more reflective of an instalment warrant’s value as the last available closing price may be several days old but the underlying security’s value may have increased or decreased substantially. The valuation price would be expected to better reflect the instalment warrant price once the next trade in this security is made.

CHANGES IN METHODS FOR VALUING ASSETS

At our discretion, we may change the method by which we value an asset. For example, where a method becomes available which reflects more accurately the fair value of these assets, we may select to use this method. Where a particular asset we believe is not fairly valued using the standard methods described above, we may report a value that we believe reflects a more accurate value.

APPENDIX 1: ABRIDGED FINANCIAL STATEMENTS

OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$000	2015 \$000
INCOME		
Contributions – employer	1,591	1,192
Contributions – member	194,131	178,830
Transfers from other funds	56,700	244,670
Dividends/distributions	27,488	22,890
Interest	1,422	2,095
Changes in net market value of investments	(3,500)	29,067
Total income	277,832	478,744
EXPENSES		
Administration and trustee fees	4,351	3,198
Adviser service fees	5,386	3,823
Other expenses	31	57
Total expenses	9,768	7,078
Benefits accrued as a result of operations before income tax	268,064	471,666
Income tax benefit/(expense)	1,656	2,168
Benefits accrued as a result of operations	269,720	473,834
Benefits and pensions paid	(65,420)	(44,239)
Liability for accrued benefits at beginning of year	847,678	418,083
Liability for accrued benefits allocated to members' accounts	1,051,978	847,678

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	2016 \$000	2015 \$000
ASSETS		
Cash and cash equivalents	73,966	52,756
Investments	961,468	782,395
Distributions receivable	13,963	10,104
Interest receivable	327	388
Other receivable	61	48
Current tax asset	2,409	2,923
Deferred tax assets	753	-
Total assets	1,052,947	848,614
LIABILITIES		
Payables	969	786
Deferred tax liabilities	-	150
Total liabilities	969	936
Net assets available to pay benefits	1,051,978	847,678

New South Wales

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123 Pitt Street
Sydney NSW 2000

Queensland

Central Plaza 1
Level 15
345 Queen Street
Brisbane QLD 4000

South Australia

Level 11
101 Grenfell Street
Adelaide SA 5000

Victoria

Rialto South Tower
Level 35
525 Collins Street
Melbourne VIC 3000

Western Australia

Exchange Plaza
Level 29
2 The Esplanade
Perth WA 6000

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