

Netwealth Superannuation Master Fund

Annual Trustee's Report

For the financial year ended 30 June 2023

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

Contents

Fund information	2
Information in relation to COVID-19	3
Changes to the Fund, super and other legislation	4
Investing and investments	6
Other information	12
Abridged financial statements	13

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') (ABN 94 573 747 704, RSE Registration R1000184). 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

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 2023 provides important information about the Fund.

NSS is the issuer and the trustee of the Fund, marketed as Netwealth Super Accelerator and Russell Investments Super Series.

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 (i.e. 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

Information about each of these products is included in the relevant PDS for the product. We have also published target market determinations ('TMDs') for each of the products which provide information about the type of person for which each product is designed. PDSs and TMDs are available in the 'Forms and documents' section of our website, in printed form by calling Freecall 1800 888 223 or from your financial adviser.

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 their website. You can find our assessments under the 'Member information' section of our website.

Information about Annual Member Meetings is also published under the 'Member information' section on 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* (Cth) ('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.

An in-force professional indemnity insurance policy is effected and maintained on our behalf.

Compliance

The annual return for the year ended 30 June 2023 was lodged with APRA by 30 September 2023, as required by legislation.

The Fund is a complying and regulated superannuation fund in line with the *Income Tax Assessment Act 1997* (Cth). 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 2023 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 and audited fund accounts. This information is available under the 'Member information' section of our website. To request a copy of 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

From 1 July 2021, members who received a payment under the Federal Government's 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 the Fund were last updated as follows:

- Super Accelerator on 1 October 2023
- Super Series on 26 September 2022

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 impacted members to make sure that they were properly informed and updated the information in the applicable PDS (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 members 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 since the last Annual Trustee Report 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)).

Introduction of fixed term annuities in Super Accelerator

Fixed term annuities are now available as an additional investment category for Super Accelerator accounts.

Changes to the way we charge for Super Accelerator Core

From 1 October 2023 the Administration fee – account fee in Super Accelerator Core accounts has been replaced with a new account fee. There is no change to the account fee for Super Accelerator Plus accounts.

Additional managed models available in Super Accelerator Core

The investment menu for Super Accelerator Core has been expanded with the addition of 35 new managed models. For more information about these models please see the Managed Account PDS on our website.

Introduction of new investment categories and standard risk measure ('SRM') changes for Super Accelerator

New investment categories for managed funds and managed models have been introduced. The new categories are 'Australian fixed interest - specialist' and 'International fixed interest - specialist'. The new categories have resulted in some managed funds and managed models being reclassified from 'fixed interest - general' to 'fixed interest - specialist'. This reclassification has resulted in a change to the investment limits and SRMs assigned to these managed funds and managed models. Further details can be found in Information Guide 1a.

Additional fixed percentage member advice fee options for Super Accelerator

If you have a Nominated Financial Adviser, you may agree to pay them a member advice fee. Additional member advice fee options are now available for fixed percentage member advice fees (fixed term and ongoing) that can be calculated with reference to:

- A. your total account balance;¹
- B. all assets held outside a Managed Account only;
- C. all assets held within a Managed Account only; or
- D. a combination of the above (except for A and B together).

Percentage based fees are calculated daily and are deducted monthly in arrears from your cash account.

Professional third party access for Super Accelerator

You may grant third parties such as accountants and investment consultants access to your account. The professional third party is able to view your account and your personal details. They will have browse access and be able to produce reports about your account. They cannot provide instructions to us on your account. Further information about third party access can be found in Information Guide 1a.

Updated privacy information for Super Accelerator

Information about how we use your personal information has been updated. In particular, we have clarified how your personal information may be disclosed overseas if you invest in any international assets. In such cases, subclause 8.1 of the Australian Privacy Principles in the *Privacy Act 1988* (Cth) will not apply. We will not be responsible for an overseas recipient's actions in relation to your personal information, and you will not be able to seek redress under the Privacy Act. Refer to our Privacy Policy (available on our website) for more information.

Name change to the 'International securities – foreign currency conversion fee' for Super Accelerator

The name of the 'international securities – foreign currency conversion fee' has changed to 'foreign currency conversion fee'. The description and amount of this fee remains unchanged - this is simply a change to the name of the fee.

Review and update to terms and conditions for Super Accelerator

We have reviewed our terms and conditions to ensure that they are fair and have made minor updates to clarify how our discretions may be exercised.

We have included provisions about our right to suspend the features of your account, where this is in the interests of the Fund. Further information can be found in the 'Things you agree to when you apply to become a member of the Fund' section of the PDS.

¹ A tiered percentage, in place of a fixed percentage, may instead be selected for member advice fees calculated on your total account balance.

Changes to super and other legislation

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

- The general transfer balance cap has been indexed.
- The temporary 50% reduction in minimum annual payment requirements for income stream accounts has ended.
- The eligibility age for downsizer contributions has reduced from age 60 to age 55.

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

For the Fund's income year ending 30 June 2024, we will be required to prepare an annual report, consisting of a financial report (including financial statements), a directors' report (including a remuneration report) and an auditor's report and auditor's independence declaration. The annual report will be made available on our website within three months of the end of 30 June 2024 i.e. by 30 September 2024.

Investing and investments

Investment objective

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

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

In Super Accelerator Core, the available investment options are:

Investing and investments

- term deposits;
- fixed term annuities;
- managed funds in the Netwealth Global Specialist Series;
- certain managed models available through an approved managed account service; 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;
- fixed term annuities;
- an extensive menu of managed funds (including the Netwealth Global Specialist Series funds) and other types of managed investments;
- a wider range of managed models available through an approved managed account service;
- 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
- 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, fixed term annuities (as applicable), managed funds and managed models (as applicable) available using Super Accelerator and Super Series. Each of these investment options has its own disclosure document and a TMD which are 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. You may also consider the TMD for the investment option which provides information about who the product is designed for. Most ASX listed securities are available for investment using Super Accelerator Plus. 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 & Fixed term annuities	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.
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 – general	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 – specialist	To provide members with the opportunity to generate regular income with some capital growth and potential diversification benefits when included with other asset classes. This category typically invests in a specialised portfolio of Australian fixed interest securities that may use derivatives (with leverage) to hedge risk, hold high yield (sub investment grade) securities, private debt, mortgage trusts and residential mortgage-backed securities ('RMBS'), asset-backed securities ('ABS') and specialist lending. Portfolios are typically investment grade but may tactically be sub-investment grade.
International fixed interest funds or models - general	To provide members with the opportunity to generate regular income and potential asset class and geographical diversification benefits when included with other asset classes.

Investing and investments

Category of investment option	Investment objective
International fixed interest funds or models - specialist	<p>To provide members with the opportunity to generate regular income with some capital growth and potential diversification benefits when included with other asset classes.</p> <p>This category typically invests in a specialised portfolio of international fixed interest securities that may use derivatives (with leverage) to hedge risk, hold high yield (sub investment grade) securities, private debt, RMBS, ABS, emerging markets sovereign and credit securities and specialist lending. Currency exposure may not be predominantly AUD hedged and portfolios are typically investment grade but may tactically be sub-investment grade.</p>
Australian equities funds or models - general	<p>To provide members with the opportunity to generate long term capital growth and/or dividend income from a diversified portfolio of Australian listed securities and to provide the opportunity for diversification benefits across securities, manager styles and asset classes (when included with other asset classes).</p>
Australian equities funds or models – specialist	<p>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 and 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).</p>
International equities funds or models - general	<p>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.</p>
International equities funds or models – specialist	<p>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 and 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).</p>
Australian property securities funds or models	<p>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.</p>
Australian direct property funds	<p>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.</p>

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 PDS 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 at 30 June 2023, and is relevant only to those members who have requested us to invest in them.

Significant holdings

At 30 June 2023, the Fund held 11% of the Fund's assets in deposits held with Australia and New Zealand Banking Group Limited (ABN 11 005 357 522).

At 30 June 2023, 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 23 \$000s	30 June 22 \$000s	30 June 21 \$000s
Opening balance	1,531	641	1,004
plus Unallocated income & tax credits	1,407	3,917	1,451
less Fund expenses paid	2,831	3,027	1,814
Closing balance	107	1,531	641

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 an amount based on the amount and cost of capital provided. The cost is reimbursed from the Fund and the cost is generally apportioned between members' accounts 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 23 \$000s	30 June 22 \$000s	30 June 21 \$000s
Opening balance	1,305	1,301	1,295
plus Earnings & interest	36	4	6
Closing balance	1,341	1,305	1,301

Abridged financial statements

The following 2023 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 2023

	2023 \$000	2022 \$000
Revenue		
Changes in net market value of investments	1,226,379	(2,259,381)
Distributions and dividends	631,258	720,962
Interest	113,781	32,022
Total Revenue	1,971,418	(1,506,397)
Expenses		
Administration and investments expenses	(90,347)	(78,051)
Adviser fees	(145,484)	(132,302)
Other expenses	(2,831)	(3,027)
Total Expenses	(238,662)	(213,380)
Operating result before income tax expense	1,732,756	(1,719,777)
Net benefits allocated to members	(1,659,677)	1,551,240
Operating result	73,079	(168,537)
Income tax (expense) / benefit	(74,467)	169,431
Operating result after income tax	(1,388)	894

Abridged financial statements (continued)

Netwealth Superannuation Master Fund

Statement of Financial Position as at 30 June 2023

	2023 \$000	2022 \$000
Investments		
Cash and short-term deposits	582,244	199,118
Equities	5,237,834	3,954,845
Units in managed funds	15,652,108	12,451,728
Derivatives ¹	11,429	9,280
Total Investments	21,483,615	16,614,971
Other Assets		
Cash at bank	2,015,612	1,890,519
Receivables	468,771	574,002
Deferred tax assets	-	73,143
Total Other Assets	2,484,383	2,537,664
Total Assets	23,967,998	19,152,635
Liabilities		
Current tax liabilities	46,697	30,963
Deferred tax liabilities	13,973	-
Payables	87,734	85,931
Total Liabilities	148,404	116,894
Net assets available for member benefits	23,819,594	19,035,741
Defined contribution member liabilities	23,818,146	19,032,905
Net Assets	1,448	2,836
Equity		
Fund reserves	107	1,531
Operational risk reserve	1,341	1,305
Total Equity	1,448	2,836

¹ Including warrants.

Abridged financial statements (continued)

Netwealth Superannuation Master Fund

Statement of Changes in Member Benefits for the year ended 30 June 2023

	2023 \$000	2022 \$000
Opening balance	19,032,905	16,819,295
Contributions and rollovers		
Employer contributions	441,756	365,148
Member contributions	1,447,475	1,007,598
Superannuation co-contributions	615	512
Transfers from other superannuation entities	3,472,987	3,878,378
Income tax on contributions	(104,887)	(80,487)
Net after tax contributions	5,257,946	5,171,149
Member benefits		
Benefits to members	(2,113,405)	(1,390,394)
Insurance benefits credited to members	14,257	15,600
Insurance premiums charged to members' accounts	(39,099)	(37,063)
Tax on Insurance premiums	5,865	5,559
Net changes before income and administration fees	3,125,564	3,764,851
Net benefits allocated, comprising		
Total Investment Income	1,971,062	(1,506,898)
Total Taxes on Investment Income	(100,123)	141,670
Net investment income	1,870,939	(1,365,228)
Total Administration and other fees	(235,833)	(210,401)
Total Tax effect on Administration and other fees	24,571	24,388
Net administration fees	(211,262)	(186,013)
Net benefits allocated	1,659,677	(1,551,241)
Closing balance	23,818,146	19,032,905