

2016 Annual Report

CUBS Superannuation Fund – Greater Rollover and Pension Fund

CUBS Superannuation Fund

ABN 90 120 177 925

Trustee

Equity Trustees Superannuation Limited

ABN 50 055 641 757

AFS Licence No. 229757

RSE Licence No. L0001458

CONTACT DETAILS

If you have an enquiry about the Greater Rollover and Pension Fund or would like to receive your Annual Reports (including this Annual Report) by mail (free of charge), you should contact:

The Administrator: Financial Synergy Pty Limited

GPO Box 4344
Melbourne VIC 3001

Telephone: 1300 855 565
Facsimile: (03) 9654 2187

Email: super@financialsynergy.com.au
Website: www.financialsynergy.com.au

Trustee: Equity Trustees Superannuation Limited

Level 2, 575 Bourke Street
Melbourne VIC 3000

Telephone: 1300 133 472
Facsimile: (03) 8623 5200

Disclaimer

This Annual Report relates to the reporting period ending 30 June 2016. This Report has been prepared in accordance with the Corporations Act and Corporations Regulations 2001.

Reasonable care has been taken to ensure the information in this report is correct, but neither the Trustee, its service providers nor its advisers accept responsibility for any error or misprint or anyone using or acting on this information for any purpose. Information contained in this report is accurate as at 30 June 2016, based on information provided to the Trustee by the Fund's service providers and underlying investment managers.

Information in this report relates to the CUBS Superannuation Fund ('Fund') as a whole, unless stated otherwise. The Greater Rollover and Pension Fund is a closed segment of the Fund (this is not a separate superannuation fund) which includes rollover and pension accounts. A reference to 'Greater Rollover and Pension Fund' in this report is a reference to this segment of the Fund.

The Trustee does not guarantee the performance of any of the Fund's investments or underlying investment managers. The Trustee does endeavour to ensure that only professional managers using sound investment processes are utilised.

This publication contains general information or advice only that has been prepared without taking into account your objectives, financial situation or needs.

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MESSAGE FROM THE TRUSTEE

The Trustee presents the Annual Report for the CUBS Superannuation Fund for members participating in the Greater Rollover and Pension Fund, for the year ended 30 June 2016.

Please take the time to read this Annual Report and if you have any queries or require further information, please contact the Fund Administrator (details provided on page 16).

The Fund is set up as a trust and is governed by a legal document called a Trust Deed. The Trustee is responsible for running the Fund in accordance with the Trust Deed.

Effective 1 April 2016, the Trusteeship of the Fund transferred from Equity Trustees Limited (ABN 46 004 031 298, AFSL No 240975, RSE Licence No L0003094) to Equity Trustees Superannuation Limited (ETSL). The majority of directors of ETSL are independent directors. One of the reasons for the change in trusteeship is to provide the Fund with a Trustee Board of Directors solely focussed on trusteeship of superannuation funds, which is in line with directions that the Australian Prudential Regulation Authority is encouraging superannuation trustee boards to follow.

INVESTMENTS

Investment performance

The investment performance of the Greater Rollover and Pension Fund is outlined below in relation to 'Rollover' accounts and 'Pension' accounts:

ANNUAL EFFECTIVE RATES OF NET EARNINGS TO 30 JUNE				
2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Rollover Fund				
3.55%	2.50%	1.96%	1.92%	1.59%
The 5 year average compounded net rate over these years was 2.32%				
The 10 year average compounded net rate over these years was 3.30%				
Pension Fund				
4.18%	2.94%	2.31%	2.26%	1.87%
The 5 year average compounded net rate over these years was 2.73%				
The 10 year average compounded net rate over these years was 3.88%				

NOTE: Past performance should not be taken as an indication of future performance. Net earnings takes into account relevant taxes (where applicable). See the information about the allocation of earnings appearing later in this report for more detail.

Investment policy

The investment objective of the Greater Rollover and Pension Fund is to maintain a low risk, highly liquid capital secure portfolio. The investment strategy for the Greater Rollover and Pension Fund is to invest all funds solely in cash deposits with Greater Building Society Ltd.

As at 30 June 2016 and 30 June 2015, cash deposits with Greater Building Society Ltd represented 100% of the total assets of the Greater Rollover and Pension Fund.

For information about asset holdings for the years ending 30 June 2015 and 2016 for the CUBS Superannuation Fund as a whole, refer to the statement of financial position shown later in this report.

FINANCIAL AND OTHER STATUTORY INFORMATION

This is an abridged summary of the unaudited financial statements for the CUBS Superannuation Fund for the year ended 30 June 2016 (incorporating all products or segments of the Fund including the Greater Rollover and Pension Fund). A copy of the audited financial statements and auditor's report will be available on request from the Administrator after 31 October 2016.

	2016	2015
Net Assets Available to Pay Benefits At End of Previous Year	56,661,777	31,443,575
Revenue		
Changes in net market value of investments	(1,150,827)	336,900
Contributions from employers	1,539,924	863,138
Contributions from members	1,795,827	2,758,484
Interest	1,017,002	816,693
Other Income	1,333,554	550,348
Transfer from other funds	24,060,345	37,900,034
Total Revenue	28,595,825	43,225,597
Expenses		
Administration	(171,025)	(91,704)
Benefits paid	(17,381,883)	(17,440,332)
General administration expenses	(277,083)	(140,504)
Tax expense	(465,131)	(359,752)
Trustee fees	(48,722)	(25,241)
Total Expenses	(18,343,844)	(18,057,533)
Movement in Fund reserves	148,019	50,138
Net Assets Available To Pay Benefits At End of Year	67,061,777	56,661,777
Represented by		
Assets		
Cash and cash equivalents	13,642,613	15,234,936
Receivables	801,653	383,532
Hunter Credit Union – cash	794,035	810,223
Hunter Credit Union – fixed interest	598,043	609,730
Qudos Fixed Interest	8,435,214	6,359,314
Qudos Cash Investment Pool	7,868,420	5,376,454
Defence Bank Super Cash Investment Pool	5,097,705	3,735,622
Defence Bank Super Fixed Interest	5,581,284	4,272,527
Vic Teachers Credit Union Cash Investment Pool	699,313	270,457
Vic Teachers Credit Union Fixed Interest	918,971	516,724
Beyond Bank Cash Investment Pool	80,996	-
Beyond Bank Fixed Interest	89,669	-
Bankstown Credit Union Cash Investment Pool	111,617	-
Bankstown Credit Union Fixed Interest	109,685	-

FINANCIAL AND OTHER STATUTORY INFORMATION

Term Deposits	3,722,054	3,352,264
Units in managed investment schemes	18,780,870	16,028,935
Total Assets	67,332,142	56,950,718
Liabilities		
Audit fee payable	-	-
Operating expenses payable	51,745	29,648
Current tax liability	181,585	198,140
Deferred Tax liability	37,034	61,153
Total Liabilities	270,364	288,941
Net Assets Available to Pay Benefits	67,061,778	56,661,777

FINANCIAL AND OTHER STATUTORY INFORMATION

Significant Investments

The following underlying investments each represent more than 5% of the total assets of the CUBS Superannuation Fund (incorporating all products including The Greater Rollover and Pension Fund) as at 30 June 2016:

INVESTMENT	\$	%
Greater Building Society Ltd Cash	11,860,162	18
Qudos Bank Fixed Interest*	8,435,214	13
Qudos Bank Cash*	7,868,420	12
Defence Bank Cash^	5,097,705	8
Defence Bank Fixed Interest^	5,581,284	8
Vanguard High Growth Index Fund	18,780,870	28

*The Qudos Bank Cash and Fixed Interest investments are cash and fixed interest deposits issued by Qudos Bank. Qudos Bank is an authorised deposit-taking institution (ADI).

^The Defence Bank Cash and Fixed Interest investments are cash and fixed interest deposits issued by Defence Bank Ltd. Defence Bank Ltd is an authorised deposit-taking institution (ADI).

The assets for the CUBS Superannuation Fund as a whole (incorporating all products and segments of the Fund including the Greater Rollover and Pension Fund) as at 30 June 2016 and 30 June 2015 are set out in the table below:

ASSET	2016		2015	
Australian Equities	\$7,549,910	11.34%	\$6,315,400	11.17%
International Equities	\$7,456,005	11.21%	\$6,475,690	11.45%
Property	\$1,878,087	2.82%	\$1,570,836	2.78%
Fixed Interest	\$21,351,787	32.10%	\$16,777,568	29.66%
Cash	\$28,294,699	42.53%	\$25,415,802	44.94%

FINANCIAL AND OTHER STATUTORY INFORMATION

Operational Risk Financial Requirement (ORFR) Reserve

In January 2014, the Trustee determined to establish and maintain an ORFR Reserve. The purpose of the ORFR Reserve is to protect members' interests should an operational failure occur that may result in losses to a fund or its members.

This reserve is funded by the deduction of a fee (referred to as the ORFR fee) charged to member accounts. The Trustee determined a fee of 0.12% per annum would be deducted from the account balance of Fund members, calculated as at the end of each month or on account closure based on the average account balance. The fee was used to establish the reserve with the aim of ensuring the Fund meets its ORFR target amount of 0.30% of Fund assets by 30 June 2016.

The reserve is held solely in cash and held as an asset of the Fund.

The Trustee is obliged to review its ORFR arrangements regularly to ensure the fee is set at an appropriate level and to make any changes necessary to ensure regulatory requirements continue to be met.

A recent review by the Trustee identified that for the Greater Rollover and Pension sub-fund, the ORFR target amount of 0.30% had been met and therefore from 30 June 2016, the ORFR fee amount being deducted from member's accounts will cease.

ORFR Reserve	2016	2015	2014
Amount held in reserve as at 30 June	\$212,438	\$60,808	\$10,672

Allocation of Earnings

The net earnings of members participating in the Greater Rollover and Pension Fund is based on the calculation of interest on a daily basis by the Greater Building Society Ltd which is credited (after tax on investment earnings, in the case of rollover accounts) to members' accounts quarterly. The net earnings rate is influenced by the Reserve Bank overnight cash rate (as amended from time to time by the Reserve Bank).

Some further information about the allocation of returns to member accounts is shown in your annual Member Statement.

Derivatives

It is the Trustee's policy not to use derivative instruments directly. Derivatives include investment products such as futures, options, swaps and warrants. They are securities whose value is derived from other securities or assets. Some of the underlying investment managers utilised in the Investment Options may use derivatives to reduce risks in their investment product and to

FINANCIAL AND OTHER STATUTORY INFORMATION

increase or decrease their exposure to particular investment sectors or markets. However, use of derivatives carries its own risks like the possibility that the derivative position is difficult or costly to reverse, that it does not perform as expected or that the parties to the derivatives contract do not perform their contractual obligations.

WHAT HAPPENS IF YOUR ACCOUNT BECOMES INACTIVE?

Subject to any requirement on the Trustee to transfer lost accounts to the Tax Office in certain circumstances, if we have not received contributions or rollover amounts into your accumulation account for a period of 5 years or more we may transfer your benefit to our nominated Eligible Rollover Fund (ERF) - the Australia's Unclaimed Super Fund (AUSfund). The Trustee also reserves the right to transfer benefits to the ERF in any other circumstances that it considers appropriate (for example, small accounts) under broad powers conferred on superannuation trustees under superannuation legislation.

The ERF's contact details are:

Australia's Unclaimed Super Fund (AUSfund)

PO Box 543

Carlton South VIC 3053

Telephone: 1300 361 798

Facsimile: 1300 366 233

Email: admin@ausfund.net.au

Being transferred to the ERF may affect your benefits because:

- You will cease to be a member of the CUBS Superannuation Fund and any insurance you may have will also cease.
- You will become a member of AUSfund and be subject to its governing rules.

AUSfund's investments, fees and costs and other arrangements are different to the CUBS Superannuation Fund. AUSfund does not offer insurance cover.

Where we have your current address, we will advise you of any transfer.

The trustee of AUSfund is Industry Funds Investments Limited (ABN 17 006 883 227).

OTHER IMPORTANT INFORMATION

Important Information for Temporary Residents

The Trustee is required to transfer the superannuation benefits of a former temporary resident to the ATO (as unclaimed money) on request, after six months has elapsed since the temporary resident has left Australia and their visa has expired or is cancelled. If this happens, a former temporary resident can claim their super benefits directly from the ATO as a Departing Australia Superannuation Payment (DASP), subject to applicable tax rates.

Former temporary resident members whose benefits have been paid to the ATO will not be provided with notices or exit statements at the time or after their benefits are transferred to the ATO. The Trustee is taking this approach relying on relief granted by the Australian Securities and Investments Commission (ASIC) from certain reporting obligations in the law, which normally apply when fund membership ceases. This relief recognises that trustees will generally not be aware which members are former temporary residents (until advised by the ATO) and that they may have difficulty communicating to an overseas address or finding correct contact details for the member.

For further information please contact the Administrator or go to www.ato.gov.au.

ENQUIRIES & COMPLAINTS

The Trustee has established a procedure for dealing with member enquiries and complaints. Enquiries and complaints should be made to the Complaints Officer.

Complaints can be made to:

Complaints Officer

CUBS Superannuation Fund – Greater Rollover and Pension Fund

PO Box 4344

MELBOURNE VIC 3001

Telephone (03) 9654 1399

Facsimile (03) 9654 2187

Email gbs@cupssuper.com.au

If you are unhappy with the response to an enquiry, or have a complaint or dispute, you will generally be asked to place your question or problem in writing to the Trustee. The Trustee will endeavour to reach a satisfactory solution to your problem within 90 days of receiving the complaint and will advise you accordingly.

If a satisfactory solution is not achieved within 90 days, or you do not hear from us in this timeframe, you are able to take your complaint to the Superannuation Complaints Tribunal (SCT) by:

- phoning 1300 884 114 (cost of a local call); or
- writing to Locked Bag 3060, Melbourne Victoria 3001; or
- visiting Level 7, 120 Collins Street, Melbourne VIC 3000.

The Tribunal is an independent body set up by the Commonwealth Government to review trustee decisions relating to members (as opposed to trustee decisions relating to the management of the fund as a whole).

You must follow the procedure set out above. The SCT will only handle certain types of complaints and time limits apply for lodging some complaints. If the SCT accepts your complaint it will try to help you and the Trustee to reach a mutual agreement through conciliation. If this is not successful, the SCT will make a decision that is binding on all parties (subject to a limited right of appeal to the Courts).

YOUR PRIVACY

As an investor in CUBS Superannuation Fund you will be protected by the Trustee's Privacy Policy, and that of the Administrator. In summary, this means that we only collect information that is necessary for the efficient operation of the Fund and as required or permitted by law. On occasion, and as required under various types of legislation, certain information may be required to be passed on to various regulatory bodies to ensure that you receive all the benefits to which you are entitled. All parties involved in these transfers are also subject to the privacy guidelines.

A copy of the Administrator's Privacy Policy can be viewed at www.financialsynergy.com.au or you may call the Administrator on 1300 855 565 to have a copy mailed to you.

A copy of the Trustee's policy is also available on request by contacting the Trustee.

WHO'S LOOKING AFTER YOU

The Trustee

Equity Trustees Superannuation Limited is the Registrable Superannuation Entity Licensee and Trustee of the CUBS Superannuation Fund, and is responsible for making sure the Fund is run in accordance with the Trust Deed and governing superannuation legislation, including looking after the interests of members as a whole.

The Trustee's Board of Directors as at 30 June 2016 comprised:

Ms Catherine Robson

Mr Ellis Varejes

Mr John Crocker

Mr Mark Blair - appointed 11 January 2016

Mr Robin B O Burns (Managing Director) – resigned 5 May 2016

The Trustee holds professional indemnity insurance to protect the Trustee, its directors and the Fund against certain losses or liabilities. The indemnity insurance cover is subject to the terms and conditions of the relevant insurance policy.

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DIRECTORY

Trustee

Equity Trustees Superannuation Limited

ABN 506 055 641 757

AFS Licence No. 229757

RSE Licence No. L0001458

Level 2, 575 Bourke Street
Melbourne VIC 3000

Telephone: 1300 133 472

Facsimile: (03) 8623 5200

Administrator

Financial Synergy Pty Limited

ACN 005 484 391

as Trustee for the Financial Synergy

Unit Trust ABN 73 423 494 780

Level 9, 360 Elizabeth Street
Melbourne VIC 3000

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Email: super@financialsynergy.com.au

Website: www.FinancialSynergy.com.au

Promoter

Top Quartile Management Pty Ltd

ABN 98 006 771 848

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Level 9, 360 Elizabeth Street
Melbourne VIC 3000

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Melbourne VIC 3001
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Auditor

UHY Haines Norton Chartered Accountants

ABN 85 140 758 156

Level 11, 1 York Street
Sydney NSW 2000

For Further Information

Email gbs@cupssuper.com.au

Website www.greater.com.au

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Facsimile (03) 9654 2187

Postal Address CUBS Superannuation Fund –
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