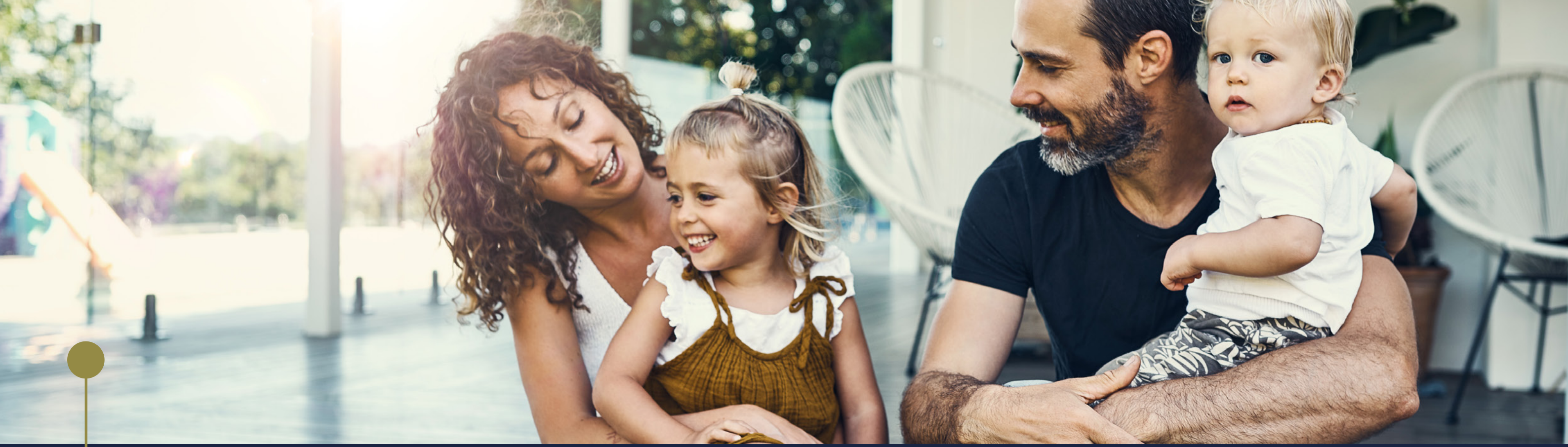

What is the difference between a wrap account and a master trust?

Wrap accounts and master trusts are administration structures which enable investments (including those held in superannuation) to be held in an efficient and cost-effective manner, particularly in relation to buying and selling investments, reporting, and dealing with corporate actions (such as the allocation of rights issues).

The key differences between wrap accounts and master trusts

Wrap Account	Master Trust
May hold managed funds, including low-fee wholesale managed funds, as well as direct investments such as shares and term deposits	Restricted to holding managed funds, including low-fee wholesale managed funds
They are operated by a trustee, but the investor holds the underlying assets in their own name.	Investments are held by a trustee in its name, on behalf of the investor
The value of a member's investment is determined by the underlying assets	The value of an investor's account is determined by the trustee based on the value of the underlying investments
All fees and taxes are unbundled from the unit price and disclosed separately	All fees and some taxes are bundled into the unit price for each investment and allocated to the investor
A cash account is used for each member through which income and expenses are passed	Income from the underlying assets is paid to the master trust and then distributed to members
Franking credits are distributed to individual investors through the cash account	Franking credits are incorporated into the unit price of the underlying investment
An investor's assets in a wrap account can be transferred to a new wrap account	If you want to change to a different master trust you will need to sell your investments in your current master trust, which may result in a taxable capital gain or a capital loss, as well as other transaction costs

What is the difference between a wrap account and a master trust?

What are the advantages of wrap accounts and master trusts?

These administration structures[1] are designed to save you time and money by giving you:

- Access to a wide range of investments including low-fee wholesale funds, plus any cost savings that may apply as a result of pooling a large number of investors' monies
- Comprehensive and consolidated reporting and valuations for all your investments in the structure
- Telephone and online access so it's easy for you to keep up to date with your investments
- A transparent fee structure so you know what is being paid on your behalf
- The support to help you manage the administration involved in buying & selling investments, and managing corporate actions
- Most of the information you (or your accountant) need at tax time for your investments in the structure, in one consolidated report.

For whom are wrap accounts and master trusts best suited?

Comprehensive wrap accounts typically suit investors who:

- Have larger sums of money to invest
- Require access to direct investments and a very broad range of managed funds
- Want sophisticated reporting
- Wish to benefit from franking credits being credited directly to their account.

Basic wrap accounts typically suit investors who:

- Have smaller sums to invest
- Prefer to use managed funds
- Are happy with a smaller range of managed funds

Master trust accounts typically suit investors who:

- Prefer to use managed funds rather than direct investments

1. NOTE: Using wrap accounts and master trusts imposes an extra layer of fees compared to investing directly. The extra fees are to cover the costs involved in administering your portfolio.

What is the difference between a wrap account and a master trust?

How do these structures work?