

Powerwrap Scheme

ARSN 137 053 073

Annual Financial Report
For the Year ended 30 June 2024

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Table of Contents

	Page Number
Directors' Report	3
Auditor's Independence Declaration	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Net Assets Attributable to Investors	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	28
Independent Auditor's Report to the Investors of the Powerwrap Scheme	29

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Directors' Report

The Directors of Powerwrap Limited (ABN 67 129 756 850), the Responsible Entity of the Powerwrap Scheme (the "Scheme"), present their report together with the financial statements of the Scheme for the year ended 30 June 2024. This financial report has been prepared for the Powerwrap Scheme, an Australian registered managed investment scheme, as it is a disclosing entity under the *Corporations Act 2001*.

The following persons were Directors of the Responsible Entity during the whole of the financial year and up to the date of this report (unless otherwise stated):

Directors' names

Director	Date Appointed	Date Resigned
Anthony Wamsteker	1 June 2021	N/A
James Edmonds	7 October 2020	N/A
Denis Orrock	27 April 2023	N/A

Responsible Entity

The Responsible Entity of the Scheme is Powerwrap Limited (ABN 67 129 756 850) (the "Responsible Entity"). The registered office and principal place of business of the Responsible Entity and the Scheme is Level 19, 367 Collins Street, Melbourne, VIC 3000, Australia.

Custody fees are paid by the Responsible Entity from its management fee, not directly by the Scheme.

The Responsible Entity is incorporated and domiciled in Australia.

Service Information

The Scheme is an Investor Directed Portfolio Service ("IDPS")-like scheme, registered with the *Australian Securities and Investment Commission* ("ASIC") as a registered managed investment scheme and is domiciled in Australia. The Scheme holds investment assets at the discretion of the individual investors. Individual investors retain the beneficial ownership in investment assets held in respective portfolio through the Scheme.

Principal activities

The principal activity of the Scheme during the year was the investment of investors' funds in accordance with the direction of investors as outlined in the product disclosure statement, including the maintenance of model portfolios within the stated asset allocation ranges. The asset categories are investments in Australian and International cash, Australian and International equities, debt securities and unlisted managed investment schemes. There has been no significant change in the nature of this activity during the year.

The Scheme did not have any employees during the year.

Review and results of operations

During the year, the Scheme continued to engage in its principal activity, the results of which are disclosed in the attached Financial Statements.

For the financial year ended 30 June 2024, profit before finance costs attributable to investors was \$605,829,039 (30 June 2023: \$436,774,353). As all net income is directly attributable to the investors, the Scheme does not pay distributions.

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Directors' Report (continued)

Events occurring during the year

Unless otherwise stated elsewhere in the financial report, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme in future financial years.

Likely developments and expected results of operations

The Scheme will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

The results of the Scheme's operations will be affected by a number of factors, including the performance of investment markets in which the Scheme invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Significant changes in state of affairs

There have been no significant changes in the Scheme's state of affairs during the year.

Environmental regulation

The operations of the Scheme are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Scheme in regard to the insurance cover provided to either the officers of the Responsible Entity or the auditors of the Scheme. So long as the officers of the Responsible Entity act in accordance with the Scheme's Constitution and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Scheme against losses incurred while acting on behalf of the Scheme.

The auditors of the Scheme are in no way indemnified out of the assets of the Scheme.

Rounding of amounts

The Scheme is an entity of a kind referred to in the *ASIC Corporations (Rounding in Financials/Directors' Reports) Instruments 2016/191*, dated 24 March 2016 and therefore the amounts in the directors' report and the annual financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s.307C of the *Corporation Act 2001* in relation to the review for the year is provided with this report.

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Directors' Report (continued)

The financial report was authorised for issuance by the directors on 30 September 2024.

Signed in accordance with a resolution of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.



Anthony Wamsteker
Director
30 September 2024
Melbourne



Denis Orrock
Director
30 September 2024
Melbourne

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF THE RESPONSIBLE ENTITY OF POWERWRAP SCHEME

As lead auditor, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

SW

SW Audit

Chartered Accountants



Rami Eltchelebi

Partner

Melbourne, 30 September 2024

Brisbane

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Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2024

	Note	30 June 2024 \$'000	30 June 2023 \$'000
Investment income			
Interest revenue	3	78,260	47,222
Dividend and distribution income	4	252,599	191,489
Net gain/(loss) on financial instruments held at fair value through profit or loss	5	351,342	268,906
Total investment income/(loss)		682,201	507,617
Expenses			
Investment management fees		(2,826)	(2,145)
Investment administration fees		(1,578)	(1,390)
Adviser fee		(71,684)	(66,840)
Other expenses		(284)	(468)
Total expenses		(76,372)	(70,843)
Profit/(loss) before finance costs attributable to investors		605,829	436,774
Finance costs attributable to investors			
Increase/(decrease) in net assets attributable to investors		605,829	436,774
Total comprehensive income attributable to investors		-	-

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Statement of Financial Position As at 30 June 2024

	Note	30 June 2024 \$'000	30 June 2023 \$'000
Assets			
Current Assets			
Cash and cash equivalents	7	620,296	730,583
Receivables	8	102,158	82,656
Financial assets at fair value through profit or loss	9	7,713,764	7,054,361
Total current assets		8,436,218	7,867,600
Liabilities			
Current liabilities			
Payables	10	14,448	7,170
Total current liabilities (excluding net assets attributable to investors)		14,448	7,170
Net assets attributable to investors	11	8,421,770	7,860,430

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Statement of Changes in Net Assets Attributable to Investors For the Year Ended 30 June 2024

	30 June 2024 \$'000	30 June 2023 \$'000
Total net assets attributable to investors at the beginning of the financial year	7,860,430	7,010,174
Profit/(loss) for the year	605,829	436,774
Other comprehensive income for the year	-	-
Total comprehensive income/(loss) for the year	605,829	436,774
Transaction with owners in their capacity as owners	(44,489)	413,482
Total net assets attributable to investors at the end of the financial year	8,421,770	7,860,430

The above Statement of Changes in Net Assets Attributable to Investors should be read in conjunction with the accompanying notes.

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Statement of Cash Flows For the Year Ended 30 June 2024

	30 June 2024	30 June 2023
Note	\$'000	\$'000
Cash flows from operating activities		
Proceeds from sale of financial instruments held at fair value through profit or loss	4,435,321	3,623,750
Payment for purchase of financial instruments held at fair value through profit or loss	(4,734,938)	(4,453,508)
Interest received	78,260	47,222
Dividend and distribution income received	231,888	213,576
Payment of investment fee	(4,344)	(3,563)
Payment of adviser fee	(71,717)	(66,512)
Payment of operating expenses	(269)	(438)
Net cash outflow from operating activities	(65,799)	(639,473)
	12	
Cash flows from financing activities		
Proceeds from contributions by investors	1,671,024	1,952,961
Payment for redemption by investors	(2,111,028)	(2,030,046)
Net application relating to non-MIS assets	395,516	490,566
Net cash inflow from financing activities	(44,488)	413,481
Net (decrease)/increase in cash and cash equivalents	(110,287)	(225,992)
Cash and cash equivalents at beginning of the year	730,583	956,575
Cash and cash equivalents at end of the year	620,296	730,583
	7	

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Notes to the Financial Statements

1. General Information

This financial report covers Powerwrap Scheme ("the Scheme") as an individual entity. The Scheme was constituted on 11 May 2009 and will terminate on the 80th anniversary or earlier in accordance with the provisions of the Scheme's Constitution.

The financial statements were authorised for issue by the Directors of the Responsible Entity as at the date of the Directors' Report. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2. Material Accounting Policy

(a) Basis of preparation

The financial statements are general purpose and have been prepared in accordance with *Australian Accounting Standards* (AASBs) (including Australian Interpretations) adopted by the *Australian Accounting Standards Board* (AASB) and the *Corporations Act 2001*. The financial statements of the Scheme comply with *International Financial Reporting Standards* (IFRSs) and interpretations adopted by the *International Accounting Standards Board* (IASB).

The financial statements are prepared based on fair value measurement of assets and liabilities except where otherwise stated.

The Statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for some investments in financial assets and Investors balances.

The Scheme manages financial assets based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

In the case of investor accounts, the balances are redeemed on demand at the investors' option. However, investors typically retain the investment for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

(i) Rounding of amounts

The Scheme is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the *Australian Securities and Investments Commission* (ASIC) relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Notes to the Financial Statements

2. Material Accounting Policy (continued)

(a) Basis of preparation (continued)

(ii) *New standards, amendments and interpretations effective after 1 July 2024 and have not been early adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2024 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Scheme.

(b) Financial asset at fair value through profit or loss

(i) *Classification*

Assets

The Scheme classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Scheme's portfolio of financial assets is managed, and its performance is evaluated on a fair value basis in accordance with the Scheme's documented investment strategy. The Scheme uses fair value information to assess performance of the portfolio and to make decisions to rebalance the portfolio or to realise fair value gains or minimise losses through sales or other trading strategies. The Scheme's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Equity securities and derivatives are measured at fair value through profit or loss.

For debt securities, the contractual cash flows are solely payments of principal and interest, however they are neither held for collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Scheme's business model's objective. Consequently, the debt securities are measured at fair value through profit or loss.

The Scheme holds Australian and foreign equity securities of \$1,296,291,536 (2023: \$1,333,246,273), domestic and foreign debt securities of \$1,184,209,093 (2023: \$974,078,019) and unlisted unit trusts of \$5,233,263,865 (2023: \$4,747,036,429) which are classified as fair value through profit or loss.

(ii) *Recognition/derecognition*

The Scheme recognises financial assets on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Scheme has transferred substantially all of the risks and rewards of ownership.

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Notes to the Financial Statements

2. Material Accounting Policy (continued)

(b) Financial asset at fair value through profit or loss (continued)

(iii) Measurement

At initial recognition, the Scheme measures financial assets at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise. This also includes dividend expense on short sales of securities, which have been classified at fair value through profit or loss.

For further details on how the fair values of financial instruments are determined please see Note 12 to the financial statements.

(iv) Contributions and Withdrawals

Contributions are accounted for when an investor deposits funds into their Cash Operating Account, when an investor uses their personal cash account to purchase Scheme assets or when cash transactions relating to their personal assets held outside of the Scheme are deposited into the Cash Operation Account (e.g. income and proceeds of the sale of such assets). Withdrawals are accounted for when investors withdraw cash from their Cash Operation Account to pay for assets held outside of the Scheme and fees related to non-Scheme assets.

(c) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(d) Cash and cash equivalents

For the purposes of the Statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call deposits with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Scheme's main income generating activity.

(e) Income tax

Under current legislation the Scheme is not subject to income tax provided it attributes the entirety of its taxable income to its Investors.

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Notes to the Financial Statements

2. Material Accounting Policy (continued)

(f) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the Scheme's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Scheme competes for funds and is regulated. The Australian dollar is also the Scheme's presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in Statement of comprehensive income.

Non-monetary items that are measured at fair value in the foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the Statement of comprehensive income on a net basis with net gains/(losses) on financial instruments at fair value through profit or loss.

(g) Investment income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents.

Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities.

Dividend and distribution income from financial assets at fair value through profit or loss is recognised in the Statement of comprehensive income within dividend income and distribution income when the Scheme's right to receive payments is established.

Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b) to the financial statements.

(h) Expenses

All expenses, including Responsible Entity's fees, are recognised in the Statement of comprehensive income on an accruals basis.

The Responsible Entity is entitled under the Constitution, to be reimbursed for certain expenses incurred in administering the Scheme. The basis on which the expenses are reimbursed is defined in the Constitution. The amount reimbursed is recognised in the Profit or Loss and is calculated in accordance with the Constitution.

In accordance with the Constitution and PDS, the Responsible Entity receives a management fee as the single Responsible Entity.

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Notes to the Financial Statements

2. Material Accounting Policy (continued)

(h) Expenses (continued)

The Custodian of the Scheme also receives a fee for its services. The custody fees for the unlisted managed funds are paid by the Responsible Entity from its management fee. Custody of all other assets where applicable are deducted from investor accounts.

Performance Fees – Managed Funds

This is a fee that is generally paid to the Fund Manager for outperformance above a nominated benchmark. The underlying Disclosure Document for the relevant Investment Option will provide detailed disclosure on when and how any performance fee is calculated and paid.

(i) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and consequently measured at amortised cost.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Scheme shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Scheme shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(j) Investors' accounts

Investors in the Scheme have the right to make a request to redeem funds from their Investor Accounts. Payment of redemptions may be made in cash or via transfer of investments in-specie and are dependent on the liquidity of investors' specific investments. This right to redeem gives rise to Investors being classified as a financial liability.

(k) Good and service tax (GST)

The GST incurred on the costs of various services provided to by third parties such as responsible entity fees and other expenses have been passed onto the Scheme. The Scheme qualifies for Reduced Input Tax Credits (RITC), hence responsible entity fees and other expenses have been recognised in the Statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO) that is retained by the Scheme. Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of financial position. Cash flows relating to GST are included in the Statement of cash flows on a gross basis.

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Notes to the Financial Statements

2. Material Accounting Policy (continued)

(l) Payables

Payables includes liabilities and accrued expenses owing by the Scheme which are unpaid as at the end of the reporting period.

(m) Receivables

Receivables may include amounts for dividends, trust distributions and interest. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of the last payment in accordance with the policy set out in Note 2(h) above.

Amounts are generally received with 30 days of being recorded as receivables.

(n) Critical accounting estimates and judgements

The Scheme may make estimates and assumptions that affect the reported amounts of assets and liabilities with the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Planner advisor fees

Powerwrap Limited provides investment administration services. Account holders of the Powerwrap Scheme can receive investment administration services for assets held by the Powerwrap Scheme (Scheme Assets) and through a direct holding (Non-Scheme Assets).

Given the design of the investment administration service, accounting judgements are required in preparing the Scheme's financial statements.

An account holder must maintain a Cash Operating Account (COA) within the Powerwrap Scheme. A COA can be accessed by the account holder to enter into transactions for Non-Scheme Assets. In connection with transactions for Non-Scheme Assets:

- proceeds from the redemption of any investments of Non-Scheme Assets or income received from investments of Non-Scheme Assets which an account holder did not decide to reinvest, is treated as Scheme contributions; and
- Fees paid out of scheme assets may pertain to both scheme and non-scheme assets as permitted under the Product Disclosure Statement.

Financial Asset Valuations

For the majority of the Scheme's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the responsible entity, independent of the area that created them. For more information on how fair value is calculated, please see note 14 to the financial statements.

Please refer to Note 13 for the Scheme's policies on credit risk.

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Notes to the Financial Statements (continued)

3. Interest income

	30 June 2024	30 June 2023
	\$'000	\$'000
Cash and cash deposits	22,282	17,208
Debt securities	55,978	30,014
Total interest income	78,260	47,222

4. Dividends and distribution income

	30 June 2024	30 June 2023
	\$'000	\$'000
Dividend income	13,943	14,217
Distribution income	238,656	177,272
Total dividend and distribution income	252,599	191,489

5. Net gains/(losses) on financial instruments held at fair value through profit or loss

	30 June 2024	30 June 2023
	\$'000	\$'000
Australian equities	38,385	39,505
Unlisted managed investment schemes	85,940	101,291
Debt securities	32,244	(50,518)
Foreign equities	194,773	178,628
Net gains/(losses) on financial instruments held at fair value through profit or loss	351,342	268,906

6. Auditor's remuneration

During the year, auditor's remuneration was paid directly by the Responsible Entity.

	30 June 2024	30 June 2023
	\$	\$
Audit and review of the financial statements	53,200	50,500
Other services performed during the period	29,900	28,000
	83,100	78,500

7. Cash and cash equivalent

	30 June 2024	30 June 2023
	\$'000	\$'000
Cash at bank - AUD	535,971	649,326
Cash at bank – foreign currency holdings	84,325	81,257
Total cash and cash equivalent	620,296	730,583

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Notes to the Financial Statements (continued)

8. Receivables

	30 June 2024	30 June 2023
	\$'000	\$'000
Amount due from broker(s)	-	1,209
Other receivables	102,158	81,447
Total receivables	102,158	82,656

9. Financial assets at fair value through profit or loss

	30 June 2024	30 June 2023
	\$'000	\$'000
Australian equities	284,789	392,224
Domestic debt securities	1,109,700	911,987
Foreign debt securities	74,509	62,092
Unlisted managed investment schemes	5,233,264	4,747,036
Foreign equities	1,011,502	941,022
Total financial assets at fair value through profit or loss	7,713,764	7,054,361

An overview of the risk exposures and fair value measurements relating to financial assets and liabilities at fair value through profit or loss is included in note 13.

10. Payables

	30 June 2024	30 June 2023
	\$'000	\$'000
Amount due to broker(s)	7,237	-
Other payables	7,211	7,170
Total payables	14,448	7,170

11. Statement of net assets attributable to investors

Movements in net assets attributable to investors during the financial year were as follows:

	30 June 2024	30 June 2023
	\$'000	\$'000
Opening balance	7,860,430	7,010,175
Profit/(loss) for the year before finance costs attributable to investors	605,829	436,774
Contributions in cash	1,671,024	1,952,961
Withdrawals in cash	(2,111,029)	(2,030,046)
Net contributions relating to non-MIS assets	395,516	490,566
Balance at the end of the year	8,421,770	7,860,430

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Notes to the Financial Statements (continued)

11. Statement of net assets attributable to investors (continued)

Capital risk management

The amount of net assets attributable to investors can change significantly on a daily basis as the Scheme is subject to daily applications and redemptions at the discretion of investors.

Daily applications and redemptions are reviewed relative to the liquidity of the Scheme's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Scheme's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of investors.

12. Reconciliation of profit to net cash from operating activities

	30 June 2024	30 June 2023
	\$'000	\$'000
Profit/(loss)	605,829	436,774
<i>Adjusted for non-cash items</i>		
Net (gain)/loss on financial instruments held at fair value through profit or loss	(351,342)	(268,906)
Net investment buys	(299,617)	(829,758)
Decrease in income receivable	(20,711)	22,087
Increase in fees payable	42	330
	(65,799)	(639,473)

13. Financial risk management

(a) Objectives, strategies, policies and processes

Financial instruments of the Scheme comprise of Australian and International equities, listed trusts, debt securities and unlisted managed investment schemes. It holds these investment assets at the discretion of the individual investors and they are managed by the Scheme in accordance with the direction of investors in line with the Product Disclosure Statement.

The allocation of assets between the various types of financial instruments described above is determined by the Scheme's investors and, for the model portfolios, the Responsible Entity by reference to external managers' asset allocations. The Scheme's portfolio of assets is managed to achieve the investment objectives and strategies set out by the investors. Divergence from target asset allocations and the composition of the portfolio is monitored by the Responsible Entity on a regular basis.

The financial instruments held by the Scheme are exposed to the following risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Notes to the Financial Statements (continued)

13. Financial risk management (continued)

(b) Concentration risk

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual.

Obligations to be similarly affected by changes in economic, political or other conditions.

The individual investors and the Responsible Entity are responsible for identifying and controlling the risks that arise from these financial instruments.

As the Scheme is an IDPS-like scheme, it is the responsibility of each individual investor to manage their own concentrations of risk. The Scheme does not have any externally imposed capital requirements.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: price risk and interest rate risk. Market risk is managed and monitored using sensitivity analysis and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

(i) Price risk

Price risk is the risk that the fair value or future cash flows of equities will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Price risk exposure arises from the Scheme's investment in listed securities and unlisted managed investment schemes. The investments are classified on the Statement of financial position as at fair value through profit or loss. All securities investments present a risk of loss of capital.

Price risk is mitigated by the Scheme's individual investors and the Responsible Entity through model portfolios, by constructing diversified portfolios of instruments traded on various markets.

The analysis below demonstrates the impact of a 10% movement in equity securities and managed investment funds. This sensitivity analysis has been performed to assess the total investors' direct risk of holding equity securities and managed investment funds with all other variables held constant. It is assumed that the relevant change occurs at the balance date.

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Notes to the Financial Statements (continued)

13. Financial risk management (continued)

(c) Market risk (continued)

(i) Price risk (continued)

	30 June 2024 \$'000	30 June 2023 \$'000
Assets		
Australian equities	284,789	392,224
Unlisted managed investment schemes	5,233,264	4,747,036
Foreign equities	1,011,502	941,022
Net exposure	6,529,555	6,080,282
Sensitivity		
Securities prices + 10%	652,956	608,028
Securities prices - 10%	(652,956)	(608,028)

(ii) Cash flow and fair value interest rate risk

The Scheme is exposed to cash flow interest rate risk on financial instruments with variable interest rates.

Financial instruments with fixed interest rates expose the Scheme to fair value interest rate risk.

The table below summarises the Scheme's direct exposure to interest rate risk.

As at 30 June 2024	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Financial assets				
Cash and cash equivalents	620,296	-	-	620,296
Due from brokers for security sales	-	-	-	-
Other receivables	-	-	102,158	102,158
Debt securities	741,737	442,472	-	1,184,209
Total financial assets	1,362,033	442,472	102,158	1,906,663
Financial liabilities				
Due to brokers – payable for securities purchased	-	-	(7,237)	-
Total Financial liabilities	-	-	(7,237)	-
Net exposure interest rate risk	1,362,033	442,472	94,921	1,899,426

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Notes to the Financial Statements (continued)

13. Financial risk management (continued)

(c) Market risk (continued)

As at 30 June 2023	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Financial assets				
Cash and cash equivalents	730,583	-	-	730,583
Due from brokers for security sales	-	-	1,209	1,209
Other receivables	-	-	81,447	81,447
Debt securities	-	974,079	-	974,079
Total financial assets	730,583	974,079	82,656	1,787,318
Financial liabilities				
Due to brokers – payable for securities purchased	-	-	-	-
Total Financial liabilities	-	-	-	-
Net exposure interest rate risk	730,583	974,079	82,656	1,787,318

(iii) Foreign exchange risk

The Scheme's individual investors may hold assets denominated in currencies other than the Australian dollar, the functional currency. They are therefore exposed to foreign exchange risk, as the value of the future cash flows of the securities denominated in other currencies will fluctuate due to changes in exchange rates. The risk is measured using sensitivity analysis.

Foreign exchange risk is the risk that the value of monetary securities denominated in currencies other than the Australian dollar will fluctuate due to changes in exchange rates.

The table below summarises the Scheme's assets and liabilities which are denominated in foreign currencies:

Currency	30 June 2024		30 June 2023	
	Cash and cash equivalents A\$'000	Financial assets held through profit or loss A\$'000	Cash and cash equivalents A\$'000	Financial assets held through profit or loss A\$'000
US dollars	78,209	993,424	72,387	923,569
Hong Kong dollars	55	2,205	204	3,031
British pounds	1,760	25,942	4,651	25,548
Euro	1,454	7,833	1,410	10,225
Japanese yen	1,724	8,676	1,043	3,509
Canadian dollars	682	25,480	400	23,791
Other currencies	441	22,451	1,162	13,441
Total financial assets	84,325	1,086,011	81,257	1,003,114

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Notes to the Financial Statements (continued)

13. Financial risk management (continued)

Sensitivity	30 June 2024		30 June 2023	
	Cash and cash equivalents A\$'000	Financial assets held through profit or loss A\$'000	Cash and cash equivalents A\$'000	Financial assets held through profit or loss A\$'000
FX rates +10%	8,433	108,601	8,126	100,311
FX rates - 10%	(8,433)	(108,601)	(8,126)	(100,311)

(d) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause the Scheme to make a financial loss. The Scheme has exposure to credit risk on all of its financial assets included in the Scheme's Statement of financial position.

In relation to equity securities and managed investment funds, the risk associated with these contracts is minimised by undertaking transactions with counterparties on recognised exchanges and ensuring that transactions are undertaken with a large number of counterparties to avoid a concentration of credit risk.

The Scheme holds no collateral as security or any other credit enhancements. The maximum exposure to credit risk before any credit enhancements at the end of each reporting period is the carrying amount of the financial assets. There are no financial assets that are past due or impaired or would otherwise be past due or impaired except for the terms having been renegotiated.

(e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. This risk is controlled through the Scheme's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Scheme maintains sufficient cash and cash equivalents to meet normal operating requirements.

Maturities analysis of financial liabilities

The table below analyses the Scheme's financial liabilities into relevant maturity groupings based on the remaining period at the end of the year to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Financial liabilities such as trade payables, where there are no specific contractual settlement dates, have been grouped into the 'less than 1 month' maturity grouping as such liabilities are typically settled within 30 days.

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Notes to the Financial Statements (continued)

13. Financial risk management (continued)

(e) Liquidity risk (continued)

Maturities analysis of financial liabilities (continued)

As at 30 June 2024	Less than 1 month \$'000	1 to 6 months \$'000	6 to 12 months \$'000	Over 12 months \$'000	No stated maturity \$'000
Payables	14,448	-	-	-	-
Net assets attributable to investors	8,421,770	-	-	-	-
Total financial liabilities	8,436,218	-	-	-	-

As at 30 June 2023	Less than 1 month \$'000	1 to 6 months \$'000	6 to 12 months \$'000	Over 12 months \$'000	No stated maturity \$'000
Payables	7,170	-	-	-	-
Net assets attributable to investors	7,860,430	-	-	-	-
Total financial liabilities	7,867,600	-	-	-	-

(f) Capital management

As the Scheme is an IDPS-like Scheme it is the responsibility of each individual investor to manage their own capital requirements. The Scheme does not have any externally imposed capital requirements.

14. Fair value measurement

The Scheme measures and recognises the following financial assets at fair value through profit or loss on a recurring basis.

(a) Fair value hierarchy

The Scheme is required to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Notes to the Financial Statements (continued)

14. Fair value measurement (continued)

(a) Fair value hierarchy (continued)

The determination of what constitutes "observable" requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table presents the Scheme's financial assets and liabilities measured and recognised at fair value as at 30 June 2024 and 30 June 2023.

As at 30 June 2024	Level 1	Level 2	Level 3	Total
Financial Assets	\$'000	\$'000	\$'000	\$'000
<i>Financial assets at fair value through profit or loss</i>				
Australian equities	235,988	-	48,801	284,789
Unlisted managed investment schemes	-	5,149,611	83,653	5,233,264
Debt securities	-	1,184,209	-	1,184,209
Foreign equities	1,009,464	-	2,038	1,011,502
Total financial assets	1,245,452	6,333,820	134,492	7,713,764
As at 30 June 2023	Level 1	Level 2	Level 3	Total
Financial Assets	\$'000	\$'000	\$'000	\$'000
<i>Financial assets at fair value through profit or loss</i>				
Australian equities	343,408	-	48,816	392,224
Unlisted managed investment schemes	-	4,646,031	100,105	4,747,036
Debt securities	-	974,079	-	974,079
Foreign equities	939,056	-	1,966	941,022
Total financial assets	1,282,464	5,620,110	151,787	7,054,361

The Scheme's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the year. There were no transfers between levels in the fair value hierarchy for the financial years ended 30 June 2024 and 30 June 2023.

(b) Valuation techniques of financial instruments

The pricing for the majority of the Scheme's investments is generally sourced from independent pricing sources, the relevant Investment Managers or reliable brokers' quotes.

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equity securities and exchange traded derivatives. Financial assets are priced at bid prices, while financial liabilities are priced at asking prices.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices or alternative pricing sources supported by observable inputs are classified within level 2. These include managed investment schemes.

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Notes to the Financial Statements (continued)

14. Fair value measurement (continued)

(b) Valuation techniques of financial instruments (continued)

Investments in managed investment schemes are recorded at the redemption value per unit as reported by the investment managers of such funds. The Scheme may make adjustments to the value based on considerations such as; liquidity of the Investee Fund or its underlying investments, the value date of the net asset value provided, or any restrictions on redemptions and the basis of accounting.

The stated fair value of each financial instruments at the end of the year represents the Responsible Entity's best estimate at the end of the year.

(c) Fair value of other financial instruments

Due to their short-term nature, the carrying amounts of the receivables and payables are assumed to approximate their fair values.

15. Related party transactions

(a) Responsible Entity

The Responsible Entity of the Scheme is Powerwrap Limited (ABN 67 129 756 850). The Responsible Entity's registered office is Level 19, 367 Collins Street, Melbourne VIC 3000.

(i) Key management personnel

The Scheme has no employees. However, it is required to have an incorporated Responsible Entity to manage the activities of the Scheme and this is considered the key management personnel.

Key management personnel of the Responsible Entity include persons who held office as Directors of the Responsible Entity at any time during the year and up to the date of this report.

Director

Anthony Wamsteker
Denis Orrock
James Edmonds

The Scheme does not pay the directors of the Responsible Entity.

(ii) Other key management personnel

The following person, employed by the parent company of the Responsible Entity, Praemium Limited, also had authority and responsibility for planning, directing and controlling the activities of the Scheme, directly or indirectly during the year:

Name	Position	Employer	Date Appointed	Date Resigned
David Coulter	Chief Financial Officer	Praemium Limited	28 March 2022	N/A

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Notes to the Financial Statements (continued)

15. Related party transactions (continued)

(a) Responsible Entity (continued)

(iii) Other transactions within the Scheme

No key management personnel of the Responsible Entity have entered into a material contract with the Scheme, since the end of the previous financial period and there were no material contracts involving director's interests subsisting at year end.

(iv) Key management personnel loan disclosure

The Scheme has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

(b) Related party remuneration

Fees charged to investors by the Responsible Entity are set out in the Scheme Product Disclosure Statement. Fees are deducted from Investor accounts and paid to the Responsible Entity each month. Total fees paid to the Responsible Entity by investors which include fees deducted from interest earned on investors' cash holding during the year were \$7,678,569 (2023: \$8,862,403, restated to include fees which have been reclassified for consistency with the current year presentation).

(c) Other related party transactions

(i) Related party investments held by the Scheme

The Scheme does not lend or hold equity in the Responsible Entity and its related parties.

(ii) Related party arrangements

The Responsible Entity, its Directors, and its related parties, are not investors in the Scheme.

(iii) Interest held in the Scheme by related parties

Parties related to the Scheme and its related parties, hold no investment in the Scheme.

16. Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2024 (30 June 2023: nil).

17. Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme in future years.

Powerwrap Scheme

Annual Financial Report for the Year Ended 30 June 2024

Directors' Declaration

In the opinion of the Directors of the Responsible Entity:

1. The financial statements and notes of the Scheme as set out on pages 7-27 are in accordance with the *Corporations Act 2001*, including:
 - (a) Complying with the Australian Accounting Standards AASB, the *Corporations Regulations 2001* and other mandatory professional reporting requirements and
 - (b) Giving a true and fair view of the Scheme's financial position as at 30 June 2024 and performance as represented by the results of its operations, changes in net assets attributable to investors and cash flows for the year ended on that date
2. There are reasonable grounds to believe that the Scheme will be able to pay its debt as and when they become due and payable.

Signed in accordance with a resolution of the Directors of the Responsible Entity, made pursuant to s.303(4) of the *Corporations Act 2001*.



Anthony Wamsteker
Director
30 September 2024
Melbourne



Denis Orrock
Director
30 September 2024
Melbourne

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POWERWRAP SCHEME

Opinion

We have audited the financial report of Powerwrap Scheme (the Scheme) which comprises the statement of financial position as at 30 June 2024, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the Responsible Entity directors' declaration.

In our opinion, the accompanying financial report of Powerwrap Scheme is in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the Scheme's financial position as at 30 June 2024 and of its financial performance for the year then ended, and
- b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Scheme's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Responsible Entity Directors for the Financial Report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Responsible Entity.
- Conclude on the appropriateness of the Responsible Entity directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors of the Responsible Entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

SW

SW Audit

Chartered Accountants



Rami Eltchelebi

Partner

Melbourne, 30 September 2024