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INVESTMENT RETURNS TO 30 JUNE 2018

The investment returns (based on the change in unit price for the period 1 July 2017 – 30 June 2018) are*:

Growth MySuper Option	8.97%
Balanced Option	9.02%
Cash Option	2.21%
Pension Growth Option [^]	0.00% [^]
Pension Balanced Option	10.07%
Pension Cash Option	2.84%

* The return on your account may vary depending on when you joined the Fund, timing of any contributions and withdrawals paid to or from your account during the period. These returns are subject to audit clearance.

[^] There is currently no money invested in the Pension Growth Option.

Disclaimer: This information does not take into account your own situation, so you should consider that before you decide to make any changes to your account. You should also consider the information in the Product Disclosure Statement available from www.cbhsuper.com.au. Members should note that past returns may not be an indication of future performance.

Fund review

Many members will be aware the Government recently announced a number of proposed changes to superannuation as part of the May 2018 Federal budget. Further proposals were then tabled by the Productivity Commission around default fund options as part of their review into assessing efficiency and competitiveness of the superannuation industry.

These proposed changes along with the transformation project being undertaken by CBH Group were all considered by the Trustee recently in reviewing whether the Fund as a corporate superannuation fund will be able to operate in our members best interests both now and into the future.

The Trustee has determined the Fund's ability to grow will be significantly affected. This coupled with a likely increase in fees will see us become less competitive in key operating facets and will hinder the Fund's capacity to obtain scale for investments, fees and insurance.

Because of this the Trustee believes that in the medium to long term the Fund is less likely to be able to operate competitively in the best interest of our members. As a result, the Trustee believes now is the right time to commence investigating alternative arrangements for our members. This will ensure we can control the process and select the most appropriate fund to merge with.

As you can appreciate the process being undertaken cannot be carried out overnight and will take some 10-12 months to finalise. During this time, it will be business as usual for the Fund, we will continue to provide members with great service and competitive fees and returns.

We understand this news may be worrying for some members. We want to reassure you that the Trustee Directors and management, most of whom are also members of the Fund will be working very hard to ensure we are able to achieve the best outcome for our members, including making sure what is important to you is factored into any decision we make. It is our intention to keep members informed along the way with our next formal update expected to be around January 2019.

Investment Highlights

Investment markets provided solid returns over the 2017-2018 financial year. Despite several geo-political events, trade wars and 'tweets', the global economy continued to strengthen over the year with share markets reaching record highs. Globally, share markets were driven by 'growth' stocks such as technology and health care which saw record gains, e.g. Apple became the first company to reach a valuation of \$1 trillion. In Australia, the Reserve Bank left the cash rate at the historically low levels of 1.5% throughout the year. The market is not expecting any rate rises until mid to late 2019 due to inflation remaining below the target range.

While returns have been strong, concerns around the historically high level of valuations remain a risk to global markets. Additionally, geo-political events and the potential to de-stabilise global economic growth remains a concern to investors. The Fund continues to implement a diversified portfolio approach and monitor market conditions.

For the full Investment Report, please click [here](#).

We said goodbye

Board member, Ms Sharyn Long resigned from the CBH Super Board on 5 June 2018. Sharyn, an Independent Director, has left to take up other opportunities.

On behalf of the Trustee I would like to thank Sharyn for her contribution to the Board and wish her all the best for the future.

The Trustee has determined it will not fill the vacant position and the Board will remain at two Member Elected Directors, two Employer Nominated Directors and an Independent Chair.

We also said goodbye to Megan Godwin, our Relationship Manager in June. We would like to thank Megan for her contribution during her time with us.

Asset allocation changes

Following a regular review of investment strategy at the Meeting of Directors held 11 April 2018, it was agreed that the benchmarks for the Growth MySuper and Pension Growth options would be amended.

The table below shows the new benchmarks which will come into effect from 31 October 2018 and provide greater differentiation between the Balanced and Growth MySuper options.

Asset Class	SAA Range	Benchmark
Australian Shares	20 – 45%	37.5%
Overseas Shares	20 – 45%	37.5%
Property	0 – 25%	10%
Other Growth investments	0 – 10%	0%
Total Growth Assets		85.0%
Fixed Interest	5 – 25%	10%
Cash & Liquid Assets	2 – 10%	5%
Total Defensive Assets		15.0%

The asset allocation of all other options remains unchanged.

To see the SAAs of all investment plans, visit our [website](#). If you would like to change your investment option, please use the [Investment Switch](#) form or the [Pension Investment Switch](#) form.

Changes to superannuation from 1 July 2018

A number of superannuation changes have been introduced by the Government for the 2018-19 financial year. Below is a summary of the major changes. To view detailed information about each of the changes, go to www.ato.gov.au/individuals/super/super-changes or speak to a professional financial adviser to see how the changes affect you personally.

AREA CHANGED	FROM 1 JULY 2018
First Home Super Saver Scheme	First home buyers can now apply to the ATO to withdraw their First Home Super Saver Scheme balance (to use as a deposit when purchasing a home).
Downsizer contribution to super	Those over 65 can now make a one-off contribution of up to \$300,000 to super upon the sale of their home.
Release of super on compassionate grounds	The ATO now has responsibility for the administration of compassionate grounds claims.
Government Co-contribution Thresholds	The lower income threshold is now set at \$37,697 (up from \$36,813 and the higher income threshold at \$52,697 (from \$51,813). A fact sheet is available on our website .

Reminder – contribution caps

Non-concessional (after-tax) contributions are capped at **\$100,000** per year. These can include any personal and spousal contributions.

Concessional (pre-tax) contributions are capped at **\$25,000** for everyone. These include salary sacrifice, employer contributions and personal contributions claimed as a tax deduction.

Carry-forward of unused concessional contributions

From 1 July 2018 you will be able to 'carry-forward' any amount of your concessional contributions cap that you did not use in that year. You can access your unused concessional contributions cap on a rolling basis for five years. The first year you can access the unused contributions that you've carried forward is 2019-20 (ie your cap for 2019-20 will be the standard cap of \$25,000 plus your unused amount from the prior year).

More information about contribution caps can be found on the [ATO website](#).

We are here to help. Please contact us if you have any questions.

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