

# Macquarie Wrap

Simplifying investment administration

No matter how complex your portfolio

Macquarie Wrap



FORWARD thinking



As your investments grow and diversify, the administration of your portfolio can become increasingly complicated, both for you and your adviser. The result is more time spent on paperwork, and less time focusing on the things that are really important to you.

At Macquarie, we believe investment portfolios should be simple to manage, no matter how complicated. We also believe that your adviser should be able to spend more time providing you with quality financial advice, without being distracted by paperwork. Macquarie Wrap has been used by financial advisers and their clients now for more than a decade. It continues to be one of the most popular platforms in the market, using the latest in investment administration technology to make managing your portfolio easier.

## What is a wrap?

A wrap is an investment platform designed to administer a range of different investment types, including shares, managed funds, cash and term deposits. You invest through a wrap platform by opening an account. A wrap account then becomes a single administrative home for all these different types of investments.

The type of wrap account you can open will depend on the nature of funds that you are investing – discretionary/voluntary (after tax) savings, superannuation contributions or pension amounts. You will generally need to keep voluntary savings, superannuation contributions and pension amounts (if you're eligible to start a pension) in separate wrap accounts.

A wrap account provides you and your adviser with a consolidated view of all the investments that you hold within your account. This makes it easier for your adviser to streamline the day to day administration of your portfolio, and provides you and your adviser with greater clarity on your financial position.

Using a wrap account to manage your investments can also help make it easier and more efficient to prepare your income tax return.

At year end, an accurate tax report covering all the specific investments held within each wrap account is provided, detailing income derived, expenses incurred and a capital gains position in respect of your account. Note that if you have more than one wrap account (for example, a wrap account for your superannuation savings as well as a wrap account for your discretionary savings), you will generally receive a separate end of year statement for each separate account.



## Wrap accounts and your savings

Different tax rules apply to different types of savings, as a result of the way in which regulation of savings and investments has evolved in Australia. Discretionary savings accumulated from after tax income are taxed differently to contributions made to superannuation funds and to amounts then commuted to fund pensions. Please ask your adviser for further information.

### Discretionary savings

When you invest discretionary (after tax) savings through a wrap platform, you might do so through a service referred to as an Investor Directed Portfolio Service (IDPS) wrap account. Under this structure you generally retain the beneficial ownership of the underlying investments but the legal title of those assets is held by a custodian.

You may also be able to transfer other investments that you legally own into your IDPS wrap account without triggering capital gains or losses, as the beneficial ownership of those investments does not change. In certain circumstances you may also be able to transfer investments held in an IDPS wrap account to another IDPS wrap account without changing beneficial ownership, and hence without triggering a capital gain or loss.

### Superannuation savings

Some public offer superannuation funds (ie those superannuation funds that are open for anyone to join) offer wrap type accounts to their investors. When you open an account in a public offer superannuation fund, you become a member of the fund.

From a tax and legal perspective, the superannuation fund trustee is the owner of the underlying assets of the superannuation fund. Consequently, when you transfer funds from a superannuation wrap administered by one trustee into one administered by a different trustee, or from one superannuation plan to another superannuation plan administered by the same trustee, a capital gain or loss may be triggered.

### Pension savings

Pension wrap accounts are also subject to different rules, reflecting government regulations around age, eligibility to establish a pension account and obligation to take at least a minimum amount as pension payments each year.

# Macquarie Wrap – our range of accounts

Consolidator

Accumulator

Manager



Investment Superannuation and Pension



Investment Superannuation



Investment Superannuation and Pension

## Key differences between IDPS and superannuation wrap accounts

	IDPS	Superannuation
<b>Who determines what specific investments can be included in your account?</b>	You and your adviser, subject to the menu of approved investment options that your adviser is authorised to advise on and/or offered by the wrap platform operator	You and your adviser, subject to the menu of approved investment options and any limits on amounts that can be invested in a specific fund, security or asset type set by the trustee
<b>Can investments be transferred in and out without triggering capital gains tax?</b>	Generally yes (provided that beneficial ownership does not change when you transfer investments)	Generally no, unless moving between superannuation wrap accounts offered within the same superannuation plan and when transferring investments from a superannuation account to start a pension within the same plan
<b>Arrangements for the safe custody of shares and other listed securities</b>	Depending on the provider, listed securities may be: <ul style="list-style-type: none"> <li>■ held in the administrator's name (or the administrator's nominated custodian's name) on your behalf, which means the administrator or custodian receives all paperwork from share registries on your behalf</li> <li>■ held in your name, which means that you receive all paperwork from share registries directly</li> </ul>	Listed securities are normally held in the administrator's name on behalf of the Trustee
<b>Who makes elections in terms of participation in corporate actions</b>	Arrangements vary across different providers and different type of corporate actions. Some enable you to make elections in terms of your participation in certain corporate actions	Arrangements vary between funds. Whilst the Trustee generally makes elections on behalf of all investors, some funds enable members to make certain elections

*Your financial adviser can provide you with information regarding the specific arrangements with respect to safe custody and corporate action elections that apply with respect to the wrap accounts that you may be considering.*

## Why Macquarie Wrap?

Macquarie Wrap Solutions has been helping advisers help their clients efficiently administer investment, superannuation and pension portfolios since 1999.

For the second consecutive year, Macquarie Wrap has taken top honours in both the *Financial Review Smart Investor Superannuation platform of the year* award and the *Wealth Insights Platform Service Level Report* rankings.

This is a testament to Macquarie's innovative platform technology and outstanding service designed to make managing your superannuation and pension savings simple, transparent and effective.



## What makes Macquarie Wrap one of the leading investment platforms in the Australian market?

### A range of wrap accounts

Macquarie Wrap offers a range of superannuation, pension and investment accounts, giving you the ability to choose a wrap account that suits your goals and life stage. What's more, we have designed our wrap platform to help make it easy for you to transfer funds from accounts within each specific savings category and, where possible and appropriate, from one savings category to another. Whatever your lifecycle stage, Macquarie Wrap has a solution that might be appropriate for you.

## Types of fees

	What are you paying for?	Who sets the fee?	How the fee is normally charged?
<b>Administration Fee</b>	Administrator's costs and expertise associated with the day to day management of your portfolio, including safe custody, management of correspondence and corporate actions received with respect to your account, maintaining the list of approved investments and provision of consolidated performance and tax reporting	The administrator (ordinary savings accounts) or the superannuation fund trustee (for superannuation accounts)	Normally based on a percentage of funds under administration in your account May be subject to a minimum and/or maximum fee per account
<b>Advice Fee</b>	Financial advice	As agreed between you and your adviser	Varies across advisers; your adviser can provide more information regarding their fee structure
<b>Investment Management Fee</b>	Investment manager's expertise and costs associated with selecting and managing the underlying portfolio of investments	Determined by the investment manager	Normally based on a percentage of funds under management
<b>Transaction Fee</b>	Administrator's costs associated with processing transactions involving the acquisition or disposal of investments from your portfolio	The administrator (IDPS wrap accounts) or the superannuation fund trustee (for superannuation accounts)	Normally charged per each transaction (ie buy or sell, application or redemption)
<b>Brokerage</b>	Cost associated with buying and selling shares and other listed securities	The stockbroker chosen by you or your adviser to execute trades on your behalf	Normally set on a per transaction basis, can be charged as a fixed fee for each buy or sell or a percentage of the total value of the transaction

*Please see the Product Disclosure Statement (PDS) or offer document for more information regarding fees and charges for the wrap accounts you may be considering. Your financial adviser will generally also set out the fees and charges associated with establishing and running your wrap account in their Statement of Advice to you.*

### Broad investment choice

Macquarie Wrap's extensive investment menu includes more than 600 managed funds, term deposits and approved shares, exchange traded funds (ETFs), listed investment companies (LICs) and real estate investment trusts listed on the ASX and settled through CHESS (A-REITS). This means that your adviser can more efficiently and cost effectively create an investment portfolio that is specific to your needs.

Being one of the top three wrap platforms in Australia measured in terms of funds under administration,<sup>2</sup> Macquarie Wrap's investment menu contains a number of managed funds that you might not be able to access on your own and may enable you to access certain other funds at more competitive rates than available directly from the fund manager.

For our superannuation and pension wrap accounts, Macquarie Investment Management Limited as the trustee of the Macquarie Superannuation Fund is responsible by law for setting the broad investment strategy for the fund. There are some limits imposed by the trustee in terms of the amount of a particular investment or class of investments that you can purchase within your superannuation wrap account.

### One portfolio, one place to look

Macquarie Wrap makes it easier for you and your adviser to track and manage your portfolio, by giving you a single, consolidated view of the investments held within each account.

Using our secure client site, *ClientView*, you can log into your account at any time, and see where your investments stand, including the balances of your managed funds, listed securities, term deposits and cash. You can also view a range of reports through *ClientView*, designed to help you see how your portfolio is tracking.

## What about Self Managed Superannuation Funds (SMSFs)?

You and your adviser might also be considering setting up a SMSF to manage your retirement savings or you might already be the trustee or member of an existing SMSF. If so, you are part of a growing number of Australians choosing this option to manage your retirement savings – according to the Australian Taxation Office, more than 800,000 Australians are members of a SMSF.<sup>3</sup>

Some SMSFs choose to invest part or all of their retirement savings through a wrap account. SMSFs who choose a wrap type account to manage their superannuation savings typically do so by opening an IDPS (or IDPS like) wrap account in the name of the SMSF.

Your adviser can provide more information about how you can use a wrap account to manage your SMSF investments.

<sup>2</sup> Plan for Life Analysis of Wrap, Platform and Master Trust Managed Funds March 2011.

<sup>3</sup> Australian Taxation Office Self Managed Super Funds Statistical Report June 2011.

### A single, accurate tax report at year-end for each account

An accurate and timely tax report not only saves you valuable time, it may reduce your accounting expenses at year-end.

To simplify your year-end tax reporting, Macquarie Wrap provides a tax report for all your investments within your Investment Consolidator, Investment Manager or Investment Accumulator account.

For investors in Macquarie Wrap's superannuation or pension accounts, while the trustee is responsible for the tax liability of the superannuation fund, the tax position for each member's account is calculated individually, to reflect the transactions specific to that account, including contributions tax, franking credits and capital gains and losses. Macquarie Wrap strives to ensure that each investor's tax position resembles each member's individual position and transactions on their account as closely as possible.

If you hold your superannuation investments in a Macquarie Wrap superannuation account, we will also provide you with information at least annually to help you complete your income tax return if you have made personal contributions during that year.

### Market leading cash hub solutions

A "cash hub" is at the heart of your Macquarie Wrap account – it collects all cash coming in, and is the source for all cash flowing out of your wrap account. All dividends and investment earnings are credited to the cash hub account; and fees and charges associated with managing and administering your account are debited from the cash hub account.

Macquarie Wrap incorporates market leading cash hub solutions, purpose built to help smoothly manage inflows and outflows, debits and credits associated with your investments. You and your adviser can see all transactions flowing into, out of and through your wrap account all in one place.

### Custodial share accounts (Macquarie Wrap Investment Manager and Investment Consolidator)

If you have invested in shares directly, you will know from experience the paperwork involved in keeping track of your investments – correspondence received from the share registry about results, annual general meetings and dividends and other corporate actions that you need to review, decide how to respond to and store for future reference.

To save you the paperwork, Macquarie Wrap's Investment Manager and Investment Consolidator feature custodial share accounts. This means that we act as the Custodian,<sup>4</sup> receive all paperwork from share registries on your behalf and help your adviser monitor corporate actions and investment opportunities.

Though you retain beneficial ownership of the underlying assets when you open a Macquarie Investment Manager or Macquarie Investment Consolidator account, the registered holder will be the custodian.

Compared to holding the same asset directly (ie as a stand alone investment, not part of a wrap account), your rights to make certain decisions that affect your investment will be different.

For example, while you are credited with distributions and dividends received with respect to your investments, you cannot vote at shareholder meetings or participate in bonus share plans,<sup>5</sup> if offered.

## Corporate actions

Corporate actions are actions taken by, or on behalf of the issuer (for example, the company if you hold shares), involving the security in which you have invested. Common types of corporate actions include dividend payments, rights issues, share splits and share buy-backs. Dividends and distributions are credited to your account when paid. Certain other types of corporate actions require that you make a choice (or election) regarding whether to participate in the offer.

We aim to keep your adviser informed of any important corporate action documentation we receive on your behalf. When advised of important corporate actions, we will generally ask for your decision through your adviser and, provided you have sufficient funds available and respond within the specified time frames, we will respond where possible in accordance with your wishes.

Please ask your adviser or see the PDS or offer document for your Macquarie Wrap account for more information regarding arrangements for custody of investments and how we manage corporate actions.

<sup>4</sup> Bond Street Custodians Limited (BSCL) has been appointed by MIML as sub custodian to hold investments managed through Macquarie Wrap in custody on behalf of investors. BSCL is also a wholly owned subsidiary of the Macquarie Group.

<sup>5</sup> Bonus share plans enable shareholders to elect to receive fully paid bonus shares instead of cash dividends. These are offered at the issuer's discretion.

# Key relationships in setting up and managing your Macquarie Wrap Account



<sup>6</sup> Macquarie Investment Management Limited, as operator of the Macquarie Wrap IDPS and Trustee of Macquarie Superannuation Plan RSE R1004496.

**Ability to move investments easily – without triggering capital gains tax**

When you invest your discretionary or SMSF savings through Macquarie Wrap’s Investment Manager or Investment Consolidator, you generally have the ability to transfer assets in and out ‘in specie’ (in kind), without changing ownership, and without triggering capital gains or capital losses.

Macquarie Wrap’s comprehensive investment menu means that your adviser can arrange to transfer a wider range of your existing holdings of managed funds and shares into your Macquarie Investment Manager or Investment Consolidator account, further streamlining the administration of your portfolio, to save you more time and paperwork hassles.



### Strength and experience

Macquarie Investment Management Limited has been operating for more than 20 years and has a proven track record in investment administration. Macquarie's Wrap business had more than \$21 billion in funds under administration at 30 June 2011. MIML is a member of Macquarie Group Limited (ASX: MQG). Macquarie Group's operations began in 1969 as merchant bank Hill Samuel Australia (HSA), a subsidiary of Hill Samuel & Co. Limited, London. It opened its doors in Sydney in January 1970 with just three staff and has since grown to more than 15,500 employees located in 75 offices across 28 countries.<sup>7</sup>

### Exceptional service

We are committed to providing your adviser with exceptional service to help ensure that they are well positioned to meet your needs. We have a proven track record for service excellence. Macquarie Wrap is the only platform to have ranked in the top two platforms for overall service from 2007 to 2012.<sup>8</sup>

### What does our track record for delivering exceptional service to your adviser mean to you?

It means that we aim to work with your adviser to help ensure that we are responsive and responsible in the way we manage your account and your investments. Simple transactions, such as updating your account details when they change, are carried out promptly and accurately. We aim to issue end of year statements and reports to you that are accurate and timely. We provide your adviser with a range of tools to help manage your investments efficiently and effectively, no matter how complex the portfolio of investments in your account.

When issues do occur, we work with your adviser to resolve these as promptly as possible and to make sure that you are kept informed about the status of our investigations along the way. If we do not resolve the issue to your satisfaction, Macquarie Wrap (through MIML) is a member of the Financial Ombudsman Service (FOS), an independent external complaints resolution scheme (our member number is 10635).

Information on the FOS is available at [www.fos.org.au](http://www.fos.org.au), or by phoning 1300 780 808.

### Want to know more?

Of course, wrap accounts are not the only option that you and your adviser may be considering for administration of your investments. Your adviser can provide more information on the costs and benefits associated with managing your portfolio through a wrap account and the reasons why Macquarie Wrap may provide the right solution for the administration of your investment portfolio.

<sup>7</sup> As at 31 March 2011.

<sup>8</sup> According to Wealth Insights Platform Service Report 2007, 2008, 2009, 2010, 2011, 2012.

## Common portfolio administration structures – discretionary (non super) savings

	Master Trusts	Wrap Accounts	Separately Managed Accounts (SMAs)
<b>Who owns what?</b>	You own units in the Master Trust. The specific underlying investments are not directly and individually attributable to your account	You beneficially own the underlying investments	You beneficially own the underlying investments
<b>Choice of investment options and investment managers</b>	Broad <sup>9</sup>	Broad <sup>9</sup>	Narrow
<b>Who determines what specific investments can be included in the portfolio?</b>	You and your adviser <sup>9</sup>	You and your adviser <sup>9</sup>	The SMA manager
<b>Can shares be included in the portfolio?</b>	Generally no	Generally yes	Generally yes
<b>Can I transfer my existing holdings in and out without triggering capital gains tax?</b>	Generally no (unless moving funds across master trusts administered by the same trustee)	Generally yes (provided that beneficial ownership does not change and the specific investment is included in the menu of investment choices approved by the IDPS operator)	Generally yes (provided that beneficial ownership does not change and the specific investment is approved by the SMA operator)

<sup>9</sup> Subject to the menus of available investments and your adviser's approved product list.

# Appendix A: Financial Services Guide

**Macquarie Investment Management Limited**  
**(ABN 66 002 867 003)**  
**AFS Licence no: 237492**

**Preparation date: 1 September 2011**

**The commencement date of the Macquarie Investment Management Limited**  
**AFS Licence is 1 March 2004.**

## About this document

This Financial Services Guide (FSG) is an important document in which we (Macquarie Investment Management Limited – referred to throughout this FSG as “Macquarie”, “MIML” “we” or “us”) outline:

- who we are and how we can be contacted
- what services and types of products we are authorised to provide to you
- how we (and any other relevant parties) are remunerated
- details of any potential conflicts of interest
- details of our internal and external dispute resolution procedures and how you can access them.

This FSG should assist you in deciding whether to use any of our products or services. If you choose to use any of our products and services you may also receive other documents, such as an offer document or Product Disclosure Statement (PDS) about those products or services, which you should read carefully.

A Product Disclosure Statement (PDS) is a document (or group of documents) that describes a financial product. A PDS (or other offer document) contains important information to assist you to make a decision about the product it describes.

You should receive and review the PDS (or other offer document) produced by us before you make an investment decision about our products and services.

## About Macquarie Investment Management Limited

Macquarie Investment Management Limited (ABN 66 002 867 003) is part of the Macquarie Group of companies and is associated with other Macquarie entities.

Macquarie Investment Management Limited is a Responsible Entity for Managed Investment Schemes, the operator of the Macquarie Wrap Investor Directed Portfolio Service (IDPS) and Trustee for Macquarie Superannuation Plan RSE R1004496, Macquarie ADF Superannuation Fund RSE R1004502, Macquarie Diversified Private Equity Fund PST RSE1004526, Avenue Superannuation Plan RSE R1069020 and Definitive Superannuation Plan RSE R1072839.

## Our financial products and services

Macquarie Investment Management Limited is authorised to offer a range of financial products and services. Specifically, we are authorised to:

- offer financial product advice and deal in a broad range of financial products, including:
  - deposit and payment products
  - derivatives
  - foreign exchange contracts
  - debentures, stocks or bonds issued or proposed to be issued by a government
  - life products (including investment life insurance products and life risk insurance products)
  - managed investment schemes, including investor directed portfolio services (IDPS)
  - securities
  - superannuation
  - managed investment warrants
- operate registered managed investment schemes, which hold financial assets and derivatives
- provide custodial or depository services in relation to an investor directed portfolio service.

We can also assist you in relation to products and services offered by other financial institutions, including those offered by other members of Macquarie group.

You can usually give us instructions via your nominated representative (for example, your adviser), by telephone, mail, email, fax or via our website. There may be special instruction arrangements for some products and services, details of which will be explained in the relevant PDS or offer document.

## How to contact us

You can contact us by:

1. speaking to your nominated representative (for example, your adviser)
2. calling our Client Contact Centre on 1800 806 310
3. visiting our website at [www.macquarie.com.au/personal](http://www.macquarie.com.au/personal)
4. writing to us at:

**Macquarie Investment Management Limited**  
GPO Box 2520  
Sydney NSW 2001

## How we are paid

If you invest in a product we provide or on which we have advised you, Macquarie will receive remuneration in relation to your investment in that product, which may be based on the value of your holdings. This remuneration may include upfront fees and management fees (which includes transaction, ongoing and if applicable any borrowing costs), brokerage or advisory fees. In some situations exit fees, account fees and transaction fees may apply. The remuneration we will receive for the products we offer will be set out in the PDS (or other offer document) for that particular product. Any financial product advice provided by us is free of charge.

When we advise you about products offered by another member of Macquarie Group and you acquire that product, then that member may receive remuneration. We may also receive commission.

You will be issued with a tax invoice for any services we provide.

We maintain a register that details any material alternative forms of remuneration that we pay to distributors of our products, or receive from providers of products that are available through us. The register is publicly available and you can obtain a copy by contacting our client contact centre.

## How we pay people who refer business to us

If we pay a fee or commission in relation to a referral, we will make a separate disclosure to you.

## How we pay people who offer our products and services

You may receive advice in relation to the products and services we offer from financial advisers who do not work for MIML. These advisers may receive commission from us. The adviser's remuneration is included in the fees you pay when investing in our products.

Your adviser is also required to tell you about remuneration and commissions they receive from us in the Statement of Advice (SoA) they must give to you when providing personal advice.

## Your privacy

At Macquarie, the privacy of your personal information is important to us. Any personal information we collect will be handled in accordance with our Privacy Policy. Our Privacy Policy details how we comply with the requirements of the Privacy Act in the handling of your personal information. A copy of that policy can be obtained by visiting our website at [macquarie.com.au](http://macquarie.com.au). Alternatively, please contact us if you would prefer to receive a copy by mail.

## Compensation arrangements

MIML holds a Professional Indemnity Insurance Policy, which satisfies the requirements for compensation arrangements under section 912B of the Corporations Act.

Subject to its Terms and Conditions, the Policy provides cover for civil liability resulting from third party claims concerning the professional services provided by MIML and its employees and representatives.

This policy covers professional services provided by employees and representatives of MIML while they are in our employ, even where that employee or representative has subsequently left our employ.

## How we handle complaints

Everyone at Macquarie is committed to providing our clients with the highest standard of products and services available. If you're unhappy with our products or our service, we would like you to tell us about it and let us know how you think we can fix it.

If you have a complaint about the service provided to you, you should:

- contact your nominated representative (for example, your adviser) or
- contact our Client Service Centre, on 1800 806 310; alternatively, if you prefer to submit a written complaint, please do so to:

### **The Complaints Manager**

Macquarie Investment Management Limited  
GPO Box 2520  
Sydney NSW 2001.

We will assess your complaint and advise you of the outcome, either by telephone or in writing.

MIML is a member of the Financial Ombudsman Service (FOS), an independent external dispute resolution scheme. If you are not satisfied with our handling of your complaint you can lodge a complaint with the Financial Ombudsman Service quoting membership number 10635:

### **Financial Ombudsman Service**

GPO Box 3,  
Melbourne, Victoria, 3001



Email: [info@fos.org.au](mailto:info@fos.org.au)



Tel: 1 300 78 08 08



Fax: (03) 9613 6399



Website: [www.fos.org.au](http://www.fos.org.au)

If your complaint relates to superannuation and if you are not satisfied with our response after 90 days, you may wish to refer the matter to the Superannuation Complaints Tribunal (SCT), an independent body set up by the Federal Government to review trustee decisions relating to individual members.

Please see [www.stc.gov.au](http://www.stc.gov.au) for more information regarding the SCT and the types of complaints that it is able to accept.

You can contact the tribunal by telephoning 1300 884 114.



To learn more about Macquarie's Wrap, please talk to your financial adviser.

This document is dated 1 November 2012 and has been issued by Macquarie Investment Management Limited ABN 66 002 867 003, AFSL No 237492. Macquarie Wrap Solutions is a registered business name of Macquarie Investment Management Limited. This document is not a Product Disclosure Statement. This document has been prepared without taking into account your particular objectives, financial situation or needs. You should consult your financial adviser and consider the relevant Macquarie Wrap Solutions Product Disclosure Statement or offer document in its entirety before making a decision whether Macquarie Wrap Solutions services are appropriate for your needs.

Macquarie Investment Management Limited is not an authorised deposit-taking institution for the purposes of the Banking Act (Cth) 1959, and Macquarie Investment Management Limited's obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of Macquarie Investment Management Limited.

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