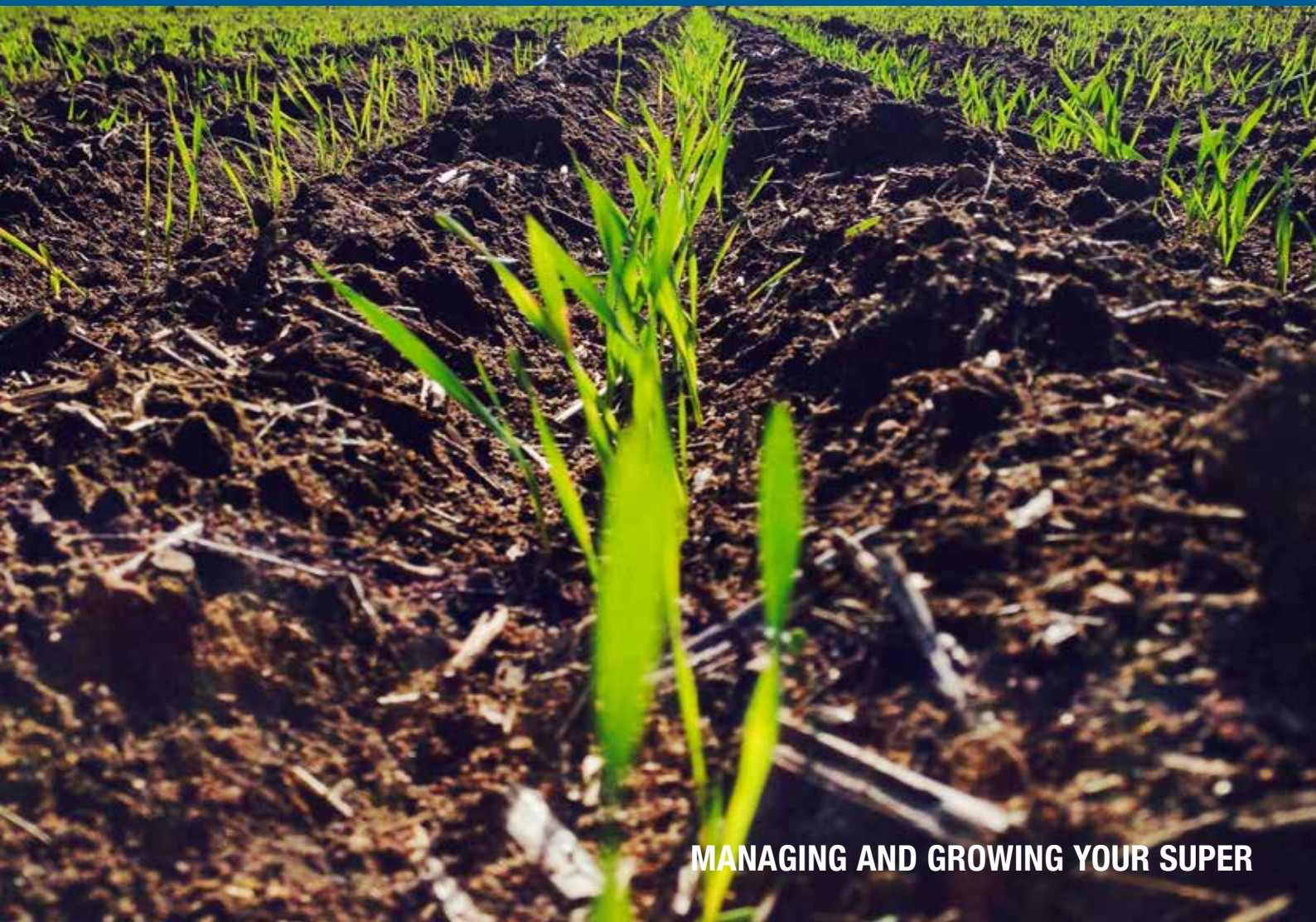


# CBH**Super**

## **ANNUAL REPORT TO MEMBERS**

FOR THE 8 MONTHS ENDING 30 JUNE

# 2016



**MANAGING AND GROWING YOUR SUPER**

# The super fund for CBH Group permanent employees, grain growers of Western Australia and their spouses

## KEY FUND DATA

0.19%	The return calculated for 2016 (Managed option)*^
8.22%	The 5 year average annual crediting rate (Managed option)*^
7.31%	The 10 year average annual crediting rate (Managed option)*^
0.31%	Management Expense Ratio

\* Renamed as the Balanced option from 1 July 2016.

^ Due to a change in end of financial year date from 31 October to 30 June, these returns only include returns for an 8 month period during 2015–16. 5 year returns are for 4 years, 8 months and 10 year returns are for 9 years, 8 months.

## CHANGE IN END OF FINANCIAL YEAR DATE

CBH Super has moved to a 30 June year end from 2016. CBH Super has previously had an end of year date of 31 October and therefore this Annual Report covers an 8 month period.

The move to 30 June aligns the Fund's year end with most other superannuation funds. This will ensure members can easily compare investment returns with the rest of the superannuation industry as well streamlining in-house administration processes.

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## MESSAGE FROM THE TRUSTEE CHAIRMAN

### WELCOME TO THE CBH SUPERANNUATION FUND ANNUAL REPORT FOR THE 2016 FINANCIAL YEAR.

It is with great satisfaction that I write my last Chairman's report for the CBH Superannuation Fund. My term as a Director and Chairman will come to an end in December 2016 after 15 years on the Board.

During these 15 years I have been witness to numerous changes to the superannuation industry. Whilst most of these changes were positive there is no doubt in my mind that the Government's constant tinkering with the system continues to erode confidence in what is ultimately the vehicle that will enable individuals to have a lifestyle in retirement that they would not have otherwise been able to achieve.

From a Fund perspective I am very proud to have been a Director on a Board that has continued to deliver really competitive long term returns at very low cost to members. During my time there have been significant changes to the benefits we have been able to offer to members. Spouse accounts, account based pensions, increased insurance options and most recently, investment choice are just a few of the improvements we have been able to deliver.

These improvements however, don't come without the energetic support of a Board of Directors that is committed to always acting in the best interest of and delivering best possible outcomes for our members. In addition, we are thankful that our members are willing to contribute to shaping the future of their Fund, through their participation in surveys and suggestions on improvements. I am very privileged to have worked with many Directors throughout my time on the Board that have been willing to share their skills, knowledge and experience to ensure the Fund and its members receive the best possible outcomes.

There is no doubt the last few years have been the most challenging. Increased regulatory and compliance pressures and volatile investment markets have required significant focus of Board and Management. Through all of this we have remained focused on delivering the best possible outcomes for our members and for this I am very proud to have been associated with both Directors and Fund management.

I am very confident that as I hand over the reins to our new Independent Chair, Chris Clausen that the Fund will continue to grow and maximise the benefits it provides to members. I very much look forward to being a part of this through my continued membership in the Fund.

Terry Cunningham | Chairman





# INVESTMENT REPORT

## INVESTMENT PERFORMANCE

The investment return for the Managed option, including dividend franking credits, for the year was 0.19%^

The Fund annual investment earning rates for the Managed option for the current and previous 4 years were:

2016	0.19%^
2015	3.40%*
2014	8.13%*
2013	18.39%*
2012	10.50%

^ The returns for 2016 are calculated as the movement from the opening unit price at 31 October to the closing unit price at 30 June 2016.

\* The returns from 2013 – 2015 are calculated as the movement in the unit price from 31 October each year.

## INVESTMENT ENVIRONMENT

The 8 months to 30 June 2016 was tough for markets around the world as geopolitical and social events led to increased volatility and a decline in share market valuations. It was a period of increasing global economic uncertainty, with global growth forecasts continuing to be downgraded throughout the year. This was primarily caused by economic and geopolitical risks in the Eurozone (the potential Grexit and eventual Brexit), uncertainty and volatility surrounding the Chinese economy and a fall in global commodity prices. Added to the downturn was uncertainty created by a number of terrorist attacks.

The Australian economy showed positive signs throughout the period but global economic uncertainty had an adverse impact on local market returns. The Australian economy managed to outperform its forecast and deliver annualised GDP growth of 3.1% as at 30 June 2016. This positive performance was

largely driven by a recovery in commodities from the falls experienced at the beginning of 2016 as well as positive contributions from the services sector. Another indicator of economic strength was a decline in the unemployment rate from 6.0% to 5.8% as the Australian economy transitioned from mining investment to broader investment expenditure.

The Reserve Bank of Australia decided to cut the official cash rate to a record low of 1.75%, in a bid to improve the modest growth in the economy. The interest rate cut was aimed at supporting further growth in household consumption, dwelling investment and the trade sector through a lower exchange rate.

The broader Australian share market as measured by the ASX All Ordinaries Index, finished up by 0.4% over the CBH Super financial year. The poorest performing sectors were Financials and Energy as concerns regarding banks profitability led to a sell-off in the major banks and the impact of lower oil prices adversely affected company share prices in the sector. However, the declines in commodity based sectors were offset by strong performances in the more 'defensive' sectors of Healthcare, Industrials, Telcos and Utilities.

Globally, the overseas share market continued to recover, albeit at a much slower pace. Data from the United States was a 'mixed bag' with employment showing positive signs resulting in an increase in official interest rates by the Federal Reserve. However, uncertainty surrounding events such as Brexit and the US election has recently weighed on the economy resulting in the Federal Reserve lowering its GDP forecasts going forward.

Britain's vote to leave the European Union at the end of the financial year shocked financial markets. Brexit and other geopolitical events caused uncertainty in financial markets and contributed to negative performance for the Eurozone stock market. The negative market performance was despite the Eurozone experiencing a

positive annualised growth rate of 1.7% (as at March 2016) and the total unemployment rate falling to 10.1% (as at May 2016). During the financial year the European Central Bank reduced the official interest rate to 0% in order to revitalise the Eurozone and counter any deflationary pressures.

It has also been a volatile year for China which experienced a continued decline in its growth rate. Policy makers in China implemented a number of measures in an attempt to stabilise the Chinese economy. In August 2015, the People's Bank of China devalued its currency (Renminbi) by around 3% against the USD over a three day period. They then reduced the official interest rate to 4.35% and lowered reserve requirements for banks. Despite these efforts, the annual Gross Domestic Product growth rate fell to 6.7% (as at June 2016), down from 7.0% from the previous financial year.

Property prices in Perth have also experienced a decline in value as demand from the mining and related sectors decreased significantly over the past 2–3 years. The Fund currently owns a commercial office building in West Perth. While the building has a government tenant with over two years remaining on the lease, the investment has experienced a major decline in value. The property investment has been a key detractor to Fund performance and will be reviewed in the future.

## LOOKING FORWARD

It is expected the coming year(s) will witness a period of lower returns and continued volatility. This was recently highlighted by Glenn Stevens in his final speech as Reserve Bank Governor where he argued that investors needed to accept they are now in a world characterised by much lower returns.

Since the end of October 2015, the Australian and global share markets have continued to experience

volatility based on geopolitical events. In recent times, concerns regarding the potential impact of the US presidential election continue to plague the markets and investor sentiment. Investors are looking for further positive signs from the United States and China to provide the market direction.

The Fund continues to favour more defensive characteristics and diversification during periods of volatility. Given the change in economic conditions, a small change has been made to the Australian and overseas shares allocation for 2016–17. In the Balanced option, the strategic asset allocation to Australian shares increases from 25% to 28% and overseas shares has been reduced from 33% to 30%.

The Fund has reviewed its strategic asset allocation and increased strategic ranges in order to provide greater flexibility to enable it to react to changing market conditions.

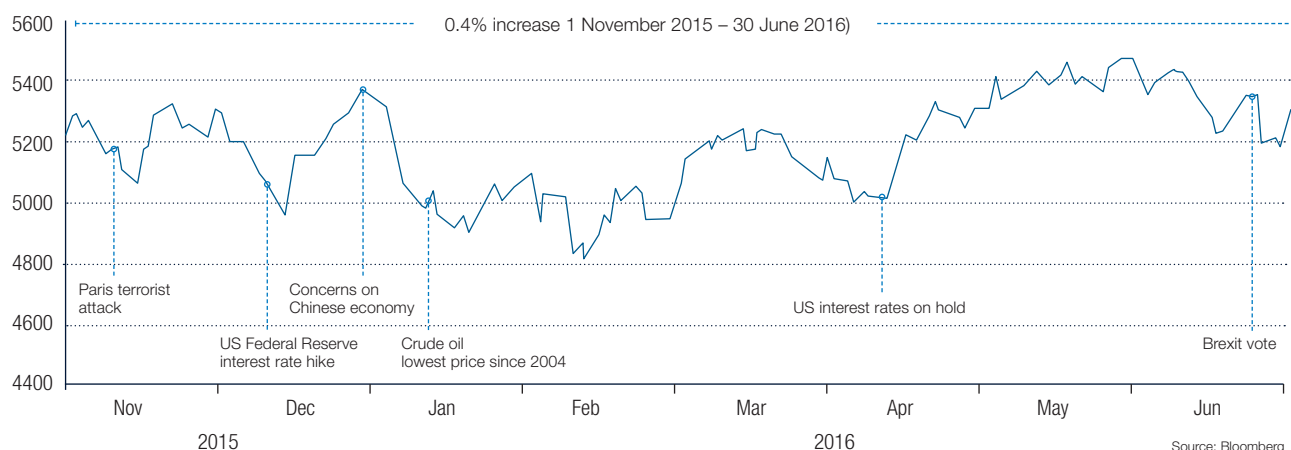
## INVESTMENT TRANSACTIONS

Following the decision in late 2015 to reduce its exposure to Australian shares and increase the allocation to overseas shares, the Fund reduced its positions in Ansell, ANZ Bank, Australian Foundation Investment Company, BHP Billiton, Commonwealth Bank, Crown, CSL, National Bank, Oil Search, Ramsey Health Care, Sydney Airport, Telstra, Wesfarmers, Westpac Bank, Woodside Petroleum and Woolworths.

Holdings have been increased in Origin Energy and Santos through Retail Entitlement Offers. The Fund also obtained holdings in Cybg PLC through its demerger from National Australia Bank and in Iron Mountain through their takeover of Recall Holdings. The Fund's total holding in South32 was sold.

During the financial year, the Fund added IFP Global Franchise Fund as a new manager in the Overseas Shares portfolio and reduced holdings in Magellan Global Fund.

## ASX ALL ORDINARIES INDEX



Fixed Interest securities held in ANZ Notes and National Income Securities were sold. The term deposits held at Westpac and BankWest matured.

The Fund's holding in Kapstream Absolute Return Fund was increased.

Colonial First State Wholesale Cash was added to the cash portfolio.

## INVESTMENT EARNINGS FOR MEMBER ACCOUNTS

Each year the Trustee sets an annual unit price based upon the Fund's net assets and the units held by members at 30 June (previously 31 October). This unit price is used to calculate member's closing account balances. Investment earnings on an individual member's account is the difference between the closing and opening balances, less any transactions in or out of the account during the year.

The 30 June 2016 final unit price is \$1.3262639714 for the Managed option. This is a 0.19% increase on the unit price of \$1.3237003566 at 31 October 2015.

The return of 0.19% only applies to amounts held in your Managed option account for the full financial year. Any contributions, rollovers or withdrawals during the year will have bought and sold units at the unit price applying at the date of the transaction. As such, the return on your individual account may be different to 0.19%, especially if you have had large cashflows in or out of your account during the year.

This year and the previous 4 years returns for the Managed option are shown in the below table:

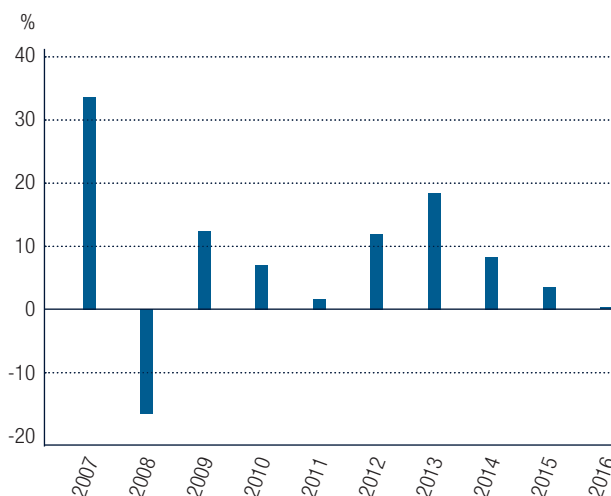
2016 (31 October 2015 – 30 June 2016)	0.19%
2015 (31 October 2014 – 31 October 2015)	3.40%
2014 (31 October 2013 – 31 October 2014)	8.13%
2013 (31 October 2012 – 31 October 2013)	18.39%
2012 (31 October 2011 – 31 October 2012)	12.00%

Over the last 5 year period, the Fund's crediting rate averaged 8.22% pa and the 10 year average is 7.31% pa. These average returns are the compound effective rate of return.

Interim unit prices are set by the Trustee on a monthly basis (or more frequently if deemed necessary) for use in calculating the account balance of members who are exiting the Fund or otherwise making a withdrawal and for buying units for members who receive a contribution or rollover into the Fund. Further details are available from [www.cbhsuper.com.au](http://www.cbhsuper.com.au).

The chart below shows the returns that members have received since 2007. Returns are calculated by the movement in unit prices.

## HISTORIC ANNUAL RATE OF RETURNS FOR THE MANAGED OPTION



Members should note that past returns may not be an indication of future performance.

## ACCOUNT-BASED PENSION OPTION RETURNS

For 2016, (31 October 2015 – 30 June 2016), the Pension Managed option returned -0.37% and the Pension Cash option returned 0.71%.

The 2016 final unit price is \$1.0955741061 for the Pension Managed option.

The 2016 final unit price is \$1.0374498044 for the Pension Cash option.

These investment returns would only apply to amounts that had been invested in the option for the entire year. Returns on individual member accounts will vary from these returns depending on the date they commenced their pension and the timing of withdrawals (including pension payments) from their account.

The Pension Managed option commenced in November 2013 and has returned 3.48% p.a. (2 years 8 months) since inception. The Pension Cash option commenced in April 2014 and has returned 1.65% p.a. (2 years 3 months) since inception.

## INVESTMENT APPROACH

To achieve a net return after tax and fees that is competitive with the other comparable superannuation funds available to current and former employees of CBH, eligible grower members and the spouse of any of these as an alternative to joining the CBH Superannuation Fund.

### INVESTMENT OBJECTIVES

#### Growth and Pension Growth Options\*

\* available to members from 1 July 2016

The investment objective is to seek returns after tax and investment costs that exceed the change in the Perth Consumer Price Index (CPI) by at least 3.75% per annum over rolling 5 year periods.

#### Managed and Pension Managed Options\*

\*Renamed Balanced option from 1 July 2016

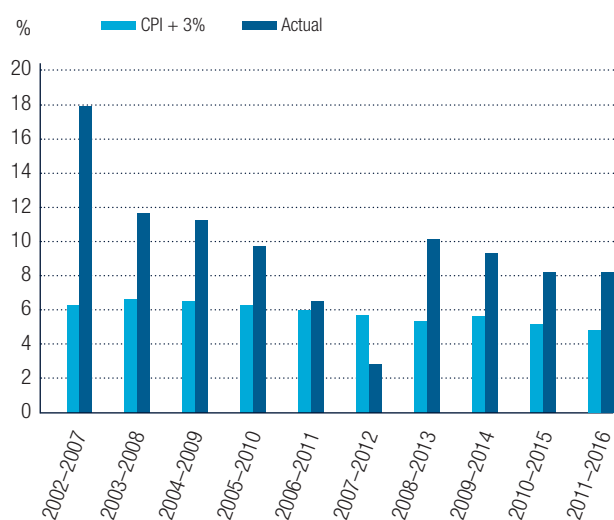
The investment objective is to seek returns after tax and investment costs that exceed the change in the CPI by at least 3% per annum over rolling 5 year periods.

#### Pension Cash Option

The investment objective is to minimise the probability of capital loss while at least matching the return of the Bloomberg Ausbond Bank Bill Index over rolling 5 year periods.

### FUND PERFORMANCE AGAINST TARGET OF CPI + 3%

The chart below shows the Fund's Managed option performance to investment objective in rolling 5 year periods since 2002.



\* Returns calculated using compound annual growth rate.

### INVESTMENT PHILOSOPHY

The Trustee invests in a combination of directly held and externally managed investments. The Trustees decision on whether to hold an investment directly or through a fund manager is based on an assessment of the capabilities, performance and costs in order to achieve the best outcome for members.

### SOCIALLY RESPONSIBLE INVESTING

The Trustee does not specifically address labour standards, social, environmental or ethical issues when assessing investments.

### INVESTMENT POLICY & STRATEGY

The main features of the Trustee's investment policy and strategy are set out below.

- In making decisions on investment strategy, the Trustee will have regard to the overall circumstances of the Fund and will comply with all applicable legislative requirements.
- The Trustee will assess whether the risk and return profile of each investment is consistent with the Fund's investment strategy.
- The Fund's investments will be managed with a view to ensuring the Fund will have sufficient liquidity to meet cashflow requirements.
- The primary goal of any investment is to obtain the maximum return to the Fund given a level of risk commensurate with risk management and liquidity requirements.
- The Trustee will seek to minimise investment risk by appropriate diversification of its portfolio.
- Negative investment returns will be tolerated when consistent with the level of risk identified for the portfolio.
- The Trustee will have a long-term focus based upon the asset allocation benchmark ranges set out in this document.
- The Trustee may identify and implement asset class tilts within the ranges where risk-adjusted returns are expected to enhance member benefits.
- The Trustee will consider the cost and tax implications when selecting investments.
- All assets and directly held securities will be notified to members in the Fund's annual report.



## PROXY VOTING

The Trustee has adopted the Australian Council of Superannuation Investors (ACSI) Governance Guidelines as a guide on how to vote proxies for its directly held Australian shares. The Trustee has appointed a proxy adviser (Ownership Matters) to provide voting recommendations to the Fund based on the Ownership Matters Guidelines which are consistent with the ACSI Guidelines. The Trustee retains the ultimate responsibility for lodging its proxies and may vote differently to the adviser's recommendation and ACSI Guidelines where it deems appropriate.

## USE OF DERIVATIVES

Derivatives, such as futures or options, are investment products whose value is derived from other investments. For example, the value of a share option is linked to the value of the underlying share.

Generally, the Trustee does not directly invest in derivatives but may use derivatives in order to gain market exposure (e.g. SPI Futures). The Trustee will not invest in derivatives for speculative purposes. The Trustee acknowledges derivatives may be used by externally managed funds as part of portfolio management.

## MEMBER INVESTMENT CHOICE

At 30 June 2016, the Fund offered only a single pooled investment for superannuation members in the accumulation section. However, following a member survey indicating members would utilise another investment option, the Fund introduced a new option for members both in the accumulation and pension sections from 1 July 2016. The new option is called the Growth option and offers a greater amount of growth assets in its portfolio (See over page for asset allocation).

The Managed option has also been renamed the Balanced option (and Pension Balanced option) from 1 July 2016 to make it easier for members to distinguish between the two options.

Members electing to take up an account-based pension also have the option to place all or part of their monies in a Cash option.

For full details about the Fund's investment options, please see the relevant Product Disclosure Statement available from [www.cbhsuper.com.au](http://www.cbhsuper.com.au).



## ASSET CLASS ALLOCATIONS

The following table sets out the long-term Strategic Asset Allocation (SAA) ranges within which each option will be expected to operate, the portfolio benchmark allocation and the actual allocation for 2016.

The actual allocation may vary within the SAA ranges depending on the investment environment and asset class valuations. Should the actual allocation to a particular asset class for any option exceed the relevant range by more than 2%, the Trustee will notify members and initiate corrective action to return the exposure to be within the range within a specified period.

ASSET CLASS ALLOCATIONS					
ACCUMULATION ACCOUNTS					
Asset Class	SAA Range Growth option 2016 – 2017*	Benchmark Allocation Growth option 2016 – 2017	SAA Range Balanced option^ 2016 – 2017	Benchmark Allocation Balanced option^ 2016 – 2017	2016 Allocation Managed option^
Australian Shares	20 – 45%	32.50%	20 – 40%	28%	26.24%
Overseas Shares	20 – 45%	32.50%	20 – 40%	30%	31.40%
Property	0 – 25%	15%	0 – 20%	10%	8.71%
Other Growth Investments	0 – 10%	0%	0 – 20%	2%	0.58%
<b>Total Growth Assets</b>		<b>80%</b>		<b>70%</b>	<b>66.93%</b>
Fixed Interest	5 – 25%	15%	10 – 35%	25%	27.06%
Cash and Liquid Assets	2 – 10%	5%	2 – 15%	5%	6.01%
<b>Total Defensive Assets</b>		<b>20%</b>		<b>30%</b>	<b>33.07%</b>

\* The Growth option was introduced on 1 July 2016 and therefore previous year allocations are unavailable.

^ The Managed option was renamed the Balanced option from 1 July 2016.

PENSION ACCOUNTS								
Asset Class	SAA Range Pension Growth option 2016 – 2017*	Benchmark Allocation Pension Growth option 2016 – 2017	SAA Range Pension Balanced option 2016 – 2017	Benchmark Allocation Pension Balanced option^ 2016 – 2017	2016 Allocation Pension Managed option^	SAA Range Pension Cash option 2016 – 2017	Benchmark Allocation Pension Cash option 2016 – 2017	2016 Allocation Pension Cash option
Australian Shares	20 – 45%	32.50%	20 – 40%	28%	30.78%	–	–	–
Overseas Shares	20 – 45%	32.50%	20 – 40%	30%	29.74%	–	–	–
Property	0 – 25%	15%	0 – 20%	10%	10.93%	–	–	–
Other Growth Investments	0 – 10%	0%	0 – 20%	2%	0.65%	–	–	–
<b>Total Growth Assets</b>		<b>80%</b>		<b>70%</b>	<b>72.10%</b>	–	–	–
Fixed Interest	5 – 25%	15%	10 – 35%	25%	23.41%	–	–	–
Cash and Liquid Assets	2 – 10%	5%	2 – 15%	5%	4.49%	100%	100%	100%
<b>Total Defensive Assets</b>		<b>20%</b>		<b>30%</b>	<b>27.90%</b>		<b>100%</b>	<b>100%</b>

\* The Pension Growth option was introduced on 1 July 2016 and therefore previous year allocations are unavailable.

^ The Pension Managed option was renamed the Pension Balanced option from 1 July 2016.

## INVESTMENTS HELD AT 30 JUNE 2016

The below information is provided so that members can see what they are actually invested in through their superannuation account:

AT 30 JUNE 2016	NET MARKET VALUE	2016 ALLOCATION
<b>GROWTH ASSETS</b>		
<b>AUSTRALIAN SHARES</b>		
AGL Energy	\$1,653,851	0.71%
Ansell	\$1,420,425	0.61%
ANZ Bank	\$3,414,491	1.46%
APA	\$1,775,378	0.76%
Asciano Limited	\$697,226	0.30%
AFIC	\$1,194,537	0.51%
BHP Billiton	\$1,802,027	0.77%
Brambles	\$3,328,869	1.42%
Commonwealth Bank	\$4,771,326	2.04%
Computershare	\$1,345,812	0.58%
Crown	\$1,085,311	0.46%
CSL	\$6,451,583	2.76%
Cybg Plc	\$124,475	0.05%
Insurance Australia Group	\$463,645	0.20%
Invocare	\$941,350	0.40%
Iron Mountain	\$387,610	0.17%
National Australia Bank	\$3,036,342	1.30%
Oil Search	\$553,928	0.24%
Origin Energy	\$1,399,166	0.60%
Ramsay Health Care	\$3,012,916	1.29%
Santos	\$755,258	0.32%
Seek	\$1,387,708	0.59%
Sydney Airport	\$1,885,147	0.81%
Telstra	\$2,426,296	1.04%
Transurban	\$3,801,725	1.63%
Wesfarmers	\$4,903,488	2.10%
Westpac Bank	\$4,452,190	1.90%
Woodside Petroleum	\$992,388	0.42%
Woolworths	\$2,060,763	0.88%
<b>Australian Shares – Total</b>	<b>\$61,525,231</b>	<b>26.32%</b>
<b>OVERSEAS SHARES</b>		
IFP Global Franchise Fund	\$26,732,194	11.44%
Magellan Global Fund	\$21,912,965	9.38%
Zurich Global Growth Share	\$23,415,576	10.02%
<b>Overseas Shares – Total</b>	<b>\$72,060,735</b>	<b>30.84%</b>

AT 30 JUNE 2016	NET MARKET VALUE	2016 ALLOCATION
<b>PROPERTY</b>		
Bunnings Warehouse	\$3,584,202	1.53%
Goodman Group	\$661,461	0.28%
Building: 146-160 Colin St, West Perth	\$16,000,000	6.85%
<b>Property – Total</b>	<b>\$20,245,663</b>	<b>8.66%</b>
<b>OTHER GROWTH ASSETS</b>		
Perth Clinic	\$1,361,160	0.58%
<b>Other Growth Assets – Total</b>	<b>\$1,361,160</b>	<b>0.58%</b>
<b>GROWTH ASSETS – TOTAL</b>	<b>\$155,192,789</b>	<b>66.40%</b>
<b>DEFENSIVE ASSETS</b>		
<b>FIXED INTEREST</b>		
ANZ FRN Mat 11/11/2019	\$4,980,970	2.13%
Kapstream Absolute Return Income Fund	\$50,198,924	21.48%
NAB FRN Mat 27/11/2019	\$1,490,694	0.64%
Perth Airport Bond	\$540,439	0.23%
Royal Bank Canada FRN Mat 10/2/2020	\$994,453	0.43%
Treasury Corp of Victoria Bond	\$1,245,282	0.53%
WA Treasury Corp Bond	\$1,259,750	0.54%
Westpac Bank FRN Mat 22/1/2020	\$2,996,552	1.28%
<b>Fixed Interest – Total</b>	<b>\$63,707,064</b>	<b>27.26%</b>
<b>CASH &amp; LIQUID ASSETS</b>		
Cash at Bank	\$1,176,248	0.50%
Colonial Wholesale Cash Fund	\$13,646,598	5.84%
<b>Cash &amp; Liquid Assets – Total</b>	<b>\$14,822,846</b>	<b>6.34%</b>
<b>DEFENSIVE ASSETS – TOTAL</b>	<b>\$78,529,910</b>	<b>33.60%</b>
<b>TOTAL</b>	<b>\$233,722,699</b>	<b>100.00%</b>

## 2017 INVESTMENT STRATEGY

The Trustee does not presume to have the ability to accurately determine when the global or national economic environment will change and believes that the best way to manage investment risk is to maintain a diversified portfolio of quality shares, bonds, property and cash.

The Trustee has also introduced a Growth option for members in both the accumulation and pension sections, offering a greater exposure to growth assets. The Strategic Asset Allocations for all options are available on page 8.

Members of the Pension section can continue to access the Cash investment option.

Key features of the Balanced and Growth option strategies for the coming year are:

- Australian Shares** – The Australian share benchmark allocation has been increased from 25% to 28% in the Balanced option and established as 32.5% for the Growth option. The Trustee will continue to invest in companies that have a strong overseas earnings/franchises or the potential to take advantage of structural international trends.
- Overseas Shares** – The overseas share target allocation has been decreased from 33% to 30% for the Balanced option and the higher weighting of 32.5% for the Growth option.
- Property** – Exposure to the property asset class may be through an investment in direct property, unlisted property trusts or listed property trusts (or a combination of each). The benchmark allocation to property is 10% for the Balanced option and 15% for the Growth option.
- Fixed Interest** – The benchmark allocation remains at 25% for the Balanced option and 15% for the Growth option. The Trustee has a combination of directly held bonds and an absolute return portfolio. Many market participants expect the Reserve Bank of Australia to potentially decrease interest rates further from already historically low levels. The United States Federal Reserve is also expected to raise official interest rates at the end of 2016 or during 2017 as the economy improves. In each of these environments, the Trustee believes the combination of directly held and an absolute return focus portfolio will assist in providing protection during changing economic and interest rate environments.
- Cash** – No change has been made to the benchmark allocation to this sector.



## INVESTMENT RISK

The table below shows the estimated number of annual negative returns over any 20 year period for each investment option. These negative returns can be experienced several years apart or several years in a row within the 20 year period.

However, negative returns may in fact be more or less frequent. The Fund historically has only incurred negative returns twice in the last 30 years, (1992 and 2008).

RISK BAND	RISK LABEL	ESTIMATED NUMBER OF ANNUAL NEGATIVE RETURNS OVER ANY 20 YEAR PERIOD
1	Very Low	0 Cash option
2	Low	0.5
3	Low to Medium	1
4	Medium	2
5	Medium to High	3 Balanced option
6	High	4 Growth option
7	Very High	6+

## LIQUIDITY, EXISTING AND PROSPECTIVE LIABILITIES

The Trustee has a Liquidity Policy in place to manage investment liquidity issues so that the Fund has adequate capacity to meet its liabilities as they fall due. Liquidity and cash flow requirements are considered before any investment transactions are executed.

The Fund maintains adequate cash to cover known existing and prospective liabilities and endeavours to maintain sufficient cash to manage risk and protect against adverse liquidity events.

# MEMBERSHIP INFORMATION

## KEY FUND STATISTICS AT 30 JUNE 2016

Member numbers increased during the year by 61 to 1085. The number of defined benefit (DB) pensioners decreased to 1.

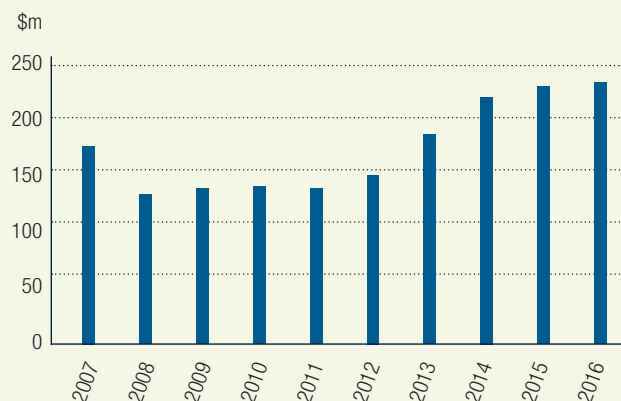
	2016	2015
No of Active Members (Employee & Grower)	792	777
No of Retained Members	192	150
No of Spouse Members	90	88
No of Account-Based Pension only Members	10	7
No of DB Pensioners (class closed)	1	2
<b>Total</b>	<b>1085</b>	<b>1024</b>
Additional Account Based Pension accounts*	40	26
<b>Total number of accounts</b>	<b>1125</b>	<b>1050</b>

\* Some Account Based Pension members hold multiple Fund accounts

## TOTAL FUND ASSETS

During our financial year, the total Fund assets increased by 1.8% from \$229.5 million to \$233.7 million.

## HISTORIC TOTAL FUND ASSETS



## VESTED BENEFITS

Vested benefits are the entitlements to which members would have been due in the event that they had terminated their Fund membership on 30 June 2016.

Total vested accumulation benefits are \$225,828,570 (\$221,320,030 in 2015) and the lump sum value of vested defined benefit pensions is \$302,123 (\$338,007 in 2015).

## FUND MEMBERSHIP

Membership of the Fund is available to the following categories of people:

### EMPLOYEES OF CBH

Current permanent and part-time employees of Co-operative Bulk Handling Limited (CBH) and subsidiary companies associated with the Fund.

### GROWER MEMBERS

Growers can complete an Associated Employer Agreement to be accepted by the Fund and CBH. Upon acceptance as an Associated Employer, the following people will be eligible to join the Fund:

- where the grower is a sole trader, the registered grower;
- where the grower is a company, any director of the company;
- where the grower is a partnership, any partner;
- where the grower is a family trust, any director or trustee of the trust; and
- for all grower structures, any relation of the owner who carries out the day-to-day operations of the farm on a permanent basis (e.g. sibling/adult child/nephew/niece/uncle/aunt etc.).

Non-related employees of a grower are not eligible to join the Fund.

## RETAINED MEMBERS

Former employees may stay with the Fund after ceasing employment with CBH by applying to join the retained member category.

## SPOUSE MEMBERS

The spouse of any member can become a member of the Fund with their own account. "Spouse" means a legal or defacto spouse, but not a same sex spouse.

## ACCOUNT-BASED PENSION MEMBERS

An account-based pension is available to any member who has retired, transitions to retirement from preservation age whilst continuing to work or has a super benefit that can be accessed immediately (generally due to total and permanent disablement).

## MEMBER BENEFITS

All members other than Account-based pension members are able to:

- have their employer pay contributions into their account in the Fund;
- make voluntary contributions into the Fund;
- transfer benefits from other superannuation funds into their account; and
- hold insurance cover.

You should refer to the Fund's Product Disclosure Statement for full details of benefits available to members.

## CONTRIBUTIONS

### EMPLOYER CONTRIBUTIONS (CONCESSIONAL)

Superannuation Guarantee (SG) legislation requires employers to contribute a minimum rate of their employees' income to a superannuation fund. The current contribution rate is 9.5%. The minimum SG rate is scheduled to increase to 12% by 1 July 2025 as follows:

Year commencing	SG rate
1 July 2014	9.5%
1 July 2021	10%
1 July 2022	10.5%
1 July 2023	11%
1 July 2024	11.5%
1 July 2025	12%

Concessional contributions (the total of employer and salary sacrifice) are subject to the legislative cap of \$30,000 per annum from 1 July 2016. Individuals over 49 years of age at 30 June 2016 are able to receive up to \$35,000 per annum of concessional contributions.

### SALARY SACRIFICE CONTRIBUTIONS (CONCESSIONAL)

Members may enter into an agreement with the employer for "before tax" salary sacrificed contributions to be paid into their superannuation account.

Salary sacrifice contributions count as employer contributions towards the per annum concessional contributions cap applicable for your age.

Any member considering salary sacrifice should seek professional advice as to its appropriateness in their particular circumstances.

### MEMBER POST-TAX CONTRIBUTIONS (NON-CONCESSIONAL)

It is the Government's intention to amend the \$180,000 non-concessional contribution cap, however this is reliant on government legislation being passed. Members should contact the Fund before making any large contributions to ensure current legislated caps are not breached.

These member personal contributions may create an entitlement to government co-contributions for members earning below the income threshold. See below for more details.

### GOVERNMENT CO-CONTRIBUTIONS

The Federal Government provides an incentive scheme to encourage low income earners to contribute personal contributions to their superannuation.

The government contributes where personal contributions are made by eligible persons earning \$36,021 or less (including fringe benefits and any salary sacrifice arrangements) for the 2016 – 17 financial year, with a maximum co-contribution amount of \$500 available. The co-contribution amount progressively reduces as income increases and cuts out totally at \$51,021 pa.

The co-contribution amount due to the member is automatically calculated and remitted to the Fund by the Australian Taxation Office (ATO) after the eligible person has submitted their annual income tax return.

### LOW INCOME SUPERANNUATION CONTRIBUTIONS

The Federal Government boosts superannuation balances of low income individuals by refunding the 15% contributions tax payable on superannuation guarantee contributions. The amount of the payment is up to \$500 annually for individuals on adjusted

taxable incomes of up to \$37,000 and is automatically calculated and remitted to the Fund by the ATO after the eligible person has submitted their annual income tax return.

The government has repealed the low income superannuation contribution from 1 July 2017.

### Spouse Contributions

A rebate of 18% is claimable on contributions of up to \$3,000 made on behalf of a spouse earning less than \$10,800 (maximum rebate \$540). Spouse contributions must be made from after-tax monies.

### Leaving Employment with the CBH Group

When you leave employment with the CBH Group the options available to you are:

- apply to become a “Retained” member which allows you to stay in the Fund and continue to enjoy all the benefits of membership. This includes continuing your insurance and having your new employer pay your contributions into the Fund. You can also commence an account-based pension once you reach your preservation age.
- roll-out/transfer – transfer to another complying superannuation fund.
- cash payment – if you have a non-preserved benefit or meet a condition of release, you can have all or part of the benefit paid to you in cash.

### Payment of Benefits

Members may withdraw all or part of their account balance from the Fund at any time for rollover to another complying superannuation fund.

A member’s account balance is determined by the number of units held at the start of the year, adding units bought from contributions and incoming transfers, and deducting units for any insurance premiums, taxes, administration expenses and withdrawals from their account during the year. This total unit balance is multiplied by the unit price in effect at the date of withdrawal to calculate the benefit.

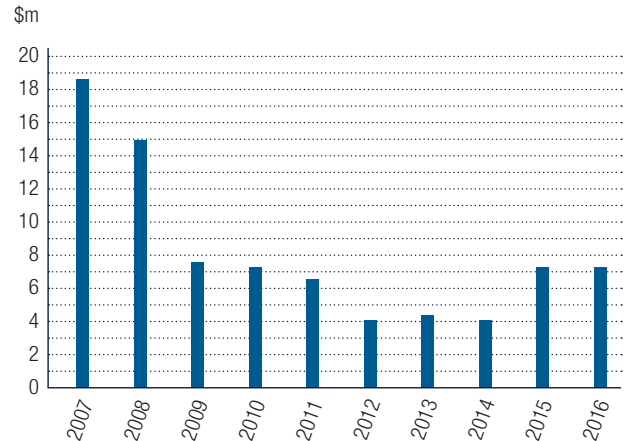
Superannuation may only be paid directly to a member if they have satisfied a condition of release as explained in the section ‘Preservation Rules’ on page 14.

Benefits cannot remain with the Fund after a member has ceased to be an employee of CBH Group unless

an application for retained membership is received from the member and accepted by the Trustee.

If a terminating employee fails to provide adequate instructions for the payment of their benefit within 90 days of employment termination, their account balance may be transferred from the Fund as per the Fund’s unclaimed benefit policy.

### Benefits Paid



### Identification Requirements for Benefit Payments

The Anti Money-Laundering & Counter Terrorism Financing Act provisions require all superannuation funds to obtain adequate member identification prior to paying a benefit to ensure the person receiving the payment is who they claim to be.

Additional identification and compliance declarations may be required in the event of a rollover to a Self Managed Superannuation Fund due to the capacity of the trustee/member of such a fund to convert a rollover to cash.

### Temporary Residents Departing Australia

Members who worked in Australia on a temporary resident visa and whose visa has expired, or has been cancelled, can now claim their superannuation benefit directly from the Fund within 6 months of departing Australia. Any such payment is subject to the deduction of 38%, which includes PAYG withholding tax and other government levies.

Superannuation funds are required to transfer any account held for a departed temporary resident to the Australian Taxation Office (ATO) after 6 months of their departure and an affected person must contact the ATO to access their benefit.

## PORTABILITY AND VOLUNTARY WITHDRAWALS

Any member may elect to have their account balance transferred to a regulated superannuation fund of their choice (Portability withdrawal election). This will be done within 3 – 30 days of submission of the appropriate documentation, including any identification requirements.

In order to protect Fund assets against arbitrage “switching”, the Trustee may refuse to accept rollovers back into the Fund by members who have previously made a portability withdrawal election.

## PARTIAL WITHDRAWALS

Members who have account balances greater than \$5,000 may withdraw part of their account balance and transfer it to another super fund or have it paid direct to them if they satisfy a condition of release.

## PRESERVATION RULES

All contributions and investment earnings received after 1 July 1999 are fully preserved and generally cannot be paid out to members unless they satisfy a condition of release. In most cases the release condition will be permanent retirement from the workforce after you reach your preservation age. Other release conditions include attaining age 65, death and permanent incapacity.

Your preservation age will depend on your date of birth, as shown below:

Date of Birth	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
After 30/06/1964	60

If your benefit includes a non-preserved component, then that part of the benefit may be paid to you upon employment termination prior to your preservation age – less any PAYG lump sum tax applicable.

## UNCLAIMED BENEFITS POLICY

The Trustee may transfer account balances to an Eligible Rollover Fund (ERF) if an exiting member does not provide the Fund with adequate instructions after ceasing employment or a retained member does not maintain a sufficient account balance.

If a benefit is transferred to an ERF then all Fund membership entitlements, including any death or disability benefit cover, will cease.

The Fund’s current ERF is The Australian Eligible Rollover Fund and it may be contacted at Locked Bag 5429, Parramatta NSW 2124 or telephone 1800 677 424.

## LOST SUPER

If you think that you may have superannuation owing to you from previous employers or other superannuation funds, then contact the Australian Taxation Office (ATO).

You can visit [mygov.gov.au](http://mygov.gov.au) and log in or create a ‘myGov’ account to track down your lost super or call the ATO on 13 28 65. Make sure you have your tax file number handy, as you’ll be prompted for this information.

Alternatively, you can consent to CBH Super finding your other super accounts and any lost or unclaimed super you may have. You can provide consent by completing a ‘SuperMatch Consent Form’ and returning it to CBH Super.

## INSURANCE

Below is a summary of insurance available to members. For additional information on insurance you should refer to the Fund’s Product Disclosure Statement.

## DEATH AND TOTAL AND PERMANENT DISABLEMENT (TPD) BENEFITS

New employees, including part-time employees who join the Fund within 30 days of commencing employment with CBH can automatically receive death and TPD cover, with the amount of cover based on your current age. You are also eligible to apply for additional death cover which is subject to assessment by the Fund’s group insurance provider.

Death and TPD benefit insurance cover is available for all employees who join the Fund more than 30 days after the commencement of employment and only commences after an application has been assessed and accepted by the Fund’s group insurance provider.

Grower, spouse and retained members are also eligible to apply for Death and TPD cover, however there is no automatic cover provided.

The member’s current account balance, plus any insurance cover held, is payable following receipt



and verification of a valid death or terminal illness claim for death cover held or total and permanent disablement claim for TPD cover held.

## **SALARY CONTINUANCE COVER**

New employees who join the Fund within 30 days of commencing employment with CBH can automatically receive salary continuance cover which pays 75% of your salary with a 2 year benefit period. You may apply to increase the benefit period to have payments made until age 65, however this is subject to assessment by the Fund's group insurance provider.

Grower, spouse, retained and existing employee members who do not hold salary continuance insurance cover may apply for this cover at any time. Acceptance is subject to assessment by the Fund's group insurance provider.

If a claim is accepted by the Fund's group insurance provider you would be paid a maximum of 75% of your salary for the period you are assessed as being unable to return to work or for a maximum period of two years or to a maximum age of 65 depending on the level of cover you hold.

## **WHO RECEIVES MY SUPER IF I DIE?**

If you die, your benefit will be paid as a lump sum to your nominated beneficiaries or your estate.

## **PREFERRED NOMINATION OF BENEFICIARY**

If you die while you are a member of the Fund, the Trustee has discretion to pay your super benefit to any one or more of your dependants and your estate in any proportion it determines. Although the Trustee of the Fund is not legally bound by your wishes, it will take them into account when exercising its discretion. Because of this we need to know who you would like to receive your super benefit.

## **WHO CAN YOU NOMINATE?**

You have the choice of nominating one or more of your dependants. This can include:

- your spouse (including de-facto);
- your children (including step-children and adopted children); and
- any other person who the Trustee considers is wholly or partially dependent on you or had a right or expectation to look to you for support.

You can also nominate your legal personal representative (your estate). If your legal personal

representative receives your benefit, it will be distributed according to your will, or if you don't have a will, according to State law.

If you don't have any dependants or a legal personal representative, the Trustee of the Fund has the discretion to pay your super benefit to any person allowed by the law. This would usually be a relative or relatives of the deceased member.

## **BINDING BENEFICIARY NOMINATION**

A binding death benefit nomination is a legal tool that binds the Trustee to pay your benefit to your nominated beneficiaries, provided the form is valid at the time of your death.

## **CHANGING YOUR NOMINATION**

You can change your nomination at any time by completing a Nomination form. A later form will override any earlier form. Nomination forms are available from [www.cbhsuper.com.au](http://www.cbhsuper.com.au) or by contacting the Fund on (08) 9416 6235.

## **ADMINISTRATION**

The Trustee believes that good member communications are essential for a corporate fund and therefore all member enquiries are handled in-house by the Chief Executive Officer and support staff.

The Fund has appointed a professional administrator, SuperBPO from 1 July 2016 to handle contribution receipts, rollovers, benefit payments and other administration tasks.

## **FINANCIAL ADVICE FOR MEMBERS**

As the Trustee does not hold an Australian Financial Services Licence, neither the Trustee Directors, the Chief Executive Officer or any fund staff may provide financial advice to members.

However, the Fund has appointed a preferred Financial Planner for members, Vantage Wealth Management. Vantage Wealth Management is not aligned to any financial institution and offers independent financial advice to CBH Super members at reduced prices.

Located in West Perth, you can contact Vantage Wealth Management on 1800 118 848 or visit [vantagewm.com.au](http://vantagewm.com.au). Don't forget to mention you are a CBH Super member!



# FEES, EXPENSES AND TAX

## ADMINISTRATION AND INVESTMENT COSTS

Administration expenses of \$439,602 and investment expenses of \$279,848 were effectively borne by members as they were deducted from investment earnings when calculating the final unit price. Administration expenses are adjusted for any Trustee capital expenses and the administration fee recouped directly from individual member accounts.

During the financial year, CBH made a financial contribution of over \$300,000 to assist in meeting the salaries of the Chief Executive Officer, Risk and Compliance Manager and support staff, and also provides office and other facilities to enable the Fund to operate. Member elected and Employer appointed Trustee Directors receive no remuneration from the CBH Superannuation Fund for undertaking their superannuation duties.

While there are certain costs such as APRA Levies, audit fees and the cost of actuarial and legal advice which are unavoidable, the Trustee endeavours to keep other expenses to a minimum by retaining in-house every function that it is practical and possible to do so.

## MANAGEMENT EXPENSE RATIO

The annualised management expense ratio (MER) (being the ratio of total non-tax expenses, including investment costs, against total Fund assets) for the 8 months ending 30 June 2016 was 0.31% – slightly increasing from 0.28% in 2015. As the Fund had a 8 month financial year, the MER may be more or less than currently shown if calculated over 12 months. The expense ratio remains well below the industry average.

Investment management was undertaken for the financial year by a full time CBH employee. These costs were reimbursed to CBH and total \$150,056.

This cost, which is reported as a part of the direct investment expenses in the Financial Statements is indirectly met by members through a reduction in the final unit price.

The management expense ratio of 0.31% is made up of an investment fee of 0.12% (0.16% for the year ending 31 October 2015) and indirect costs of 0.19% (0.12% for the year ending 31 October 2015).

Insurance premiums are not included in expenses as they are deducted directly from member accounts.

## APPLICATION OF CHARGES TO MEMBER ACCOUNTS

The Trustee endeavours to apply any expenses against the account of the individual member on whose behalf the expense was incurred. The aim is that members should not indirectly pay for services or benefits that are either received by another member or which the member does not require.

An administration fee of \$65 per annum per accumulation account is charged to partly recoup the cost of administration services. \$365 is charged for each allocated pension account held.

Any death or disability insurance premiums are also debited against the relevant member's account.

When a member leaves the Fund or requests a contribution split from their account, a fee of \$75 is deducted from their benefit amount to cover the cost to the Fund of the administration work involved in processing the payment.

A \$75 fee applies for the processing of partial withdrawals if more than 2 are made per year.

A Family Law fee of \$150 applies where a benefit is split to a non-member spouse under the Family Law Act provisions.

## 2015–16 FEES FOR A \$50,000 ACCOUNT BALANCE (Accumulation Members in the Managed option)\*

Fee Type	Calculation	Amount for \$50,000 account balance
Investment fees	0.12%	\$60.00
Administration fees	\$65 flat fee p.a.	\$43.16
Indirect costs	0.19%	\$95.00
<b>Total cost</b>		<b>\$198.16</b>

\* These fees are based on pro-rata fees due to the Fund's 8 month financial year for 2015–2016.

### EFFECT OF FEES & EXPENSES ON MEMBER ACCOUNT BALANCES

Fund operating and investment expenses are deducted from assets prior to the determination of the annual unit price to be used to calculate member balances. Therefore investment and administration expenses incurred have the effect of reducing the potential amount of earnings that can be distributed to members.

In the 2015–16 financial year, for a member with a \$50,000 account balance (accumulation account in the Managed option), the total of the Fund expenses incurred against earnings, including the annual administration fee deducted from the member account balance but excluding any insurance premiums, is approximately \$198.16.

### CONTRIBUTIONS TAX

A tax of 15%, which applies to all concessional contributions (this includes employer, salary sacrifice and contributions from self-employed members who have claimed a tax deduction) is debited against that member's account.

For people with a combined income and superannuation contributions above \$300,000 per year, the tax (Division 293 tax) on the concessional contributions over the \$300,000 threshold is 30%. The Australian Taxation Office determines those individuals who are required to pay the additional tax and sends an assessment notice to the individual. The assessment can be paid directly or from your super account by passing the notice on to the Fund.

The Government has set limits on how much you can contribute to super as concessional and non-concessional (after-tax) contributions. If you breach these caps you may have to pay more tax. For further details see the Fund's Product Disclosure Statement or contact the Fund on (08) 9416 6235.

### TAX FILE NUMBERS

The Trustee is required to deduct an additional tax of 32% plus a 2% temporary budget repair levy from concessional (i.e. employer, salary sacrifice or self-employed) contributions received if your tax file number is not held.

### SUPERANNUATION SURCHARGE TAX

Although the surcharge tax was abolished for employer contributions made after 1 July 2005, it is possible for some members to incur surcharge tax during the coming year. Any assessment paid by the Fund is deducted from the relevant member's account.





# TRUSTEE INFORMATION AND GOVERNANCE

The Trustee of the CBH Superannuation Fund, CBH Superannuation Holdings Pty Ltd (ACN 008 684 268), is responsible for managing the Fund on behalf of the members in accordance with the Trust Deed and relevant legislation.

All Fund assets are held in the Trustee's name and as no investments are associated with the employer, the assets supporting member's benefits are secure against any employer corporate action, including takeover or financial failure.

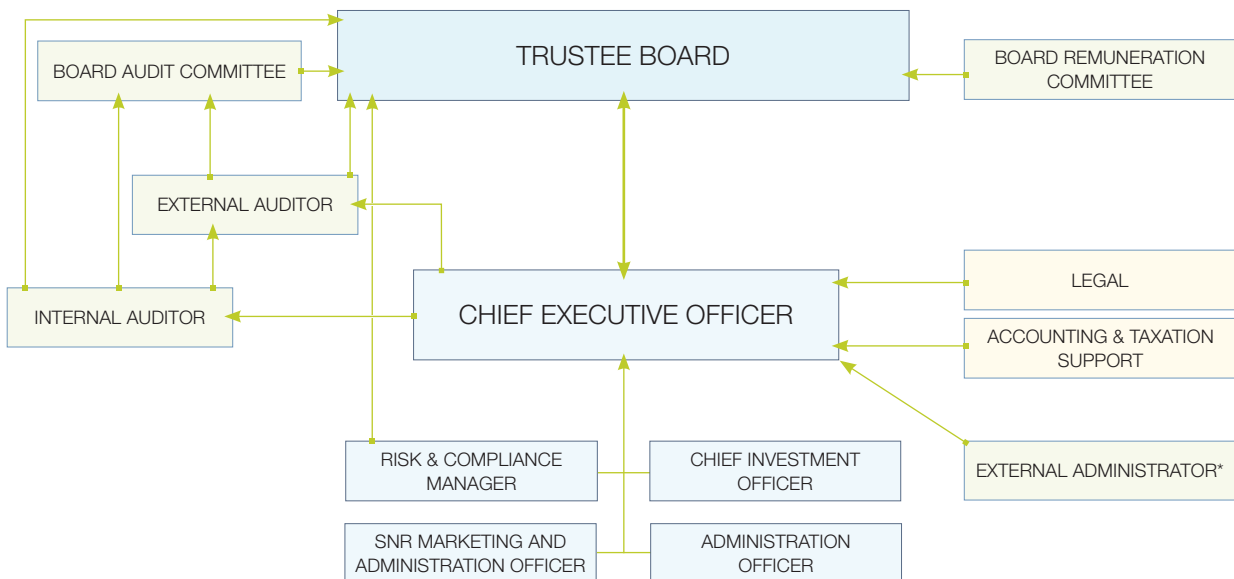
The Trustee Board retains the investment decision-making power after considering the recommendations of the Chief Investment Officer.

The Fund is registered as a regulated corporate superannuation fund and the Trustee is licensed by the Australian Prudential Regulation Authority (APRA) to manage the Fund. The Trustee is committed to retaining its license and is not aware of any matter that would cause the Fund to lose its complying status.

In accordance with the instructions of and reporting to the Trustee, the Chief Executive Officer undertakes the day to day running of the Fund, including management of staff and the external administrator.

## ORGANISATIONAL STRUCTURE

The below chart displays the Fund structure:



\* Appointed as of 1 July 2016.

## CORPORATE GOVERNANCE

The Trustee is responsible for the governance of the CBH Superannuation Fund and manages the Fund's business in accordance with the Fund's Trust Deed and Rules and all relevant laws and regulations.

The Trustee has in place a governance framework which consists of policies advising roles, responsibilities and delegations; procedures for the Fund's operations, compliance and risk management; and appropriate strategic planning. These policies comply with APRA Prudential Standards. In addition to being regularly reviewed by the Trustee, the policies are subject to full or partial review by APRA, external and internal auditors.

Our Governance Policy is available on our website [www.cbhsuper.com.au](http://www.cbhsuper.com.au) and other key policies are available from the Chief Executive Officer on request.

### TRUSTEE DIRECTORS AND CEO

The Directors of the Trustee Company consist of an equal number of employer-appointed representatives and member-elected representatives as well as an Independent Director. Directors meet regularly and have equal voting rights.

To ensure neither the employer representatives, member representatives nor the independent director can impose their will upon the other, any Trustee resolution requires a 2/3 majority of Directors to be passed.

During the financial year, Ed Kalajzic was appointed as an employer-appointed director. Mr Kalajzic was appointed on 1 March 2016 and replaced Allyn Wasley. Mr Wasley ceased to be a Director on 28 February 2016. Chris Clausen was appointed on 1 March 2016 as an independent director. Mr Clausen's appointment brings the number of Trustee Directors to seven.

You can view the qualifications, memberships and past and present directorships of each Director, Chief Executive Officer (CEO) and other responsible officers at [www.cbhsuper.com.au](http://www.cbhsuper.com.au).

The Chief Executive Officer at 30 June 2016 was:



**Donna Adam**  
Chief Executive Officer

The Directors at 30 June 2016 were:



**Terry Cunningham**  
Member-Elected Director  
Chairman of Trustee Board  
Director since 3 December 2001  
Term expires 2 December 2016



**Christopher (Chris) Clausen**  
Independent Director  
since 1 March 2016



**Richard Codling**  
Employer-appointed Director  
Chair of Board Remuneration Committee  
Alternate Director 9 February 2012  
to 2 July 2014  
Director since 3 July 2014



**Simon Gilders**  
Member-Elected Director  
since 3 July 2014  
Term expires 2 July 2019



**Edward (Ed) Kalajzic**  
Employer-appointed Director  
since 1 March 2016



**Walter (Wally) Newman**  
Employer-appointed Director  
since 23 February 2015



**Renato (Ron) Silvestri**  
Member-Elected Director  
Chair of Board Audit Committee  
Alternate Director 3 July 2009 to 2 July 2014  
Director since 3 July 2014  
Term expires 2 July 2019

## **APPOINTMENT AND REMOVAL OF MEMBER REPRESENTATIVES**

The role of the member representatives on the Trustee Board is to safeguard the interests of the general membership and benefit recipients.

Member representatives are elected for a 5-year term by a ballot of members.

A member representative may be removed from office in the following circumstances:

- Expiry of term of office;
- Retiring from office by giving written notice;
- Ceasing to be a Fund member;
- Removal by resolution passed at a meeting of members;
- Death;
- Failure to satisfy the Trustee's "Fit & Proper" standards; or
- Becoming a disqualified person or disqualified by law.

The process for appointing member representatives to the Trustee is an election held by secret ballot of members. All candidates must satisfy the eligibility requirements of the Trustee as provided for in the Fund's "Fit and Proper" Policy to ensure that Trustee Directors have the appropriate propriety, skills and knowledge to manage other people's money in a superannuation environment.

Casual Trustee Director vacancies may remain unfilled, or may be filled by a nominee of the Trustee, provided the period of the vacancy does not exceed the 90-day limit.

## **APPOINTMENT AND REMOVAL OF EMPLOYER DIRECTORS**

The employer Directors are selected by Co-operative Bulk Handling Limited and may be removed from the Trustee at any time by the employer.

They may also be removed by the Trustee Board should they become a "disqualified person" under law or otherwise fail to satisfy the Trustee's "Fit & Proper" Policy standards.

## **APPOINTMENT AND REMOVAL OF INDEPENDENT DIRECTORS**

Independent Directors are selected by the Trustee Board and may be removed from the Trustee at any time by the other Directors.

They may also be removed by the Trustee Board should they become a "disqualified person" under law or otherwise fail to satisfy the Trustee's "Fit & Proper" Policy standards.

## **FUND "FIT & PROPER" GOVERNANCE**

The Trustee has adopted a Fit & Proper Policy that sets out the minimum standards of competency and probity to be met by Trustee Directors, the Chief Executive Officer, the Chief Investment Officer and the Risk and Compliance Manager to ensure that the Fund is managed in an honest and competent manner.

Any person seeking to hold a responsible person position with the Fund has to demonstrate that they have the integrity and skills to do so. In addition to consenting to bankruptcy and Federal Police checks, all Trustee Directors, the Chief Executive Officer, Chief Investment Officer and Risk and Compliance Manager are required to undertake training courses necessary to develop or maintain their skills and knowledge to the level that members would expect for managing a superannuation fund. They must also attend industry seminars and conferences as reasonably required.

## **DIRECTORS DEVELOPMENT PROGRAM**

The Directors participate in an annual review of the performance of the Board as a whole and a skills and experience review to assist in developing annual education and learning programs for individual directors and the Board as a whole.

This ensures that, in accordance with both strategic and regulatory business, Directors are capable of the responsibilities of their office.

The Trustee Directors have established an induction program for newly elected or appointed Directors. The program assists new Directors to gain an understanding of the role of a Trustee Director of the Fund and the environment in which it operates.

## **TRUSTEE INDEMNITY INSURANCE**

The CBH Superannuation Fund, its Trustee and Directors and Officers of the Trustee are covered by liability insurance underwritten by Chubb Insurance. This protects against claims and legal action arising from the management and operation of the Fund and is limited to \$20 million for any one claim and \$40 million in the aggregate.

## BOARD MEETING ATTENDANCE REGISTER 2015–16#

	BOARD		REMUNERATION COMMITTEE		AUDIT COMMITTEE	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
C Clausen**	3	3	0	0	2	2
R Codling	8	8	1	1	3	3
T Cunningham	8	8	1	1	3	3
S Gilders	8	8	1	1	3	3
E Kalajzic**	3	3	0	0	2	2
W Newman	8	7	1	1	3	2
R Silvestri	8	8	1	1	3	3
A Wasley*	4	3	1	1	1	0

\* Allyn Wasley ceased to be a director on 28 February 2016.

\*\*Ed Kalajzic and Chris Clausen commenced as Directors on 1 March 2016.

# Meetings held from 1 November 2015 to 30 June 2016 due to CBH Super's change in financial year end from 31 October to 30 June.

### TRUSTEE MEETINGS AND FINANCIAL REPORTING

The Trustee Directors formally meet eight times per year to review the investment, administration and financial performance of the Fund as well as consider investment decisions on behalf of members. Detailed reporting is provided for their review, enabling the Trustee Directors to make considered decisions and changes when necessary.

Trustee Directors also convene meetings whenever necessary to consider specific issues impacting the Fund.

The Trustee also has in place a Board Remuneration Committee and Board Audit Committee each with a Charter advising the role and responsibilities of the committee. Both committees comprise of the full Board.

A Risk Management meeting, Strategic Planning meeting and Investment Strategy meeting are also held in addition of the above.

### REMUNERATION REPORT

Employer appointed and Member Elected Directors of the Fund Trustee receive no remuneration from the CBH Superannuation Fund for their services. However, where the Fund appoints an Independent Director they will be remunerated by the Fund. However, the Fund's current Independent Director elected not to receive his remuneration until after 1 July 2016.

The sponsoring employer makes a financial contribution of over \$300,000 to assist in meeting the salaries of the Chief Executive Officer, Risk and Compliance Manager and other support staff, and also provide office and other facilities to enable the Fund to operate.

The salaries listed below do not take into consideration the financial contribution made by the sponsoring employer, CBH Group.

#### 2016 REMUNERATION PAID BY THE FUND (8 MONTHS – 1 NOVEMBER 2015 TO 30 JUNE 2016)

Responsible Officers	Salary	Superannuation	Total
Chairman & Directors	Nil	Nil	Nil
Chief Executive Officer	\$140,243	\$15,155	\$155,398
Chief Investment Officer	\$135,968	\$14,088	\$150,056
Risk and Compliance Manager	\$56,786	\$5,394	\$62,180

## TRUST DEED CHANGES

The Trust Deed is the governing document for the Fund. It sets out the entitlements of Fund members and states the powers, obligations and duties of the Trustee.

The Fund's Trust Deed was amended during the financial year. The amendments allow CBH Super to appoint and remunerate more than one independent director in line with the draft governance legislative requirements that have currently lapsed due to the Federal election.

Amendments were also made to permit the Fund to pay all expenses over and above the financial contribution made to cover the operating costs by the sponsoring employer Co-operative Bulk Handling Limited (CBH) and to permit the Trustee to hold a MySuper authorisation should one be granted by the Australian Prudential Regulation Authority (APRA).

Other minor amendments were also made to permit CBH and the Fund to agree to admit other employee classes to the Fund.

When making changes to the Trust Deed, the Trustee must act in the best interest of members and no amendment can be made without the agreement of CBH.



## RESERVES

The Trustee is required to maintain an Operational Risk Financial Reserve (ORFR) to cover operational risks and other risk losses not identified in the Fund's Risk Management Framework.

The Trustee has determined a target amount of 0.32% of net assets be held as an ORFR target amount in order to address the operational risks of the Trustee's business operations. This amount is separately identifiable from member accounts and any other reserves or assets.

The Trustee determined the target amount during the year having regard to the size, business mix and complexity of the Fund's operations. In setting the target amount of the ORFR, the Trustee determined:

- (a) 0.27% is to be held to address the specific operational risks identified in the Trustee's risk management framework, having taken into account the Trustee's risk appetite and appropriate risk mitigations and controls.
- (b) an additional 0.05% of net assets be held for those risk losses that have not been specifically identified in the Trustee's risk management framework.

The assets underlying the ORFR will be invested as part of the Fund's whole assets and any earnings or losses from the assets underlying the ORFR will be allocated to consolidated funds, and not used to increase or decrease the amount held as ORFR.

The Fund has a benchmark allocation of 5% to Cash and Liquid Assets which the Trustee believes is adequate to address losses arising from the occurrence of an operational risk event.

The Fund holds a small excess of net assets over member liabilities which includes an amount to provide for operational risks, anticipated restructuring costs and pension expenses.

The surplus of net assets over member liabilities over the past 3 years has been:

30 June 2016	\$3,523,110
(including the ORFR amount as above)	
31 October 2015	\$3,152,574
(including the ORFR amount as above)	
31 October 2014	\$3,139,080
(including the ORFR amount as above)	





# CBH SUPERANNUATION FUND DIRECTORY

<b>Trustee</b>	CBH Superannuation Holdings Pty Ltd
<b>Trustee A.B.N.</b>	99 008 684 268
<b>Fund A.B.N.</b>	84 433 159 328
<b>Trustee RSE Licence Number</b>	L0001625
<b>Fund Registration Number</b>	R1005165
<b>Superannuation Fund Number (SFN)</b>	1583 449 42
<b>Unique Superannuation Identifier</b>	84 433 159 328 123
<b>Location</b>	30 Delhi St, West Perth WA 6005
<b>Postal Address</b>	GPO Box L886, Perth WA 6842
<b>TRUSTEE DIRECTORS:</b>	Terry Cunningham – Chairman
<b>Company Appointed</b>	Richard Codling (appointed 3 July 2014) Wally Newman (appointed 23 February 2015) Edward Kalajzic (appointed 1 March 2016)
<b>Member Elected</b>	Terry Cunningham (appointed 3 December 2001) Simon Gilders (appointed 3 July 2014) Ron Silvestri (appointed 3 July 2014) Chris Clausen (appointed 1 March 2016)
<b>Independent Director</b>	Donna Adam
<b>Chief Executive Officer</b>	Brendon Shepherd
<b>Chief Investment Officer</b>	Jenni McLaughlin
<b>Risk and Compliance Manager</b>	Kapstream Capital (Fixed Interest)
<b>External Investment Managers</b>	Magellan Asset Management Ltd (Overseas Shares) Macquarie Investment Management Limited (Overseas Shares) Zurich Investment Management Ltd (Overseas Shares) Colonial First State Investments Limited (Cash)
<b>Internal/External Auditors</b>	PricewaterhouseCoopers
<b>Accountant</b>	Sharyn Long Chartered Accountants
<b>Actuary</b>	Richard Codron, Mercer (Australia) Pty Ltd
<b>Group Insurer</b>	MLC Limited
<b>Legal Advisers</b>	Allens
<b>Enquiries</b>	
Telephone	08 9416 6235
Facsimile	08 9322 3942
Email	danielle.purdye@cbh.com.au
Website	www.cbhsuper.com.au

**Documents Available from CBH Superannuation website:** Trust Deed & Rules, Product Disclosure Statement, Annual Report Audited Financial Statements, Actuarial Review Report, Privacy Policy Statement, Conflicts Management Policy, Governance Policy, Application forms, binding and preferred beneficiary nomination forms, fact sheets and the latest newsletters.

**Documents Available on Request from the Chief Executive Officer:** APRA Annual Return, Investment Strategy, Fit & Proper Policy, Risk Management Framework Policy, AML/CTF program and various other policies.



# ABRIDGED FINANCIAL STATEMENTS

The following is a summary of the CBH Superannuation Fund's accounts for the 8 months ended 30 June 2016. It should be noted that financial year end date for CBH Superannuation Fund has been changed from 31 October to 30 June from 2016. Therefore the following financial statements represent 8 months and are not directly comparable to the previous financial year.

## STATEMENT OF CHANGES IN NET ASSETS for the 8 months ended 30 June 2016

	8 Months 30 June 2016 \$	12 Months 31 October 2015 \$
<b>Investment Revenue</b>		
Interest	429,667	2,017,638
Dividends	1,331,774	4,100,241
Trust distributions	6,094,811	4,428,085
Gross rental income	763,181	2,002,746
Changes in net market value	(8,560,210)	(5,770,101)
Other Investment Income	323,235	124,143
Direct investment expenses	(279,848)	(346,476)
	<b>102,610</b>	<b>6,556,276</b>
<b>Contributions Revenue</b>		
Employer contributions	6,537,785	9,640,236
Members' contributions	1,363,098	1,898,794
Transfers In	5,556,606	9,315,471
	<b>13,457,489</b>	<b>20,854,501</b>
<b>Other Revenue</b>		
Insurance proceeds	–	728,118
<b>Total Revenue</b>	<b>13,560,099</b>	<b>28,138,895</b>
Less:		
General Administration Expenses	439,602	265,610
Group Life and Salary Continuance Premiums	888,379	949,482
Benefits Paid	7,186,116	7,332,388
<b>Total Expenses from Ordinary Activities</b>	<b>8,514,097</b>	<b>8,547,480</b>
<b>Changes in Net Assets before Income Tax</b>	<b>5,046,002</b>	<b>19,591,415</b>
Income Tax Benefit/(Expense)	(202,802)	(922,376)
<b>Change In Net Assets after Tax</b>	<b>4,843,200</b>	<b>18,669,039</b>
Net assets available to pay benefits at beginning of period	224,810,603	206,141,564
<b>Net assets available to pay benefits at end of period</b>	<b>229,653,803</b>	<b>224,810,603</b>

## STATEMENT OF NET ASSETS as at 30 June 2016

	30 June 2016 \$	31 October 2015 \$
<b>Investments</b>		
Interest Bearing Deposits	–	14,893,941
Unsecured Notes & Preference Shares	13,508,140	14,416,075
Unit Trusts	141,513,081	101,145,915
Securities in Listed Companies	61,525,223	77,711,273
Direct Property	16,000,000	17,150,000
Pre-payments	140,603	–
	<b>232,687,047</b>	<b>225,317,204</b>
<b>Other Assets</b>		
Cash at Bank	1,176,248	4,185,023
Receivables & Accrued Income	2,307,239	231,490
Investments pending settlement	–	2,483,797
	<b>3,483,487</b>	<b>6,900,310</b>
<b>Total Assets</b>	<b>236,170,534</b>	<b>232,217,514</b>
Less:		
<b>Liabilities</b>		
GST Payable	22,367	45,896
Creditors and Accruals	246,668	130,052
Current Tax Liability	1,648,921	1,095,286
Deferred Tax Liabilities	4,598,775	6,135,677
	<b>6,516,731</b>	<b>7,406,911</b>
<b>Net Assets Available to Pay Benefits</b>	<b>229,653,803</b>	<b>224,810,603</b>
<b>Amount allocated to member accounts</b>	<b>226,130,693</b>	<b>221,658,029</b>

Note: Members may view a copy of the audited financial statements on the Fund's website.



## CONTACTING THE FUND

### ENQUIRIES

Enquiries regarding member benefits or any other aspect of the operation of the Fund can generally be answered by phone or email. You can contact the Fund at:

Phone: (08) 9416 6235

E-mail: [danielle.purdye@cbh.com.au](mailto:danielle.purdye@cbh.com.au)

Written enquiries may either be forwarded through Co-operative Bulk Handling Limited's internal mail system addressed to "CBH Super" or be posted to:

CBH Superannuation Fund

GPO Box L886

Perth, WA 6842

### PRIVACY

Protecting your personal information is important to the CBH Superannuation Fund and any information that you provide to us is treated as confidential.

Privacy laws regulate the way that the Fund collects, uses, discloses, secures and gives access to the personal information that it obtains from members and employers in the administration of the Fund.

The Trustee may use this information for related purposes and may disclose a member's personal information to ensure the efficient management of the Fund. You should contact the Chief Executive Officer if you require a copy of the Fund's Privacy Policy or to view the information on your superannuation file.

### COMPLAINTS

The CBH Superannuation Fund aims to respond quickly and sensitively to any issues a member may advise us of, but if we are unable to help you to your satisfaction you may make a formal complaint verbally, by email or in writing to:

The Complaints Officer

CBH Superannuation Fund

GPO Box L886

Perth, WA 6842

If your complaint is in relation to a decision or the conduct of the CEO, this can be addressed to "The Chairman, CBH Superannuation Fund".

You can expect a reply within 28 days, although sometimes the maximum period of 90 days may elapse where complicated issues are involved.

If you are dissatisfied with the response you receive then you may ask the complaint to be reviewed by the Trustee acting as Complaints Committee. The Trustee will review your complaint and respond within 90 days. In responding to the complaint, the Trustee will give their reasons for reaching their decision which will address the issues you raised in your complaint.

### SUPERANNUATION COMPLAINTS TRIBUNAL

If you have followed the complaints procedure as set out above and are not satisfied with the outcome, you may be able to take the matter to the Superannuation Complaints Tribunal; an independent body set up by the Federal Government to help members and beneficiaries to resolve superannuation complaints.

Details of the Tribunal's role may be obtained from its internet website [www.sct.gov.au](http://www.sct.gov.au) and it may be contacted on telephone number 1300 884 114.

### DISCLAIMER

This Annual Report issued by the Trustee of the CBH Superannuation Fund, is a regulated document that summarises the Fund's performance over the past 8 months.

The Trustee does not guarantee any particular rate of return or return of capital from the CBH Superannuation Fund.

The information contained in this Annual Report does not provide personal financial product advice and does not take into account any member's personal needs, objectives, risk profile or financial position.

You should assess your financial position and personal objectives before making any decision based on this information.