



Accumulation Section

HOW YOUR SUPER IS INVESTED

The information in this document forms part of the Product Disclosure Statement (PDS) for the CBH Superannuation Fund (CBH Super) Version 13 dated 2 January 2018 along with the Other Information brochure and the Insurance brochure. You should read the information in this document (which forms part of the Product Disclosure Statement) before deciding to invest in CBH Super.

The information in this document is general information only and does not take into account any person's individual objectives, personal financial situation or needs. You should consider obtaining financial advice tailored to your own personal circumstances before making an investment decision.

**Issued by CBH Superannuation Holdings Pty Ltd
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as trustee of the CBH Superannuation Fund
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Up-to-date information

Changes before you are given this PDS

The information contained in this PDS is up-to-date at its preparation. However, some of the information can change from time to time, for example, fees or the structure of the Fund's investments. If the change is not materially adverse, the updated information will be available on our website at www.cbhsuper.com.au. A paper copy of any updated information will be given to you on request, without charge.

Changes after you become a member

The Trustee will notify fund members of any material changes to the information in this PDS. You can also go to our website at www.cbhsuper.com.au or call the Fund on 08 9237 9707 or donna.adam@cbh.com.au for an update.

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THE FUND'S INVESTMENT APPROACH

Members bear the investment risk and reap the rewards in respect of returns credited to accumulation benefit accounts provided by the Fund. Fluctuations in investment returns directly affect the benefits accruing to members.

Overall, the Fund aims 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 the CBH Group, eligible grower members and the spouse of any of these as an alternative to joining CBH Super.

General Policy on Investments

- 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 cash flow 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 over the short term are acceptable in order to gain long-term positive returns.
- 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.

Restrictions on Investments

- Restrictions in the *Superannuation Industry (Supervision) Act* relating to in-house assets, related party dealings and the requirement to invest for the sole purpose of providing member retirement and ancillary benefits will be abided by.

Limits for asset classes

Australian Shares

Exposure to the asset class will be obtained through investment in managed funds and directly held securities.

Limits on investments have been set by the Trustee as follows:

- No more than 10% of the directly held Australian shares portfolio will be invested in any one company or security.

There will not be a requirement to immediately sell-down a security if its value exceeds 10% as result of appreciation in its value. However, corrective action will be taken within 12 months of the asset value first exceeding the limit.

Overseas Shares

There shall be no direct investment in overseas shares. Exposure to the asset class will be obtained through investment in managed funds or similar products.

Property

Exposure to the asset class will be obtained through directly held property and listed property trusts.

Limits on investments have been set by the Trustee as follows:

- No more than 10% of Fund assets shall be in directly held property.

Investments in directly held property may exceed 10% of Fund assets if an appreciation of value causes it to exceed the limit. A review of the holding will be undertaken (within 12 months of the asset exceeding the limit) to determine the appropriate steps required to bring the asset within the limit or whether the investment remains appropriate for the Fund.

Fixed Income

Exposure to the asset class will be obtained through investment in managed funds or directly held securities.

Directly held Australian fixed income securities are managed according to issuer credit quality as detailed in the exposure constraints below:

Issuer Rating (S&P)	Portfolio Limit Ranges*	Maximum per Issuer*
AA- or above	0 – 100%	10%
BBB to A+	0 – 25%	5%
Unrated	0 – 2.5%	1%

*The Portfolio Limit Ranges will also take into account any externally managed investments

Corrective action will be taken within 12 months of the security first exceeding exposure limits.

Managed Funds

- With the exception of Fixed Interest, the maximum investment in any one externally managed fund shall target a limit of 15%.
In the event a managed fund exceeds 15% due to market movements or transitions, it shall not exceed 20% of the Fund's assets (per managed fund) for more than three months before corrective action is undertaken.
- The maximum investment in any externally managed fixed interest fund shall not exceed 25% of the Fund's assets (per fund).
In the event a fixed interest fund exceeds 25% of the Fund's assets due to market movements, it shall not exceed 25% for more than three months before corrective action is undertaken.
- The Trustee will take into consideration whether to invest in either hedged or unhedged funds for all overseas assets.

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.

Socially responsible investment

Decisions on investing CBH Super's assets are made with a view to maximising returns for members given an acceptable level of risk. The Trustee considers a number of factors when making investment decisions. The Trustee does not solely consider social, environmental (including climate change) or ethical factors or labour standards (ESG factors) when making these decisions, nor does it require its appointed investment managers to do so. However there may be cases where the Board or an investment manager believes ESG factors would materially impact the performance of an individual investment. In these cases, ESG factors would be one of the considerations when deciding to invest in or realise investments.

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 different to the adviser's recommendation and ACSI Guidelines where it deems appropriate.

UNDERSTANDING INVESTMENT RISK

Most investments have some element of risk associated with them. Generally, investment risk is the chance that your investment will be different to what you expect. Your investment in the Fund could rise or fall in value or produce a return which is less than you anticipate. Rises and falls in value occur for a variety of reasons and sometimes quickly.

The significant types of investment risks which may have an impact on your investment in the Fund include:

- Market risk – The risk that an investment's value will fall due to a change in market conditions.
- Operational/Counterparty risk – The risk that an investment or managed investment experiences catastrophic operational/counterparty issues, resulting in the impairment or loss of the investment.
- Credit risk – The risk that a specific asset becomes worthless due to default or misunderstood fundamentals.
- Liquidity risk – The risk that an asset cannot be sold (or has to be sold at a steep discount to intrinsic value) due to an absence of buyers.

Management of investment risk

The Trustee relies upon diversification between and within asset classes to reduce the impact of investment risks. It does not rely on its ability to predict market movements and believes that in the long-term market trends are generally self-correcting.

Standard Risk Measure

The superannuation industry has developed a risk classification system for super funds to use to describe their level of investment risk, called Standard Risk Measure. This can be used by members to assist them in comparing different investment options both between the options available in one fund (where multiple investment options are available) and across different super funds.

The Standard Risk Measure is based on industry guidance to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period.

The Standard Risk Measure is not a complete assessment of all forms of investment risk. For instance, it does not detail what the size of a negative return could be or the potential for a positive return to be less than a member may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return.

Members should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option/s.

Level of Risk

The table over the page 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.

The number of negative returns is an estimate for future years and it is based on the Fund's current investment strategy. Negative returns may in fact be more or less frequent. The Fund historically has only incurred negative returns once in the last 20 years, in 2008.

RISK BAND	1	2	3	4	5	6	7
RISK LABEL	VERY LOW	LOW	LOW TO MEDIUM	MEDIUM	MEDIUM TO HIGH	HIGH	VERY HIGH
ESTIMATED NUMBER OF ANNUAL NEGATIVE RETURNS OVER ANY 20 YEAR PERIOD	0 CASH OPTION	0.5	1	2	3 BALANCED OPTION	4 GROWTH MYSUPER OPTION	6+

The standard risk bands and their details are:

Risk Band	Risk Label	Estimated number of negative annual returns over any 20 year period
1	Very Low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to Medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to High	3 to less than 4
6	High	4 to less than 6
7	Very High	6 or greater

YOUR INVESTMENT OPTIONS

CBH Super offers three investment options – the Growth MySuper option, the Balanced option and a Cash option.

Each option has different investment objectives, strategies and risk/return profiles as shown on page 9. This way you can match your investment strategy with your risk profile.

How many options can I invest in?

You can choose to invest in one option only or to split between two or three options. If you invest in more than one option, you must **ensure the percentage split you nominate adds up to 100%**.

How do I nominate my choice?

You make your investment choice when joining the Fund on your *Application form*. Percentage splits between investment options must total 100%. New members who do not make an investment choice will have their account invested 100% in the Growth MySuper option until such time as they make a choice.

Can I change my choice?

You can alter your investment selection at any time, at no cost.

To change your investment option, complete and return an *Investment Switch form* available from www.cbhsuper.com.au. All switches are effective from the first day of the month following your switch request, provided we receive your *Investment Switch form* before month end. For example, if we received your request on 10 January, your switch would be effective on 1 February.

Your investment choice will apply to your current balance, any contributions and rollovers you receive in the future and any withdrawals from your account, unless you request otherwise.

Investment options available

Growth MySuper option

Investment option description	This option may suit members seeking potentially higher returns over the medium to long term (5-10 years) through a greater exposure to growth assets. Members investing in this option should also expect a potentially higher level of volatility in returns and the possibility of negative returns over the short term.	
Risk band*	Risk band 6: <u>High</u> - Chance of a negative return greater than 4 and less than 6 times every 20 years.	
Investment timeframe	10 years	
Investment objective	To seek returns after tax and investment costs that exceeds the change in the Australian Consumer Price Index (CPI) +3.75% over rolling 5 years.	
Asset classes This table sets out the asset allocation guidelines against which the Growth MySuper option is expected to operate.	Benchmark	Strategic Asset Allocation Ranges (Min-Max)
Australian Shares	32.50%	20%-45%
Overseas Shares	32.50%	20%-45%
Property	15.00%	0%-25%
Other growth investments	0.0%	0%-10%
Total Growth Assets	80%	
Fixed Interest	15.00%	5%-25%
Cash	5.00%	2%-10%
Total Defensive Assets	20%	

Balanced option

Investment option description	This option may suit members seeking diversification between growth and income investments that are expected to deliver moderate returns over the medium term (5 years) and are willing to accept fluctuations in returns and the possibility of negative returns over the short term.	
Risk band*	Risk Band 5: <u>Medium to High</u> – expected negative returns over a 20 year period is 3 to less than 4 times.	
Investment timeframe	5 years or more	
Investment objective	To seek returns after tax and investment costs that exceed the change in the Australian CPI by at least 3% per annum over rolling 5 year periods.	
Asset classes This table sets out the asset allocation guidelines against which the Balanced option is expected to operate.	Benchmark	Strategic Asset Allocation Ranges (Min-Max)
Australian Shares	28%	20 – 40%
Overseas Shares	30%	20 – 40%
Property	10%	0 – 20%
Other growth investments	2%	0 – 20%
Total Growth Assets	70%	
Fixed Interest	25%	10 – 35%
Cash & Liquid Assets	5%	2 – 15%
Total Defensive Assets	30%	

Cash option

Investment option description	This option may suit members seeking to minimise the probability of capital loss.	
Risk band*	Risk Band 1: <u>Very Low</u> – expected negative returns over a 20 year period is less than 0.5	
Investment timeframe	5 years or less	
Investment objective	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.	
Asset classes This table sets out the asset allocation guidelines against which the Cash option is expected to operate.	Benchmark	Strategic Asset Allocation Range
Cash	100%	100%

* Using the Standard Risk Measure. See page 6-7.

UNIT PRICING

CBH Super operates using a unit pricing method which allows the Trustee to calculate the assets held by each investment option and the member benefits at any point in time. This means the Trustee can work out a unit price that gives every member their exact share of the Fund's assets throughout the year, not just at the end of the year.

What is unit pricing?

Unit pricing involves converting dollars in your account to "units" and a unit price is applied to value those units.

It works the same way as buying and selling shares in the share market: money into the Fund buys units (shares) at the current unit price (share price) for the investment option(s) you have chosen. If the unit price goes up, your account in the Fund is worth more. If the unit price goes down, your account balance will go down.

Buying units in an investment option is similar to the share market: it is better to buy units when the unit price is lower, as you receive more units for your money.

For example, imagine you pay \$1,000 into the Fund and it is invested in one investment option. The number of units you buy depends on the price at the time:

Unit price	Calculation	Units bought
\$1.00	1,000 <i>divided by</i> 1.00	1,000.000
\$1.02	1,000 <i>divided by</i> 1.02	980.392
\$0.98	1,000 <i>divided by</i> 0.98	1,020.408

If at the end of the year the unit price is \$1.05, these units would be worth:

Units	Calculation	Value of units
1,000.000	1,000 <i>times by</i> 1.05	\$1,050.00
980.392	980.392 <i>times by</i> 1.05	\$1,029.41
1,020.408	1,020.408 <i>times by</i> 1.05	\$1,071.43

As you can see, buying units at the lowest price (\$0.98) gives you the highest end value (\$1,071.43).

The Investment option's earning rate

The Trustee will report the earning rate for each of the investment options for the year. These rates will be the change in the unit price at the end of the year compared to the price at the beginning of the year for that investment option. Any units you held for the whole year in that option will receive this return.

However if you have transactions to or from your account during the year or switch investment option during the year, your return will not exactly match the investment option's reported earning rate. This is because your transactions will earn different amounts depending on the unit price at the date of the transaction as the number of units you bought or sold will change as shown in the example above.

When are unit prices calculated?

New unit prices are calculated at the end of each month and will generally apply from the first to the last day of the following month. For example, unit prices calculated effective the end of March will be used for transactions during April.

However if an event occurs which affects the value of the Fund assets, the Trustee can calculate a new unit price during the month and that new price will be used from the day after the date calculated until the end of the month. More information about events that may require re-pricing is on the next page.

How are unit prices calculated?

The investment option's net asset value (i.e. total assets after allowing for fees and taxes) at the end of the month are calculated. The total number of units held by members in that option at the end of the month is also calculated.

The unit price is then calculated as:

$$\frac{\text{net asset value in the investment option}}{\text{units on issue in the investment option}}$$

This price is used to calculate the number of units bought from cashflows in, the number of units needed to be sold for partial withdrawals from your account or the value of your account if you are making a full withdrawal.

The price calculated at 30 June each year is also used to value your account at year end, which is the amount shown on your annual member statement.

Buy-sell spreads

Some superannuation funds will use different prices for buying and selling units (known as a buy-sell spread) to cover the transaction costs if the Fund needs to buy or sell assets when members make contributions or are paid amounts from their account.

CBH Super does not currently have a buy-sell spread, however the Trustee reserves the right to start applying a buy-sell spread in future if this is necessary to ensure costs are charged fairly between members. You will be advised if the Trustee plans to introduce a buy-sell spread.

What unit prices are used to process transactions?

Transaction type	Unit price used
Money In - contributions - rollovers	The price on the day we receive your money in (net of any tax payable on the contributions or rollovers).
Money Out - partial withdrawals - benefit payments	The price on the day the withdrawal or benefit is <u>processed</u> . Note this may not be the date the request was received.
Contributions tax	Tax payable will be deducted from the transaction before units are allocated and as such, no units are separately deducted from your account for contributions tax.
Fees and insurance premiums (if any)	Fees and insurance premiums (net of any contributions tax refund allowed) will be deducted annually from your account and will receive the price effective on the date deducted.
* Exiting members	For exiting members, tax, fees and insurance premiums will be deducted on the date your payment is processed and will receive the price effective that date.

Events that may require re-pricing

The Trustee may review the unit prices if it believes that a significant event warrants such a review.

The Trustee will suspend transaction processing in the event of a greater than +/- 5% movement from the date of the last unit price calculation in the All Ordinaries Index, until it is determined whether a recalculation of the unit price should be done.

As the Fund makes few benefit payments and does not actively trade its assets, a recalculation of unit prices will generally only be done where:

- the movement in the S&P ASX 200 Accumulation Index remains at + or - 5% since the date of the last unit price calculation for two consecutive days; and
- the movement is more than two business days prior to the end of the month.

In this case, the unit price recalculation will be done effective the second day of +/- 5% movement from last unit price calculation date.

The Trustee may alter the frequency of the calculation of unit prices or suspend the valuation of assets where not doing so may result in material inequity between members. This may include situations such as:

- market prices of assets not being available;
- asset markets becoming extremely volatile;
- external events or shocks resulting in an inability to fairly calculate the net asset value of the Fund, for example due to one or more stock exchanges being closed for business;
- large numbers of redemptions by volume or value which impose an unfair burden on remaining members; or
- the Fund becomes or is illiquid.

Errors with unit pricing

The Trustee has controls in place to minimise the chance of unit pricing errors occurring. Despite these controls, errors may still occur and the Trustee may in some cases need to re-calculate unit prices and adjust member's balances. The Trustee has set the following policy in relation to errors in unit pricing:

- updating assumptions when new information becomes available or changing any aspect of the Unit Pricing Policy are not errors that require the re-calculation of previous unit prices or compensation;
- a materiality threshold of 0.3% will apply when determining whether an error requires correction. Where the change in unit price is below 0.3%, the Trustee will generally not declare new unit prices. However the Trustee reserves the right to declare new prices, even where the change is below 0.3%;
- where an error is identified as being material and members have been adversely impacted, individual member compensation will be made;
- for current members affected by an error, there is no minimum dollar amount applicable to adjusting the account balance. Compensation will be made by an increase in their unit holding in the Fund;
- generally compensation payments of less than \$20 will not be made to a former member who has been impacted by an error;
- compensation above \$20 to former members will be paid by cheque or electronic funds transfer to their rollover fund or the member's bank account;
- the Trustee will consider whether it is appropriate to seek to recover overpayments from former members who have unfairly benefited from the error, taking into account the benefit of recovery in comparison to the amount that will be recovered; and
- the Trustee will advise members about errors in unit pricing, addressing how the error occurred and what action will be taken to correct the error. The timing of this communication will be determined balancing the need to provide information quickly and providing information that is sufficiently complete so as to be meaningful to members.

PAST INVESTMENT PERFORMANCE

The Trustee sets an annual unit price for each investment option based upon the net assets in the option and the units held by members in the option at 30 June each year. This unit price is used to calculate each member's closing account balance. 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 table below shows the return credited to member accounts for each investment option at the Fund's annual review date[^] for the past five years. The Growth MySuper option was funded from 1 August 2016 and therefore the 2017 annual return only represents 11 months of return. The Cash option was funded from 15 June 2017 and therefore the 2017 annual return only represents 15 days of return.

Year Ending	Growth MySuper Option	Balanced Option	Cash Option
2017	6.31%	8.89%	0.19%
2016 (8 months ending 30 June)	-	[^] 0.19%	-
2015	-	^{**} 3.40%	-
2014	-	^{**} 8.13%	-
2013	-	^{**} 18.39%	-
5 Year Average	-	7.61%	-
10 Year Average	-	5.14%	-

[^] From 30 June 2016, the Fund's annual review date was changed to 30 June each year, not 31 October.

^{**} For 2013, 2014 and 2015, the return is calculated as the change from the opening unit price at 1 November to the closing unit price at 31 October each year.

Please remember past performance is not an indication of future performance and therefore the returns earned by members in the future will not necessarily follow the pattern of returns in the table and may be positive or negative.

How does investment performance affect your benefits?

Your super is an accumulation style benefit where contributions are made to an account in your name in the Fund, the money is invested in the investment option(s) you have chosen and your super grows according to the investment return for that investment option in the Fund. This means your super is linked directly to how your investment option(s) have performed net of any investment costs, taxes and Fund expenses.

Where to find up to date performance

Once you are a member of the Fund, you will be kept informed of the investment performance through the Fund's annual report and regular newsletters during the year.

The current unit prices and year to date returns are posted on our website cbhsuper.com.au under the Investments menu → Unit Pricing.

RESERVING POLICY

No reserves are maintained for the purpose of smoothing the Fund's unit prices from year to year.

However, the Trustee's has a policy to apply all investment earnings derived from the small "surplus" assets (made up of the defined benefit pension reserve and Operational Risk Financial Requirement) to member accounts. This has resulted in an uplift being applied to the rate credited to member accounts in recent years. The rate of uplift will fall as the surplus amount reduces.