



# CBH Superannuation Fund

## Significant Event Notice Change from Crediting Rates to Unit Pricing

The CBH Super Fund is changing from a crediting rate method to a unit pricing method effective 1 November 2012.

This notice has been prepared to help you understand how unit pricing works and what it means for your account. We encourage you to read this notice and if you have any questions, contact Donna Adam on 9237 9707.

### What is unit pricing?

Unit pricing is where dollars are converted to "units" in your account and a unit price is used 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). 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 the Fund 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. 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 Fund's interest rate

The Trustee will continue to report the interest rate the Fund earned for the year. This rate will be the change in the unit price at the end of the year compared to the price at the beginning of the year. Any units you held for the whole year will receive this return.

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

### Why are we changing to unitisation?

The Trustee made the decision to change the administration system used to calculate benefits for the Fund. The new system allows the Fund to calculate the assets held by the Fund and all 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.

### How will my account be converted to units?

The Trustee will set the initial unit price to \$1.00. This means you will receive 1 unit for every dollar in your account balance at 31 October 2012.

For example, if your account balance is \$43,792.48, you will receive 43,792.48 units in the Fund.

### 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. However if an event occurs which affects the value of the Fund, the Trustee can calculate a new unit price during the month. More information about events that may require re-pricing is on the next page.



## How are unit prices calculated?

The Fund's total assets at the end of the month are calculated and adjusted for tax expected to be payable at the end of the year. The total number of units held by members at the end of the month is also calculated.

The unit price is then calculated as:

net assets *divided by* units on issue

The price for buying units is set as the calculated unit price *plus* 0.2% and the price you will receive if you sell units is set as the calculated unit price *minus* 0.2%.

The unit price used to value your account at 31 October each year is the calculated price without adjustment.

## Why are the buy and sell price different?

When the Fund buys and sells assets such as shares, it needs to pay transactions costs. By having a different price for buying compared to selling (known as a buy-sell spread), these costs are paid for by the members who have transactions to and from their account, not by members who don't have transactions.

## Where can I find the unit prices?

The new unit prices will be advised on the Fund's website [cbhsuper.com.au](http://cbhsuper.com.au) each month.

You will also be able to access your account online and see the current value of your account.

## What unit prices are used to process transactions?

Transaction type	Unit price used
Money In - contributions - rollovers	The buy price on the day we receive your money in
Money Out - partial withdrawals - benefit payments	The sell 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 for all amounts received during a month will be deducted on the last day of the month* and will receive the sell price effective that date
Fees and insurance premiums (if any)	Fees and insurance premiums will be deducted annually from your account on the 31 October* and will receive the sell price effective that date
* Exiting members	For exiting members, tax, fees and insurance premiums will be deducted on the date your payment is processed and will receive the sell price effective that date

## Events that may require re-pricing

The Trustee may review the unit price 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 end of the previous month in the All Ordinaries Index, until a recalculation of the unit price can be done.

The Trustee may alter the frequency of the calculation of unit prices or to suspend the valuation of assets where it 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;
- Very large amounts of redemptions 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 reserves the right to re-calculate unit prices and adjust member's unit balances accordingly. For more information, see the Fund's Unit Pricing Policy at [cbhsuper.com.au](http://cbhsuper.com.au).

