ALLAN GRAY LONG-TERM INVESTING

ALLAN GRAY RETIREMENT

PRODUCT DISCLOSURE STATEMENT

FOR USE BY CLIENTS WITH FINANCIAL ADVISERS | 10 AUGUST 2018

CONTENTS

IMPORTANT INFORMATION

This Product Disclosure Statement (PDS) dated 10 August 2018 provides a summary of significant information and contains a number of references to important information in the Additional Information Guide (including glossary) and the Investment Guide (each of which forms part of this PDS).

You should consider this PDS and the important information contained accompanying this PDS before making a decision about this product.

The information in this PDS is general information only and does not take into account your personal financial situation or needs. You should you consult a licensed financial adviser to obtain financial advice that is tailored to suit your personal circumstances.

To invest in this product you must have a financial adviser, to which this version of the PDS reflects. Your financial adviser is your Nominated Representative.

The information in this PDS is subject to change from time to time. Information that is not materially adverse can be updated by us. Updated information can be obtained, free of charge, by calling us on 1300 604 604, or online at allangray.com.au or via the Secure Online Portal. A paper copy of any updated information will be provided to you free of charge, upon request.

This PDS is issued by Diversa Trustees Limited ABN 49 006 421 638, AFSL No 235153 RSE Licence No L0000635 (referred to as we, our, us, the Trustee).

Allan Gray Retirement is an account based pension product offered through the MAP Superannuation Plan, which is Division II of The MAP Master Superannuation Plan ABN 71 603 157 863 bearing the brand Allan Gray Retirement (the Fund).

Allan Gray Retirement is promoted by Allan Gray Australia Pty Limited (Allan Gray) ABN 48 112 316 168 AFSL No 298487, using the Allan Gray Retirement brand.

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1. ABOUT ALLAN GRAY RETIREMENT

Allan Gray Retirement is a comprehensive retirement solution that helps you turn your superannuation savings into a regular income stream with ease. It can also help you seamlessly transfer from Allan Gray Superannuation or your current superannuation provider. Intuitive features and functionality, including an easy to use Secure Online Portal, ensures you are in control of your retirement. With Allan Gray Retirement you will also benefit from:

- Choice of investment options including a curated list of Managed Funds, listed shares, exchange traded funds and term deposits,
- Intuitive easy to use transactional functionality,
- Consolidated reporting,
- Transparent fees that put you in the driver's seat and ensures you understand what you're paying for.

Allan Gray Retirement is issued by Diversa Trustees Limited, a specialist trustee company.

The Trustee is required to disclose certain Trustee and Allan Gray Retirement information and documentation on a website. Accordingly, the Trustee's website (diversa.com.au/trustee) contains the required information and documentation. The information and documentation includes, but is not limited to, the following: the remuneration received by the Trustee's executive officers, the Trust Deed, the PDS, the most recent Annual Report and the names of each material outsourced service provider to the Fund.

Online access gives you the control to review and change your retirement investments by visiting allangray.com.au and logging in via the Secure Online Portal.

You can open an Allan Gray Retirement account if you have superannuation savings of at least $20,000 and you meet one of the following requirements:

- You have reached your preservation age (see below) and you have fully retired, or have reached age 65,
- You are deemed by the Trustee to be suffering a Total and Permanent disability,
- You are the recipient of a death benefit, which you are eligible to take as an income stream.

You can open an Allan Gray Retirement transition to retirement pension account if:

- You have superannuation savings of at least $20,000, you have reached your preservation age but are less than 65 years of age and you are still working.

2. HOW RETIREMENT PENSIONS WORK

Account-based and transition to retirement pension funds are operated by a trustee who is responsible for all aspects of the Fund including investing your money, paying tax and ensuring compliance with regulations and legislation. An account based pension pays you a regular income stream, and allows you to access lump sums as required.

Account based pensions

Generally, an account-based pension can be established once you have reached your preservation age (between 55 and 60, depending on your date of birth - see Table 1) and have permanently retired from the workforce. There are limited circumstances when an account-based pension can be established earlier.

What is a transition to retirement (TTR) pension?

If you have reached your preservation age but are not ready to leave the workforce, you can access your superannuation benefits as a retirement income stream through a TTR Pension.

TTR Pensions are non-commutable, meaning you cannot access lump sums from the TTR pension until you reach retirement.

On reaching 65 years of age or meeting another condition of release, your TTR Pension can be converted to an account based pension by completing an online application by visiting allangray.com.au and logging in to your Member account via the Secure Online Portal.

Table 1: Preservation age

Year you were born	Preservation age
Before 01/07/1960	55
01/07/1960 – 30/06/1961	56
01/07/1961 – 30/06/1962	57
01/07/1962 – 30/06/1963	58
01/07/1963 – 30/06/1964	59
01/07/1964 or after	60

Making superannuation contributions while drawing a pension

You can still contribute to an active superannuation account while drawing a pension, subject to the rules about contribution age and employment status. If you continue to contribute, you will need to have an active superannuation account to receive the contributions.

Table 2: Contribution age and employment status rules

Current age	<65	65-69	70-74	>75
Personal Contributions[1]	Yes	Yes*	Yes*	No
Other Contributions[2]	Yes	Yes*	No	No
Voluntary employer contributions[3]	Yes	Yes*	Yes*	No
Mandated employer contributions	Yes	Yes	Yes	Yes

* Must meet work test requirements (Post age 65, to make a superannuation contribution, you must work at least 40 hours in a period of no more than 30 consecutive days during the financial year).

3. BENEFITS OF INVESTING WITH ALLAN GRAY RETIREMENT

Tax effective income

You can choose the amount of income you receive each year (within Government limits). The income you receive is tax advantaged.

Investment choice

Allan Gray Retirement offers a range of investment options. You have a selection of direct investment options including Direct Shares listed on the ASX All Ordinaries Index, Exchange Traded Funds and Listed Investment Companies, Term Deposits, Managed Account Portfolios and Managed Funds.

Easy transition into retirement

You have an opportunity to supplement your income while you are still working through a TTR Pension.

Track Allan Gray Retirement online

You can access and review your account details online 24 hours a day via the Secure Online Portal.

Competitive fees

It makes sense to choose a pension account that has competitive fees. Refer to Section 6 of this PDS.

Receiving your pension

By law, you are required to withdraw a minimum income stream from your pension account each financial year.

How can you receive your pension?

You can receive payments from your pension account in the form of a regular pension payment and lump sum withdrawals until your account balance is exhausted.

If you are aged under 60, tax may be deducted from your payments.

Regular pension payments

You can choose the amount, month and frequency of your pension payments. You can choose to receive regular pension payments:

- Monthly,
- Quarterly,
- Half yearly,
- Annually.

Payments are made directly into your nominated bank account on the 25th day of the month. Where the 25th does not fall on a business day, your payment will be made on the closest business day before the 25th.

Your pension payments will be paid from the Cash Hub. You can also choose to fund your pension payments automatically from one or more of the below:

- The Cash Hub,
- Managed Funds and FUND.eXchange,
- Managed Account Portfolios (Equity and Managed Fund Managed Account Portfolios only).

There may be no transaction fees for transactions made via the automatic instruction as above.

You can change the amount or frequency of your pension payments online via the Secure Online Portal. Changes to pension payments must be made no later than close of business on the Friday before the pension payment is due to be processed. Changes are subject to the minimum income limit (and maximum for a TTR Pension) that applies to you for that year. You can also change your bank account details online.

Lump sum withdrawals

You may make a lump sum withdrawal from your pension account, however, TTR Pension withdrawals can only be made in one of the following circumstances:

- If your account has an unrestricted non-preserved component and your lump sum withdrawal does not exceed this amount,
- If you satisfy a condition of release with a nil cashing restriction (for example, retirement), or
- To give effect to a payment split under family law.

These components are carried over when you roll in to your pension account from one or more of your superannuation funds. Before making a lump sum withdrawal, it is important to understand that in dollar terms, a reduced balance will impact future regular pension payments. To make a lump sum withdrawal all you need to do is complete the form available for download online.

[1] Personal concessional and non-concessional contributions.
[2] Spouse contributions and government contributions.
[3] Salary sacrifice and other employer contributions in excess of superannuation guarantee.

What happens to your pension if you die?

The Trustee of Allan Gray Retirement will, upon receipt of the required documentation on your Member account, pay out your retirement benefit. Your benefit may be paid to one or more of the following beneficiaries:

- Dependents noted in your binding nomination,
- A combination of your nominated beneficiary (ies) and/or your legal personal representative of your estate, and
- To a reversionary pensioner beneficiary, documented when commencing your account based or transition to retirement pension.

Your death benefit may be paid as either an income stream or a lump-sum payment. Only certain dependants for tax purposes are eligible to commence or continue an income stream on death.

While your death claim is processed, and upon receipt of a certified copy of the death certificate:

- The superannuation fund or retirement fund benefit will be transferred to the lowest risk Super Wrap Investment Option (the Cash Hub) where a lump sum benefit payment is to be made to beneficiaries,
- Where a reversionary pensioner beneficiary is noted, the benefit payable on the death of the member in receipt of the pension is payable as a pension of the same type as paid to the Member in accordance with the rules applicable to that pension.

You should read the important information about receiving your pension before making a decision. Go to 3. Receiving your pension in the Additional Information Guide available at allangray.com.au. The material relating to receiving your pension may change between the time you read this PDS and the day when you acquire Allan Gray Retirement.

4. RISKS OF SUPERANNUATION

All investing involves some risk. Generally, the higher the expected return, the higher the risk and volatility of your investment. The value of your investment can rise or fall, depending on the performance of the underlying investments in a single investment option, or combination of investment options. There is also the risk of outliving your retirement savings by not planning ahead.

Allan Gray Retirement offers a range of investment options. The likely investment return, and the level of risk, is different for each investment option depending on the underlying mix of assets.

Assets with the highest return over the longer term may also have the highest level of short-term risk.

When considering your investment in pensions, it is important to understand that:

- The value of the investment will go up and down,
- The level of returns will vary, and future returns may differ from past returns,
- Returns are not guaranteed and you may lose some of your money,
- The amount of your future retirement savings (including superannuation contributions and returns) may not be enough to provide adequately for your retirement,
- Laws affecting your superannuation may change in the future, and
- The level of risk acceptable to you will vary depending on a range of factors including your age, your investment time frame, where other parts of your wealth are invested and your risk tolerance.

Other risks associated with investing in Allan Gray Retirement include:

- Inflation risk
- Market risk
- Settlement risk
- Interest rate risk
- Derivatives risk
- Currency risk
- Fund risk
- Legislative risk
- Liquidity risk
- Credit risk
- Investment management risk

You should read the important information about the risks of investing in a pension before making a decision. Go to 1. Risks of investing in the Investment Guide available at allangray.com.au. The material relating to the risks of investing may change between the time you read this PDS and the day you acquire Allan Gray Retirement.

5. HOW WE INVEST YOUR MONEY

Allan Gray Retirement offers a range of Super Wrap Investment Options including a Cash Hub so you or your Nominated Representative can manage your pension to suit your needs. Each option has different risk and return attributes. Your initial contributions or rollovers will be placed into the Cash Hub as long as you have made an investment choice.

If you do not make a choice, the Trustee will contact you about making a choice. If the Trustee is unable to contact you and your account receives a contribution, and no choice has been made, your funds may be returned.

Cash Hub

The Cash Hub is an interest bearing account. Available funds held in the Cash Hub can be used to purchase Super Wrap Investment Options, such as Managed Funds, Shares, and Term Deposits.

The minimum balance you are required to maintain in your Cash Hub is $2,500 or 2% of your account value, whichever the greater. Your account value includes cash held in the Cash Hub, and your investment in any of the following Investment options.

Super Wrap Investment Options	Cash Hub
	Term Deposits
	Direct Shares
	Managed Funds
	FUND.eXchange
	Managed Account Portfolios

You must maintain a minimum balance in your Cash Hub to pay for transactions such as pension payments, fees and other costs. You can monitor your balances by regularly checking your account online via the Secure Online Portal. More details are described in the Investment Guide.

Investing

Your initial investments are only possible using funds from the Cash Hub. You can choose one Investment Option or a combination of different Super Wrap Investment Options.

Your Nominated Representative can transact and switch between Super Wrap investment options online via the Secure Online Portal.

We may change the investment options offered. All changes will be included in the Investment Guide and Investment Menu and made available at allangray.com.au and via the Secure Online Portal.

You should read the important information about how we invest your money in a superannuation pension before making a decision. Go to 2. How we invest your money in the Investment Guide available at allangray.com.au or online via the Secure Online Portal. The material relating to how we invest your money may change between the time you read this PDS and the day you acquire Allan Gray Retirement.

Managed Funds: Allan Gray Australia Balanced Fund

Below is information about one of the Managed Fund investment options available in Allan Gray Retirement, the Allan Gray Australia Balanced Fund. Further information on other investment options can be found in the Investment Guide.

Who is this investment option for?	For investors who are looking for capital growth from a diversified portfolio of shares, fixed income and commodity investments from Australia and overseas.
Investment return objective	The Fund seeks to earn long term returns that are higher than the custom benchmark. The custom benchmark comprises the S&P/ASX 300 Accumulation Index (36%), S&P/ASX Australian Government Bond Index (24%), MSCI World Index (net dividends reinvested) AUD (24%) and JP Morgan Global Government Bond Index AUD (16%).
Minimum suggested time frame	More than 3 years
Risk Level[1]	Medium - High

Asset classes	Benchmark	Target Asset allocation range
Australian and International Equities	60%	40-90%
Diversified Fixed Interest and Cash	40%	10-50%
Commodity Assets	0%	0-10%

Labour standards or environmental, social or ethical considerations

Labour standards or environmental, social or ethical considerations are not taken into account by the Trustee in the selection, retention or realisation of Allan Gray Retirement investments. However, any external investment managers available on the Investment Menu may choose, at their discretion, whether to take into account environmental, social or ethical issues or labour standards when making their investment decisions.

WARNING: You must consider the likely investment return, the risk and your investment time frame when choosing which option to invest in.

You should read the important information about Super Wrap Investment Options before making a decision. Go to 4. Super Wrap Investment Options and 5. Terms and conditions for Super Wrap Investment Options in the Investment Guide available at allangray.com.au. The material relating to how we invest your money may change between the time you read this PDS and the day you acquire Allan Gray Retirement.

6. FEES AND COSTS

CONSUMER ADVISORY WARNING

Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from $100,000 to $80,000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You or your employer, as applicable, may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (moneysmart.gov.au) has a superannuation fee calculator to help you check out different fee options.

This disclosure is prescribed by law. The Fund does not negotiate fees.

Fees and costs table

This table provides summary information about the main fees and costs for the Allan Gray Australia Balanced Fund. All fees disclosed in this PDS are GST inclusive. You should use this table to compare this pension product with other pension products.

Type of fee[2]	Amount		How and when paid
Investment fee[3]	0.0%		Not applicable.
Administration fee[4]	Member and trustee fee (p.a.)		Calculated on the average daily balance and deducted from your account monthly and on exit, subject to minimum fee pro-rata by number of days in the month. Investments in Allan Gray Funds through FUND.eXchange are exempt from Promoter fees.
	Up to $1,000,000	0.15%	
	Over $1,000,001	Nil	
	PLUS		
	FUND.eXchange Administration fee (p.a.)		
	Fees on account balances of FUND.eXchange within each tier		
	Up to $1,000,000	0.10%	
	Over $1,000,001	Nil	

[1] For further information on Risk Level, including the applicability of the Standard Risk Measure, please refer to the Investment Guide.

[2] For definitions of the fees and costs in the table, please refer to Section 1 of the Additional Information Guide and the Allan Gray website allangray.com.au.

[3] In the case of Managed Funds, underlying fees may be charged by the manager. Please refer to the fund manager's product disclosure statement for the particular Managed Fund, available through the Secure Online Portal.

[4] Minimum Administration fees per annum apply. Some Managed Funds held by you may be in the FUND.eXchange. The FUND.eXchange Administration fee structure in the table above applies to those funds. Managed Funds not in the FUND.eXchange are subject to the Standard Administration fee. Refer to the Additional Information Guide.

Type of fee[2]	Amount		How and when paid
	Subject to a minimum fee of $150 each year applied to the Member and Trustee fee, FUND.eXchange Administration fee and Standard Administration fee where applicable. PLUS		For further information refer to Additional explanation of fees and costs section on page 6, or refer to the Additional Information Guide.[1]
	Expense Recovery fee[2]		
	Up to $500,000	0.05%	
	$500,001 - $1,000,000	0.025%	
	Over $1,000,001	Nil	
	PLUS		
Buy-sell spread	Nil Note that some investments (such as Managed Funds) may have their own buy sell spread.		Refer to the relevant PDS available through the Secure Online Portal for details.
Switching fee	Brokerage/Transaction fee		Deducted from your account at the end of the month when the managed fund trade is made.
	Managed Funds and FUND.eXchange	$19.95 (annual cap of $240)	
Exit fee	Nil		Not applicable.
Advice fee relating to all members investing in a particular MySuper product or investment option	Nil		Not applicable.
Other fees and costs[3]	Varies[3]		See additional information under Additional explanation of fees and costs.
Indirect Cost Ratio	Cash Hub: Up to 1.00% p.a. on funds held		Deducted from the interest earned before the interest rate is declared.

Example of annual fees and costs

This table gives an example of how the fees and costs for the Allan Gray Australia Balanced Fund can affect your pension investment over a one year period. You should use this table to compare this pension product with other pension products.

EXAMPLE – Allan Gray Australia Balanced Fund		Balance of $50,000
Investment fees	0.00%	For every $50,000 you have in the pension product you will be charged $0 each year.
PLUS Administration fees	Member and Trustee fees of 0.15% PLUS FUND.eXchange administration fees of 0.10% (Subject to minimum Administration fee $150 p.a.) PLUS Expense Recovery fee of 0.05%	**And**, you will be charged $175.00 in administration fees each year.
PLUS Indirect Costs for the pension product	Cash Hub: 1.00%	**And**, indirect costs of $25.00 each year will be deducted from your investment each year.
EQUALS Cost of product	If your balance was $50,000, then for that year you will be charged fees of **$200.00** for the pension product.	

You should note the following about the example:

1. A buy/sell spread applies whenever you make a contribution, exit, rollover or investment switch. The buy/sell spread for exiting is 0% (this will equal to $0 for every $50,000 you withdraw).
2. This example assumes investment in Super Wrap Investment Options as follows: $2,500 Cash Hub (indirect cost ratio of 1.00%), $47,500 in one Managed Fund with FUND.eXchange Administration fees.
3. Transaction costs may apply.
4. The actual cost of the product may be significantly more or less, depending on the Super Wrap Investment Options you choose for your portfolio and the number of transactions. Additional fees may apply. Please refer to the underlying product disclosure statement.
5. Investments in Allan Gray Funds through FUND.eXchange are exempt from Promoter fees. For further information refer to Additional explanation of fees and costs section on page 6.

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[1] Promoter fees are included in Administration fees. Allan Gray Australia Balanced Fund is exempt from Promoter Fees. Refer to the Additional Information Guide.

[2] Expense Recovery fees may include transfers to an Operational Risk Financial Reserve (ORFR) from member accounts if required to meet regulatory requirements.

[3] See the section Additional explanation of fees and costs in this PDS, and in the Allan Gray Superannuation Additional Information Guide for further information about other costs such as adviser fees, Promoter fees, activity fees such as family law fees; insurance fees; insurance administration fees and brokerage and transaction fees. Regular rollovers in and contributions automatically invested do not incur transaction costs.

How fees and costs are charged

Fees and costs can be paid directly from your account or deducted from your investment returns.

Fee calculator

ASIC's website moneysmart.gov.au has a superannuation calculator you can use to calculate the effect of fees and costs on your account balance.

> WARNING: If you consult a financial adviser you may agree to pay your adviser an advice fee, which is disclosed in the Statement of Advice provided by your adviser. The amount of the fee will be deducted from your account.

Additional explanation of fees and costs

Please read the Additional explanation of fees and costs below and in Section 2 of the Additional Information Guide for further information on fees and costs.

Activity fees

Refer to Sections 1 and 2 in the Additional Information Guide.

Adviser service fees

You may agree to pay an adviser service fee for Allan Gray Retirement services provided to you. This adviser service fee may be deducted from your account, with your consent. The adviser service fee is limited to an initial or transactional fee of up to $5,500 per advice event and/or an ongoing service fee of up to 2.20% of your account balance, and will appear in your Statement of Advice provided to you by your financial adviser.

Ongoing fees may be negotiated with your financial adviser as a fixed dollar amount, subject to the above maximums.

Promoter fees

The total fees that you pay as an investor (including administration fees, transaction fees, switching fees, brokerage fees and other service fees) are disclosed in this PDS. We collect these fees and retain a portion of these fees for the products and services we supply. From the fees we collect, we pay Promoter fees to Allan Gray. By investing in the products and services, you authorise us to pay the Promoter fees to Allan Gray. Allan Gray consents to this arrangement.

As at the date of this PDS the Promoter fees which you authorise us to pay Allan Gray are amounts up to a maximum of:

- 0.10% p.a. of the balance of your Allan Gray Retirement account, will from time to time be paid out of the FUND.eXchange and Standard Administration fees, charged at the end of the month and paid from your account. Allan Gray Managed Funds are exempt from the Promoter fee.

Changes to fees and costs

The Trustee may introduce new fees or change existing fees at any time. We will notify you at least 30 days before introducing or increasing fees.

> You should read the important information about pension fees and costs before making a decision. Go to 1. Defined fees 2. Superannuation and pension account fees and costs in the Additional Information Guide available at allangray.com.au. The material relating to fees and costs may change between the time you read this PDS and the day when you acquire Allan Gray Retirement.

7. HOW PENSIONS ARE TAXED

Investing in Allan Gray Retirement is a tax effective way to preserve your superannuation assets in retirement and provide you with a regular income. Your pension may be taxed and it is important that you know when it is taxed and when it is exempt from tax.

This section provides a summary of the taxation imposed on account-based pensions and when it applies. Changes to tax laws could affect the tax consequences associated with investing in Allan Gray Retirement. As the Australian taxation system is complex and different investors have different circumstances, you may need to seek professional taxation advice about investing in Allan Gray Retirement.

Why you are asked to provide your tax file number

Providing a tax file number (TFN) may save you money. The online application asks you to provide your TFN. We are authorised to collect your TFN by Australian taxation law, the Superannuation Industry (Supervision) Act 1993 (Cth) and the Privacy Act 1988 (Cth). We will not disclose your TFN to any other person or body without your permission, unless required by law.

TFNs are used for:

- Calculating tax, if any, on your pension payments,
- In some circumstances, passing your TFN to the Australian Taxation Office (ATO) when you receive a pension,
- Allowing us to provide your TFN to a superannuation fund receiving any benefits you may transfer. The Trustee will not pass your TFN to any other fund without your express written consent.

> WARNING: You should provide the Trustee with your TFN when you join Allan Gray Retirement. Providing your TFN to the Trustee will ensure:
>
> - Tax on your pension account will not increase,
> - Other than tax that ordinarily applies, no additional tax will be deducted when you access your superannuation,
> - Tracing different superannuation accounts in your name is easier, ensuring you receive all benefits when you retire.
>
> If you do not provide us with your TFN, we will not be able to accept your application.

Tax when you rollover your superannuation into Allan Gray Retirement

Generally you will not have to pay tax on any money you have rolled over from your superannuation accounts unless the amount contains an untaxed element. Any untaxed element will be taxed at 15%. Typically, this will only apply if you are transferring from an untaxed superannuation fund.

Tax on pension investment earnings

Subject to the Transfer Balance Cap, investment earnings within an account-based pension are tax free, however, earnings on investments held in a TTR Pension are taxed at 15%.

If you exceed the Transfer Balance Cap, you will need to remove the excess capital plus the excess transfer balance earnings from your pension account, and will have to pay excess transfer balance tax.

Excess Transfer Balance Cap tax

Once you have removed all the excess capital and excess transfer balance earnings from your pension account, the ATO will calculate the amount of excess transfer balance tax you will need to pay and send you an assessment.

The excess transfer balance cap tax is calculated as:

- Your excess transfer balance earnings from the day you first exceed the cap to the date of rectification, and
- Multiply your earnings by the excess transfer balance tax rate.

The rate of excess transfer balance tax is 15% for any excess periods that start in the 2018/19 financial year. From 1 July 2018 the rate is 15% for the first year breach and then 30% for subsequent breaches.

Tax when you receive your pension

When you establish your account, the balance of your pension account will be split into a tax free component and a taxable component. The proportions are carried over in the same ratios when you roll in one or more superannuation funds to your pension account.

Tax free component

The tax free component comprises a crystallised segment and a contributions segment. The crystallised segment includes any of the following amounts that applied to your superannuation account(s) at 30 June 2007:

- Concessional component,
- Pre-July 1983 component,
- Post-June 1994 invalidity component,
- Capital gains tax exempt component,
- Undeducted contributions since 1 July 1983,

The contributions segment includes contributions made from 1 July 2007 for which a tax deduction has not been claimed. Typically, this would be non-concessional contributions.

Taxable component

The taxable paid varies depending on your age and whether you receive your pension as pension payments or as a lump sum.

When you receive your pension as pension payments

Age 60 and over: All payments are tax free.

Age 55[1] to 59: There is a tax free component and a taxable component. The taxable component is taxed at your marginal rate, plus applicable levies, less any pension tax offset to which you are entitled. Tax will be automatically deducted from your pension payment and paid to the ATO. There is no tax payable on the tax-free component.

What is the Superannuation Pension tax offset?

If you have reached your preservation age you are entitled to a 15% tax offset on the taxable component. Other offsets may apply including the Senior Australians and pensioner tax offset. More information can be found on the ATO's website ato.gov.au.

When you receive your pension as a lump sum payment

Age 60 and over: All payments are tax free.

Age 55[1] to 59: There is a tax free component and a taxable component. The taxable component is tax free up to the Low Rate Cap. In 2018/19 the Low Rate Cap is $205, 000. The cap is indexed to AWOTE and rounded down to the nearest multiple of $5,000. Amounts above the cap are taxed at 15%, plus applicable levies.

Tax on death benefits

Tax payable on your pension in the event of your death depends on:

- Whether the amount is paid as a lump sum or as a reversionary pension,
- Whether your beneficiaries are tax dependants (see definition of dependents for tax purposes in following paragraph),
- Your age at the time of your death and the age of your beneficiaries when they receive the benefit.

Dependants for tax purposes are defined as:

- A spouse or former spouse,
- A child less than 18,
- Any person who had an interdependency relationship immediately before death[2],
- Any other person who was dependent on the member immediately before death.

When your death benefit is paid as an income stream

The tax treatment of income streams for dependants for tax purposes is included in the table below:

Age of deceased/ recipient	Component	Tax rate in 2018/19
If either aged 60 or over	Tax free component	Non-assessable non-exempt income
	Taxable component – taxed element	Non-assessable non-exempt income
	Taxable component – untaxed element	Marginal tax rate plus applicable levies, less 10% offset
If both aged under 60	Tax free component	Non-assessable non-exempt income
	Taxable component – taxed element	Marginal tax rate plus applicable levies[3], less 15% offset
	Taxable component – untaxed element	Marginal tax rate plus applicable levies

When your death benefit is paid as a lump sum

Beneficiary	Component	Tax rate in 2018/19
Tax dependant	Tax free component	Non-assessable non-exempt income
	Taxable component	Non-assessable non-exempt income
Non-tax dependant	Tax free component	Non-assessable non-exempt income
	Taxable component – taxed element	Marginal tax rate or 15% plus applicable levies, whichever is lower
	Taxable component – untaxed element	Marginal tax rate or 30% plus applicable levies, whichever is lower

GST and reduced input tax credits

All fees and costs are inclusive of GST unless expressly stated otherwise. We may be able to claim a reduced input tax credit (RITC) of up to 75% of the GST paid on some of these fees. This may include fees for certain brokerage services, investment portfolio management, administrative functions and Custodial Services. We may also be able to claim an RITC of 55% of the GST paid on some of the other fees charged. Where we are able to claim an RITC, we will retain the RITC as an expense recovery.

Social security

To be eligible for the Age Pension, you must meet a range of requirements, including an assets test and an income test.

Your Allan Gray Retirement account balance is currently included in the assets test. Similarly your Allan Gray Retirement is also assessed against the income test.

The deeming rules are the same as those that currently apply to financial investments outside of superannuation.

Deeming assumes that the account-based pension earns a certain rate of income. The actual income from the pension is not used for income test assessment, even if the income earned is above (or below) the deeming rates.

[1] For those born after 1/07/1960, age 55 is replaced with your preservation age.
[2] An interdependency relationship is a relationship in which a person and the Member have a close personal relationship, whereby they live together and one of them provides the other with financial support, domestic support and personal care. If they do not live together due to physical, psychiatric or intellectual disability, an interdependency relationship may still exist.
[3] The income will be tax free once your beneficiary turns 60. When your death benefit is paid as a lump sum.

The current deeming rates and thresholds are outlined below:

- For a single pensioner, the first $51,200 of the financial investments is deemed to earn income at 1.75% p.a. and any amount over that is deemed to earn income at 3.25% p.a.,
- For a pensioner couple, the first $85,000 (combined) or $42,500 each members of a non-pensioner couple, is deemed to earn 1.75% p.a. and any amount over that is deemed to earn income at 3.25% p.a.

If you are receiving a social security income support payment from Centrelink and have an account-based pension opened before 1 January 2015, your account will not be subject to deeming and will continue to be assessed under the existing rules.

However if you choose to change an existing product to a new product, or purchase a new product after 1 January 2015, the new product will be assessed under the deeming rules.

In addition, from 1 January 2015, if you (or your partner) stop receiving income support payments, your account based pension may be reassessed using the deeming rules if you receive these payments again in the future.

As the taxation and social security implications of superannuation pensions can be complex we recommend that you obtain professional financial advice relevant to your personal situation before making any decisions.

WARNING: Tax laws are subject to changes from time to time. This information considers taxation issues in a general way and should not be considered as tax advice. Investors should seek appropriate advice from a tax professional which considers their personal circumstances before they make an investment decision.

8. HOW TO OPEN AN ACCOUNT

You can open a retirement (account based pension) account if you have superannuation savings of at least $20,000 and you meet at least one of the following eligibility requirements:

- You have reached your preservation age and you have fully retired, or reached the age of 65,
- You are suffering Total and Permanent Disablement (as defined in the glossary in the Additional Information Guide) or,
- You are the recipient of a death benefit, which you are eligible to take as a reversionary pension.

You can establish a TTR Pension account if you meet all of the following requirements:

- You have superannuation savings of at least $20,000,
- You have reached your preservation age but are less than 65 years of age, and
- You are still working.

To open an Allan Gray Retirement account:

1. Read this PDS and all other important information referred to in the PDS,
2. Complete the online application for Allan Gray Retirement via allangray.com.au,
3. Submit your completed application.

Start dates

You will become a member of the Fund on the date your satisfactorily completed application form is accepted.

Pension payments will begin once all rollovers have been received. Once a pension has commenced, no further contribution or rollovers can be made to the account.

Transferring existing superannuation account into pension

You can easily transfer your superannuation benefits to establish your pension account via the online application available from the Secure Online Portal.

Cooling-off period

When you join Allan Gray Retirement, you have a 14 day cooling-off period if you change your mind. You can cancel your Allan Gray Retirement membership in writing within 14 days from the earlier of:

- 5 days after your application is accepted,
- The date the Fund confirms your membership.

We will refund an amount to you (if you are entitled to access your superannuation) or transfer an amount to a nominated complying superannuation fund. The refund may be decreased or increased to allow for market movements during that time. We may also deduct any reasonable transaction and administrative costs, tax or duty incurred. Note, if you do not nominate a suitable fund within 28 days, your rollovers will be transferred to the Fund's Eligible Rollover Fund (ERF). An ERF receives and invests the entitlements of superannuation fund members in certain circumstances. The ERF currently selected by the Trustee is:

Super Money Eligible Rollover Fund (SMERF)
PO Box 1282, Albury NSW 2640
Phone: 1800 114 380

The Trustee of Allan Gray Retirement is the trustee of SMERF.

Anti-money laundering and counter-terrorism financing

In accordance with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act), we are required to collect information with respect to the identity of all applicants in order to determine the beneficial owners of all accounts. Depending on whether your account is superannuation or pension this verification process may occur at the application stage or when you make a withdrawal (e.g. meet a specific condition of release).

Complaints

If you have a complaint about your account, please contact us on 1300 604 604 or write to:

Complaints Officer
Allan Gray Retirement
PO Box 1282, Albury NSW 2640

Your complaint will be acknowledged in writing and you will be advised of the steps we will take to resolve it. We will do everything we can to resolve the issue as quickly as possible. If we do not respond within 90 days or if you are not satisfied with the outcome, you can lodge a complaint with the Superannuation Complaints Tribunal (SCT). The SCT is an independent body established by the Australian Government to review trustee decisions relating to members of a superannuation fund.

To find out if the SCT can handle your complaint and determine the type of information you would need to provide, you should contact the SCT:

Telephone:	1300 884 114
Website:	sct.gov.au
Email:	info@sct.gov.au
Write:	Superannuation Complaints Tribunal Locked Bag 3060, Melbourne VIC 3001

You should read the important information about how to transact in your account before making a decision. Go to 4. How to transact in your account in the Additional Information Guide available at allangray.com.au. The material relating to how to get more information may change between the time you read this PDS and the day when you acquire Allan Gray Retirement.