



**The Executive  
Superannuation Fund**

# Annual Report For The Year Ended 30 June 2018

## **Important Information**

The issuer and Trustee of The Executive Superannuation Fund (ABN: 60 998 717 367, RSE Registration No: R1001419) is Equity Trustees Superannuation Limited (ABN: 50 055 641 757, RSE Licence No. L0001458, AFSL No: 229757, Address: GPO Box 2307, Melbourne VIC 3001. Phone: (03) 8623 5000.

The Administrator of The Executive Superannuation Fund is OneVue Super Member Administration Pty Ltd (ABN: 90 094 584 755, AFSL No: 241366, Address: PO Box 67, Australia Square NSW 1215. Phone: (1300 614 644).

This Annual Report should be read with the Annual Member Statement which has been mailed to you directly.

## General Information

This Annual Report was issued in October 2018 by Equity Trustees Superannuation Limited ("the Trustee") as trustee of The Executive Superannuation Fund ("the Fund") Information contained in this report is as at 30 June 2018.

This Annual Report contains information relevant to members invested in one or more of the following products in the Fund:

- Employer Sponsored Product (including all Employer Plans)
- Personal Product; and
- Pension Product.

Please note that a reference in this Annual Report to a 'Plan' refers to (one or more of) the Employer Plans and a reference to 'Product' refers to (one or more of) the Employer Sponsored Product, Personal Product or Pension Product. Information in this report is relevant to all members of the Fund, unless specified otherwise.

The Executive Superannuation Fund offers the following Superannuation Products.

- Freedom of Choice ([www.freedomofchoice.com.au](http://www.freedomofchoice.com.au))
- Enterprise Plan ([www.enterprisepan.com.au](http://www.enterprisepan.com.au))
- Spitfire Super ([www.spitfire.io](http://www.spitfire.io))

For further information about these products please refer to the individual websites.

The Trustee, any underlying investment manager and any other service provider to the Fund do not guarantee the investment performance of any investment offered or the repayment of capital. Investment in the Fund is subject to investment risk, including loss of income and capital invested. The information provided in this report is in accordance with the requirements of the Corporations Act 2001. The report also summarises recent changes to the Fund and some legislative changes that may be relevant to your superannuation.

Any information is of a general nature only and has been prepared without taking into account your investment objectives, personal financial situation and needs. Before making any financial decisions in relation to the Fund, you should consider the current Product Disclosure Statement ("PDS"), including Incorporated By Reference information where applicable (and any Significant Event Notices provided to you in relation to your benefits in the Fund) relevant to the Plan, or Personal or Pension Product that you are invested in, and obtain professional financial advice from a licensed or authorised financial adviser. The PDS for each Plan and the Personal and Pension Products are available from the Fund's website or by contacting the Fund Administrator (see details on the back page).

Whilst all due care has been taken in the preparation of this Annual Report, the Trustee reserves its right to correct any errors or omissions.

The terms of your membership in the Fund are set out in the Fund's Trust Deed and any applicable insurance policy and are summarised in the PDS applicable to your participation in the Fund. Should there be any inconsistency between this Annual Report and the Fund's Trust Deed, the terms of the Fund's Trust Deed will prevail. Insurance benefits are subject to the terms and conditions of the applicable insurance policy.

This Annual Report is published on the Fund's website at [www.executivesuper.com.au](http://www.executivesuper.com.au). If you wish to obtain a paper copy, please contact the Fund Administrator (contact details on back page).

## Message from the Trustee

Dear Member

It is a pleasure to share the Executive Superannuation Fund 2018 annual report with you.

The 2017/18 financial year produced another great year for members. Our fund investments have consistently performed and we continued to provide a range of benefits our members need. The superannuation industry has undergone significant change in recent years, driven by legislative changes, heightened regulatory oversight and member engagement developments. The Executive Superannuation Fund responds to these requirements by ensuring the needs of our members are always at the forefront of what we do.

We were again awarded the Heron Five Star rating for our Employer Service, Pension and Personal Service and MySuper MyLife product. Our team of dedicated staff are proud to be working towards achieving the best outcomes for our members and supporting them through the different stages of their lives.

Informative videos, investment performance details and member newsletters can be found on our website. Annual member statements have been issued and should be read in conjunction with this annual report.

We're proud to provide super you can take from job to job while saving for your retirement. With a wide range of investment options available, The Executive Superannuation Fund is a fund that can move with you. Please take the time to read your annual report.

Regards



Tony Lally  
Chairman

## Who runs the Fund?

The Fund is set up as a trust and is governed by a legal document called a Trust Deed.

The Trustee responsible for running the Fund in accordance with the Trust Deed, is Equity Trustees Superannuation Limited (ABN 50 055 641 757, AFSL No. 229757, RSE Licence No. L0001458).

## Change in Administration Company

On 26 February 2018, KPMG announced the sale of its subsidiary, KPMG Superannuation Services Pty Limited, to the financial services firm, OneVue Holdings Limited ABN 15 108 221 87. OneVue Holdings Limited will provide administration and general consulting services to the Fund.

## Trustee indemnity insurance

The Trustee has taken out trustee indemnity insurance to help protect the Trustee, its Directors and the Fund against certain liabilities that is consistent with the size and nature of its business and industry standards. As with any insurance, the indemnity is subject to the terms and conditions of the relevant insurance policy.

## Policy Committee

A Policy Committee is a committee whose purpose is to facilitate communication between the members within an Employer Plan of the Fund and the Trustee. A Policy Committee performs functions such as reviewing a Plan's investments and member communications.

In most instances, a Policy Committee is required to be made up of an equal number of employer ("Company") and employee ("Member") representatives.

The Trustee will take all reasonable steps to ensure that a Policy Committee is set up where a participating employer in the Fund has 50 or more employee members or where otherwise required. Not all Plans have a Policy Committee.

**For further details regarding the Policy Committee arrangements relevant to you, including details of the members of the Policy Committee for your Plan (where applicable), please refer to the section headed "Policy Committee information" later in this report.**

## Investment managers

The assets of the Fund are invested in a range of investment funds or products. The following list of companies ("underlying fund managers") managed the investment funds or products in which assets of the Fund were invested as at 30 June 2018:

- Arrowstreet Capital, Limited Partnership
- BlackRock Investment Management (Australia) Ltd
- BT Investment Management Limited
- Colonial First State Investment Limited
- Colchester Global Investors (Singapore) Pte. Ltd.
- Equity Trustees Limited\*
- Fulcrum Asset Management LLP
- GMO Australia Limited
- Investec Asset Management Limited
- Ironbark Asset Management
- Kapstream Capital Pty Ltd
- Macquarie Investment Management Australia Limited
- Macquarie Investment Management Global Limited
- Magellan Asset Management Limited
- MFS Institutional Advisors Inc
- Paradice Investment Management Pty Ltd
- PIMCO Australia Pty Limited
- Schroder Investment Management Australia Limited
- Standard Life Investments Limited
- Tribeca Investment Partners Pty Ltd

Note: the underlying fund managers utilised by the Trustee for investment of the Fund's assets may be changed from time to time at the absolute discretion of the Trustee. They are shown in this report to provide historical information about the investments of the Fund during the year. You have no ability to choose the underlying fund managers utilised by the Trustee.

\* Equity Trustees Limited is the issuer of the EQT Cash Management Fund, EQT Wholesale Flagship Fund, EQT Diversified Fixed Income Fund and EQT Wholesale Mortgage Income Fund in which the Fund invests. Transactions between Equity Trustees Superannuation Limited in its capacity as Trustee of the Fund and Equity Trustees Limited in its capacity as issuer of the abovementioned EQT managed funds are conducted on normal commercial terms and involve conditions no more or less favourable than those available to other parties unless otherwise stated.

## Investment Objectives and Strategies

Members currently have a choice of ten investment options, including five pre-mixed (diversified) and five sector specific options, for the investment of their accumulation accounts (including additional accounts of Defined Benefit members of the ASC Superannuation Plan and Valvoline Australia Superannuation Plan) or pension accounts within the Fund:

- Aggressive;
- Growth;
- Balanced (MySuper MyLife);
- Moderate;
- Conservative;
- International Shares;
- Australian Shares;
- Listed Property;
- Diversified Fixed Interest; and
- Cash.

Members of the Fund with defined benefits do not have a choice of investment options in relation to the accounts supporting their defined benefits. Instead, assets relating to defined benefits are invested as per the following:

- ASC Superannuation Plan: strategies applicable to both the Conservative and Balanced options (i.e. 50% is invested in each investment option);
- Valvoline Australia Superannuation Plan: strategy applicable to the Conservative option;
- Esselte Australian Superannuation Plan: strategies applicable to both the Growth and Balanced options (i.e. 50% invested in each investment option);
- Jasco Pty Ltd Superannuation Plan: strategy applicable to the Growth option;
- Renold Australia Superannuation Plan: strategy applicable to the Cash option; and
- Edwards Group Superannuation Plan: strategy applicable to the Balanced option.

For more information about the investment options offered by the Fund, please refer to the following pages.

Where investment choice is available, you can split the investment of your existing account balance in any proportion between the ten investment options. For contributing members with an accumulation account, you can also elect to direct your future contributions to any one of the ten investment options. As such, you have the option

of maintaining your account balance in your existing strategy, while being able to consider whether you would like to have your future contributions invested in the same option or an alternative strategy.

**Please note that if you do not select your preferred investment option for your accumulation or pension account, your total account balance will be invested in the Balanced option. In the case of accumulation members, this means that your account balance will form part of MySuper MyLife.**

Further information regarding the Fund's investment options for accumulation and pension members is available in the current PDS relevant to your membership in the Fund (including the relevant Investment Guide and Reference Guide). These documents are available from the Fund's website ([www.executivesuper.com.au](http://www.executivesuper.com.au)) or by contacting the Fund Administrator (refer to the back page for relevant details).

You should consider the most up to date PDS (including the relevant Guides where applicable), Annual Report and any Significant Event Notices provided to you when choosing an investment option.

## Investment tables

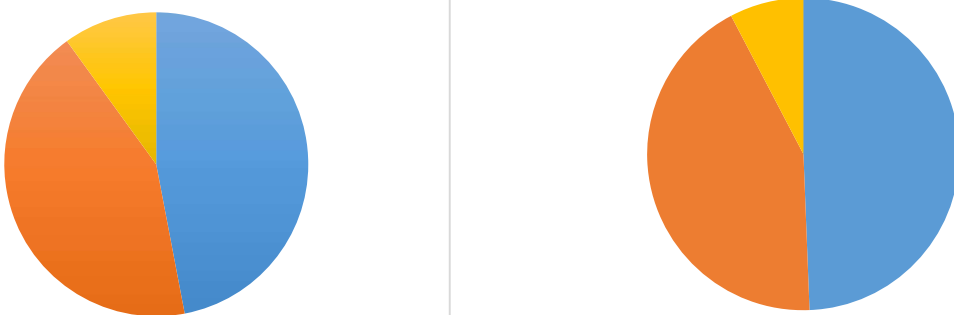
The tables on the following pages contain information regarding the objectives and strategies of the Fund's investment options for the year ended 30 June 2018.

**The objectives of each option are not a promise or guarantee of any particular benefit or return. The objectives are used by the Trustee to measure the performance of the Fund's investments.**

Information about investment performance is provided in your annual Member Statement for the year ended 30 June 2018 (mailed to you directly). The Fund's monthly investment performance information is also available on the Fund's website at [www.executivesuper.com.au](http://www.executivesuper.com.au).

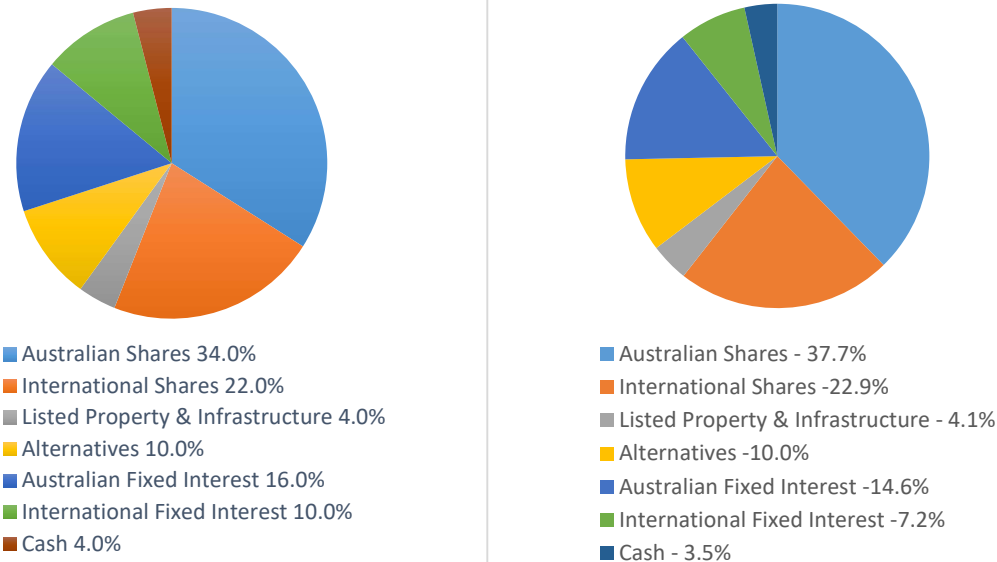
A superannuation fund's investment performance typically varies over time. Because superannuation is a long-term investment, longer term returns (such as 5 and 10 year figures) smooth out short-term results. Depending on the nature of each investment option (including its risk profile), an investment option may experience negative returns from time to time and it is generally not appropriate to assess the performance of an investment option by the return for a single year or other short term periods.

The objectives and strategies of the investment options available to members of the Pension Product are the same as the objectives and strategies of the investment options available to accumulation members, however no tax is applicable to pension assets (except effective 1 July 2017 for transition to retirement pensions). The objectives and strategies of the Growth, Conservative, Balanced and Cash options are relevant to the assets supporting the defined benefits of Defined Benefit members in the Fund.

	Aggressive Option		
Suitability	Suitable for members seeking a diversified investment over a broad range of asset classes, in order to achieve a capital growth-based return with low income.		
Investment Objective	To achieve returns (net of tax and investment fees) exceeding Consumer Price Index ("CPI") + 5% p.a. over rolling 10 year periods.		
Investment Strategy	Between 85% and 100% in growth assets (i.e. Australian & International shares (hedged and unhedged), listed property and alternative growth assets) with the remainder 0% to 15% invested in defensive assets (i.e. cash, Australian & international fixed interest, and alternative defensive assets).		
Risk level*	Risk Band	Risk Label	Estimated number of negative annual returns over any 20 year period
	6	High	4 to less than 6
Asset Classes and Actual and Benchmark Allocations	Benchmark		
	Actual as at 30 June 2018		
	 <p><b>Benchmark</b></p> <ul style="list-style-type: none"> <li>Australian Shares 47.0%</li> <li>International Shares 43.0%</li> <li>Listed Property &amp; Infrastructure 0.0%</li> <li>Alternatives 10.0%</li> <li>Australian Fixed Interest 0.0%</li> <li>International Fixed Interest 0.0%</li> <li>Cash 0.0%</li> </ul> <p><b>Actual as at 30 June 2018</b></p> <ul style="list-style-type: none"> <li>Australian Shares - 49.4%</li> <li>International Shares - 43%</li> <li>Listed Property &amp; Infrastructure - 0%</li> <li>Alternatives - 7.7%</li> <li>Australian Fixed Interest - 0%</li> <li>International Fixed Interest - 0%</li> <li>Cash - 0%</li> </ul>		
Minimum suggested investment timeframe	Members should be invested for the long term with a minimum timeframe of 10 years.		

\* This provides a general indication of the level of risk associated with this investment option. Refer to the applicable PDS and Investment Guide for information about the Standard Risk Measure and more general information about risks. For an assessment of risks taking into account your personal situation, we suggest you consult an appropriately qualified adviser.

	Growth Option		
Suitability	Suitable for members seeking a diversified investment over a broad range of asset classes, in order to achieve a capital growth-based return with some income.		
Investment Objective	To achieve investment returns (net of tax and investment fees) exceeding CPI + 4.5% p.a. over rolling 8 year periods.		
Investment Strategy	Between 70% and 100% in growth assets (i.e. Australian & International shares (hedged and unhedged), property, infrastructure and alternative growth assets) with the remainder 0% to 30% invested in defensive assets (i.e. cash, Australian & International fixed interest, and alternative defensive assets).		
Risk level*	Risk Band	Risk Label	Estimated number of negative annual returns over any 20 year period
	6	High	4 to less than 6
Asset Classes and Actual and Benchmark Allocations	Benchmark		
	Actual as at 30 June 2018		
	 <ul style="list-style-type: none"><li>Australian Shares 38.0%</li><li>International Shares 35.0%</li><li>Listed Property &amp; Infrastructure 5%</li><li>Alternatives 7.0%</li><li>Australian Fixed Interest 9.5%</li><li>International Fixed Interest 3.5%</li><li>Cash 2.0%</li></ul>	 <ul style="list-style-type: none"><li>Australian Shares - 41.2%</li><li>International Shares -35.6%</li><li>Listed Property &amp; Infrastructure - 4.9%</li><li>Alternatives -7.0%</li><li>Australian Fixed Interest -8.5%</li><li>International Fixed Interest -2.0 %</li><li>Cash - 0.8%</li></ul>	
Minimum suggested investment timeframe	Members should be invested for the long term with a minimum timeframe of 8 years.		
* This provides a general indication of the level of risk associated with this investment option. Refer to the applicable PDS and Investment Guide for information about the Standard Risk Measure and more general information about risks. For an assessment of risks taking into account your personal situation, we suggest you consult an appropriately qualified adviser.			

	Balanced Option (MySuper MyLife)*		
Suitability	Suitable for members seeking a diversified investment over a broad range of asset classes, in order to achieve a diversified capital growth-based return with moderate income.		
Investment Objective	To achieve investment returns (net of tax and investment fees) exceeding CPI + 3.5% p.a. over rolling 7 year periods.		
Investment strategy	Between 60% to 80% in growth assets (Australian and international shares (hedged and unhedged), property, infrastructure and alternative growth assets) with the remainder 20% to 40% invested in defensive assets (cash, Australian and international fixed interest).		
Risk level**	Risk Band	Risk Label	Estimated number of negative annual returns over any 20 year period
	5	Medium to High	3 to less than 4
Asset Classes and Actual and Benchmark Allocations	Benchmark		
	Actual as at 30 June 2018		
	 <p> <b>Benchmark</b>            ■ Australian Shares 34.0%            ■ International Shares 22.0%            ■ Listed Property &amp; Infrastructure 4.0%            ■ Alternatives 10.0%            ■ Australian Fixed Interest 16.0%            ■ International Fixed Interest 10.0%            ■ Cash 4.0%         </p> <p> <b>Actual as at 30 June 2018</b>            ■ Australian Shares - 37.7%            ■ International Shares -22.9%            ■ Listed Property &amp; Infrastructure - 4.1%            ■ Alternatives -10.0%            ■ Australian Fixed Interest -14.6%            ■ International Fixed Interest -7.2%            ■ Cash - 3.5%         </p>		
Minimum suggested investment timeframe	Members should be invested for the long term with a minimum timeframe of 7 years.		

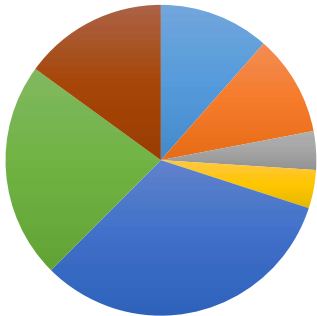
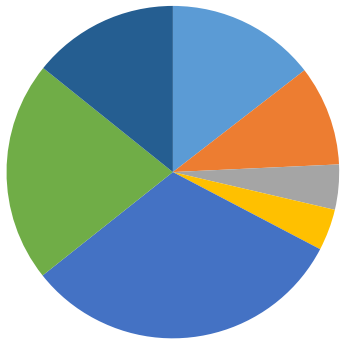
\* The Balanced Option is the investment strategy for MySuper MyLife. It is also the default investment option for pension members who do not make an investment selection. MySuper MyLife is not available to Pension members.

\*\* This provides a general indication of the level of risk associated with this investment option. Refer to the applicable PDS and Investment Guide for information about the Standard Risk Measure and more general information about risks. For an assessment of risks taking into account your personal situation, we suggest you consult an appropriately qualified adviser.

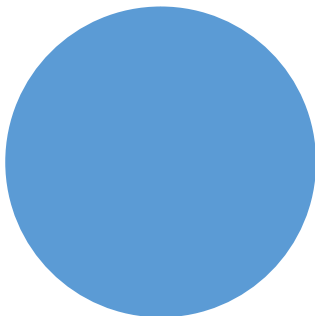
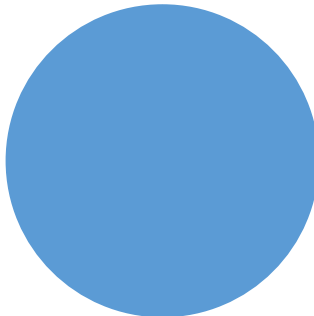


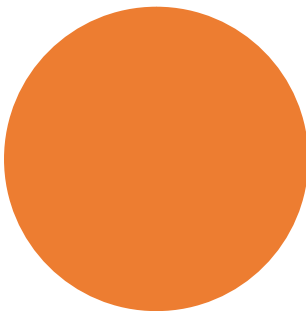
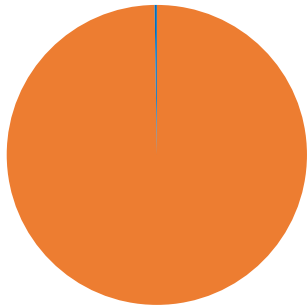
	Moderate Option		
Suitability	Suitable for members seeking a diversified investment over a broad range of asset classes, in order to achieve moderate income and capital growth-based returns.		
Investment Objective	To achieve investment returns (net of tax and investment fees) exceeding CPI + 3.0% p.a. over rolling 5 year periods.		
Investment strategy	Between 35% and 65% in growth assets (i.e. Australian & International shares (hedged and unhedged), property, infrastructure and alternative growth assets) with the remainder 35% to 65% invested in defensive assets (i.e. cash, Australian & International fixed interest, and alternative defensive assets).		
Risk level*	Risk Band	Risk Label	Estimated number of negative annual returns over any 20 year period
	5	Medium to High	3 to less than 4
Asset Classes and Actual and Benchmark Allocations	Benchmark		Actual as at 30 June 2018
	 <ul style="list-style-type: none"><li>Australian Shares 21.0%</li><li>International Shares 19.0%</li><li>Listed Property &amp; Infrastructure 5%</li><li>Alternatives 5.0%</li><li>Australian Fixed Interest 28.0%</li><li>International Fixed Interest 16.0%</li><li>Cash 6.0%</li></ul>		 <ul style="list-style-type: none"><li>Australian Shares - 23.8%</li><li>International Shares -19.4%</li><li>Listed Property &amp; Infrastructure - 5.1%</li><li>Alternatives -5.3%</li><li>Australian Fixed Interest -27.0%</li><li>International Fixed Interest -14.2%</li><li>Cash - 5.2%</li></ul>
Minimum suggested investment timeframe	Members should be invested for the medium term with a minimum timeframe of 5 years.		

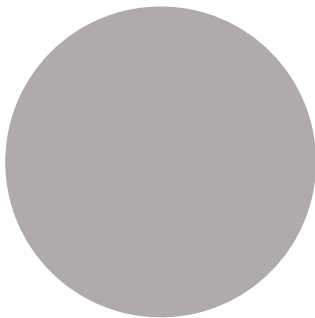
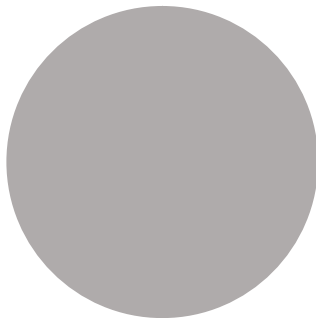
\* This provides a general indication of the level of risk associated with this investment option. Refer to the applicable PDS and Investment Guide for information about the Standard Risk Measure and more general information about risks. For an assessment of risks taking into account your personal situation, we suggest you consult an appropriately qualified adviser.

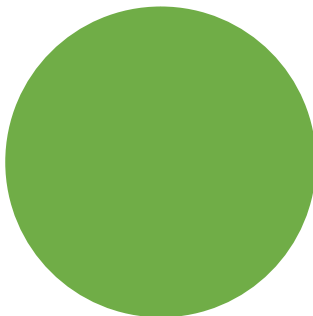
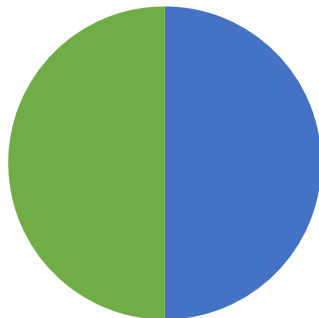
	Conservative Option		
Suitability	Suitable for members seeking a diversified investment over a broad range of asset classes, in order to achieve a stable income-based return with a low exposure to capital growth.		
Investment Objective	To achieve investment returns (net of tax and investment fees) exceeding CPI + 2.0% p.a. over rolling 3 year periods		
Investment strategy	Between 15% and 45% in growth assets (i.e. Australian & International shares (hedged and unhedged), property, infrastructure and alternative growth assets) with the remainder 55% to 85% invested in defensive assets (i.e. cash, Australian & International fixed interest, and alternative defensive assets).		
Risk level*	Risk Band	Risk Label	Estimated number of negative annual returns over any 20 year period
	3	Low to Medium	1 to less than 2
Asset Classes and Actual and Benchmark Allocations	Benchmark		
	Actual as at 30 June 2018		
	<div>  <ul style="list-style-type: none"> <li>Australian Shares 11.5%</li> <li>International Shares 10.5%</li> <li>Listed Property &amp; Infrastructure 4.0%</li> <li>Alternatives 4.0%</li> <li>Australian Fixed Interest 32.5%</li> <li>International Fixed Interest 22.5%</li> <li>Cash 15.0%</li> </ul> </div> <div>  <ul style="list-style-type: none"> <li>Australian Shares - 14.5%</li> <li>International Shares -9.7%</li> <li>Listed Property &amp; Infrastructure - 4.4%</li> <li>Alternatives -4.0%</li> <li>Australian Fixed Interest -31.6%</li> <li>International Fixed Interest -21.5%</li> <li>Cash - 14.2%</li> </ul> </div>		
Minimum suggested investment timeframe	Members should be invested for the short term with a minimum timeframe of 3 years.		

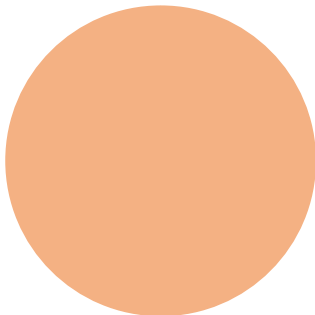
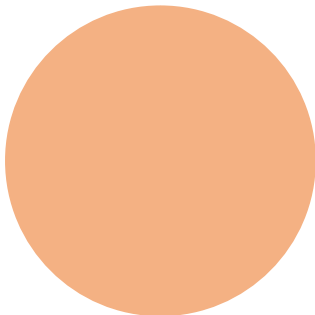
\* This provides a general indication of the level of risk associated with this investment option. Refer to the applicable PDS and Investment Guide for information about the Standard Risk Measure and more general information about risks. For an assessment of risks taking into account your personal situation, we suggest you consult an appropriately qualified adviser.

	Australian Shares Option		
Suitability	Suitable for members seeking a diversified Australian share exposure, in order to achieve a capital growth-based return with moderate income.		
Investment Objective	To achieve investment returns (net of tax and investment fees) exceeding CPI +5% p.a. over rolling 10 year periods.		
Investment strategy	100% in shares listed on the Australian stock market.		
Risk level*	Risk Band	Risk Label	Estimated number of negative annual returns over any 20 year period
	6	High	4 to less than 6
Asset Classes and Actual and Benchmark Allocations	Benchmark		
	Actual as at 30 June 2018		
	<div><div><p>■ Australian Shares 100%</p></div><div><p>■ Australian Shares 100%</p></div></div>		
Minimum suggested investment timeframe	Members should be invested for the long term with a minimum timeframe of 10 years.		
* This provides a general indication of the level of risk associated with this investment option. Refer to the applicable PDS and Investment Guide for information about the Standard Risk Measure and more general information about risks. For an assessment of risks taking into account your personal situation, we suggest you consult an appropriately qualified adviser.			

	International Shares Option		
Suitability	This option is intended to be suitable for members seeking a diversified international share exposure, in order to achieve a capital growth-based return with low income.		
Investment Objective	To achieve investment returns (net of tax and investment fees) exceeding CPI +5% p.a. over rolling 10 year periods.		
Investment strategy	100% in shares (hedged and unhedged) listed on international stock markets.		
Risk level*	Risk Band	Risk Label	Estimated number of negative annual returns over any 20 year period
	6	High	4 to less than 6
Asset Classes and Actual and Benchmark Allocations	Benchmark		
	Actual as at 30 June 2018		
	 ■ International Shares 100%	 ■ International Shares -99.8% ■ Cash - 0.2%	
Minimum suggested investment timeframe	Members should be invested for the long term with a minimum timeframe of 10 years.		
* This provides a general indication of the level of risk associated with this investment option. Refer to the applicable PDS and Investment Guide for information about the Standard Risk Measure and more general information about risks. For an assessment of risks taking into account your personal situation, we suggest you consult an appropriately qualified adviser.			

	Listed Property Option		
Suitability	Suitable for members seeking a diversified property exposure, in order to achieve a capital growth-based return with moderate income.		
Investment Objective	To achieve investment returns (net of tax and investment fees) meeting or exceeding CPI +2.5% p.a. over rolling 5 year periods.		
Investment strategy	Invested primarily in property listed on Australian and international stock markets.		
Risk level*	Risk Band	Risk Label	Estimated number of negative annual returns over any 20 year period
	6	High	4 to less than 6
Asset Classes and Actual and Benchmark Allocations	Benchmark		
	Actual as at 30 June 2018		
			
	■ Listed Property 100%	■ Listed Property 100%	
Minimum suggested investment timeframe	Members should be invested for the medium term with a minimum timeframe of 5 years.		
* This provides a general indication of the level of risk associated with this investment option. Refer to the applicable PDS and Investment Guide for information about the Standard Risk Measure and more general information about risks. For an assessment of risks taking into account your personal situation, we suggest you consult an appropriately qualified adviser.			

	Diversified Fixed Interest Option		
Suitability	Suitable for members seeking a diversified Australian and International fixed interest exposure to achieve a moderate income return.		
Investment Objective	To achieve investment returns (net of tax and investment fees) exceeding CPI +2% p.a. over rolling 3 year periods		
Investment strategy	100% in short to long-term fixed interest securities issued by the Australian Commonwealth, State Government, foreign governments and corporate issuers, with the currency risk hedged back into Australian dollars.		
Risk level*	Risk Band	Risk Label	Estimated number of negative annual returns over any 20 year period
	2	Low	0.5 to less than 1
Asset Classes and Actual Benchmark Allocations	Benchmark		Actual as at 30 June 2018
	 ■ Diversified Fixed Interest 100%		 ■ Australian Fixed Interest -50% ■ International Fixed Interest -50%
Minimum suggested investment timeframe	Members should be invested for the short term with a minimum timeframe of 3 years.		
* This provides a general indication of the level of risk associated with this investment option. Refer to the applicable PDS and Investment Guide for information about the Standard Risk Measure and more general information about risks. For an assessment of risks taking into account your personal situation, we suggest you consult an appropriately qualified adviser.			

	Cash Option		
Suitability	Suitable for members who have no minimum time period and who are seeking capital stability by investing in cash to achieve an income return.		
Investment Objective	To achieve investment returns (net of tax and investment fees) exceeding CPI over rolling 1 year periods.		
Investment strategy	100% in quality short-term money market cash and short-term deposits.		
Risk level*	Risk Band	Risk Label	Estimated number of negative annual returns over any 20 year period
	1	Very Low	Less than 0.5
Asset Classes and Actual Benchmark Allocations	Benchmark		
	Actual as at 30 June 2018		
			
	<div><div></div>Cash 100%</div>	<div><div></div>Cash 100%</div>	
Minimum suggested investment timeframe	Members should be invested for a minimum timeframe of less than 1 year.		
* This provides a general indication of the level of risk associated with this investment option. Refer to the applicable PDS and Investment Guide for information about the Standard Risk Measure and more general information about risks. For an assessment of risks taking into account your personal situation, we suggest you consult an appropriately qualified adviser.			

## Investment Options from 1 July 2018

The table below outlines the investment objectives for the ten investment options from 1 July 2018. Further information on the details of each investment option is available in the relevant PDS and Investment Guide on the Fund's website, [www.executivesuper.com.au](http://www.executivesuper.com.au).

Investment Options	Investment return objective
Aggressive	To achieve returns (net of fees and taxes on investments) exceeding CPI + 4.5% p.a. over rolling 10 year periods.
Growth	To achieve returns (net of fees and taxes on investments) exceeding CPI + 4% p.a. over rolling 8 year periods.
Balanced / MySuper MyLife	To achieve returns (net of fees and taxes on investments) exceeding CPI + 3% p.a. over rolling 7 year periods.
Moderate	To achieve returns (net of fees and taxes on investments) exceeding CPI + 2.5% p.a. over rolling 5 year periods.
Conservative	To achieve returns (net of fees and taxes on investments) exceeding CPI + 1.5% p.a. over rolling 3 year periods.
International Shares	To achieve returns (net of fees and taxes on investments) exceeding CPI + 4% p.a. over rolling 10 year periods.
Australian Shares	To achieve returns (net of fees and taxes on investments) exceeding CPI + 4.5% p.a. over rolling 10 year periods.
Listed Property	To achieve returns (net of fees and taxes on investments) exceeding CPI + 2.5% p.a. over rolling 5 year periods.
Diversified Fixed Interest	To achieve returns (net of fees and taxes on investments) exceeding CPI + 1% p.a. over rolling 3 year periods.
Cash	To achieve returns (net of fees and taxes on investments) exceeding CPI over rolling 1 year periods.

The table below provides information regarding the Fund's holdings with an underlying investment manager and / or individual investment products where the investment held is greater than 5% of the total Fund assets as at 30 June 2018.

Investment managers with greater than 5% of total Fund assets	Percentage of the Fund's total assets
Equity Trustees Limited	50.0%
Macquarie Investment Management Limited	14.25%
Investment products greater than 5% of total Fund assets as at 30 June 2018	
EQT Wholesale Flagship Fund	33.55%
Macquarie True Index International Equities Fund	9.96%
Equity Trustees Diversified Fixed Income Portfolio	6.60%
EQT Cash Management Fund	6.54%



## Allocation to underlying investments

The table below provides information regarding the Fund's total holdings in the investment funds or products of the underlying fund managers utilised by the Fund as at 30 June 2018:

Investments	Percentage of the Fund's total holdings as at 30 June 2018
Arrowstreet Capital Limited Partnership	2.5%
BlackRock Investment Management (Australia) Ltd	0.9%
BT Investment Management Limited	2.0%
Colonial First State Investment Limited	0.5%
Colchester Global Investors (Singapore) Pte. Ltd.	0.5%
Equity Trustees Limited	50.0%
Fulcrum Asset Management LLP	2.8%
GMO Australia Limited	2.7%
Tribeca Investment Partners Pty Ltd	2.1%
Investec Asset Management Limited	2.4%
Ironbark Asset Management	2.5%
Kapstream Capital Pty Ltd	3.7%
Macquarie Investment Management Australia Limited	0.2%
Macquarie Investment Management Global Limited	11.5%
Magellan Asset Management Limited	0.7%
MFS Institutional Advisors Inc.	2.5%
Paradice Investment Management Pty Ltd	2.5%
PIMCO Australia Pty Limited	2.4%
Schroder Investment Management Australia Limited	5.3%
Standard Life Investments Limited	2.3%
<b>TOTAL</b>	<b>100.0%</b>

## Investment Option Asset Allocations at 30 June 2017 and 2018

For comparative purposes, the actual asset allocations in respect of the Fund's investment options as at 30 June 2017 and 30 June 2018 were as follows:

[illegible][illegible]

## Allocation of earnings to members

When the Fund receives contributions or rollovers from you or on your behalf, these will be used to purchase units in the investment option(s) applicable to your account and allocated to you. The number of units you receive depends on the amount received by the Fund and the unit price that applies at the time of processing the contribution or investment.

In the same way, any deductions made from your account (such as tax and fees) will reduce your total number of units.

Unit prices represent the net value of your benefit in the Fund at a particular point in time. That is, the value of your benefit after taking into account tax on investments and relevant fees and costs.

Your benefit is calculated by the total number of units multiplied by the unit price of your investment option at the time of calculation. Withdrawal benefits and investment switches are calculated using the unit price of the applicable investment option effective at the time of processing.

Changes in unit prices over time reflect the net earnings for each of the Fund's investment options and change according to the value of the underlying assets of each investment option and the expenses incurred by the Fund.

Unit prices for each of the Fund's investment options are usually calculated daily taking into account the value of the underlying investments.

Note: In exceptional circumstances or circumstances considered appropriate by the Trustee (for the interests of members), the Trustee may delay or suspend unit pricing valuations or the striking of unit prices. In these situations, the Trustee reserves the right to take whatever action it considers appropriate for the ongoing management of the underlying investments, member accounts and the processing of applications, investment switches and redemptions.

## Your investment performance – Looking back at the 2017-18 year

*This investment commentary is issued by Mercer Investments (Australia) Limited ABN 66 008 612 397, Australian Financial Services Licence #244385. You should remember that past performance should not be relied upon as an indicator of future performance.*

Equity markets enjoyed strong returns during the 2017/18 financial year, with overseas markets outperforming the Australian share market over the period. International shares (Unhedged) returned 15.0% whilst emerging markets

returned 12.3%. Emerging markets' conditions have been mixed with strong performance in the first half of the year and a weak performance during the second half, amidst a number of headwinds, including fears of trade war between China and the US and a stronger United States (US) dollar.

Fixed income investors were less fortunate as returns for bond holders were limited due to rising global bond yields. Australian fixed income returned 3.1% over the financial year whilst global fixed income (hedged) returned 1.8%.

### Australia

The Australian share market returned a strong 13.0% in the 2017/18 financial year despite a very mixed performance across industry sectors. The best performing industry sectors over the financial year were the Energy, Materials and Healthcare returning 41.6%, 29.9% and 27.7% respectively. The Reserve Bank of Australia (RBA) have maintained the cash rate at a record low of 1.50% since August 2016. Australian labour force conditions strengthened over the financial year with unemployment rate being sub 5.4%, the lowest it has been since 2012. However, with sustained lower wages growth and higher cost of living (household debt and utilities costs), retail spending growth remains constrained.

### China

Growth in Asia remained strong, helped by China's economy where growth stabilised at a 6.8% annual rate over the past year. Economic indicators from China were generally positive, with a few surprises including rising concerns over debt levels amongst both corporates and households. The Chinese equity market experienced a negative return over the financial year.

### Europe

Europe continued to demonstrate a slight improvement in economic conditions over the year, amidst the ongoing winding down of monetary stimulus measures by the European Central Bank (ECB). However, country specific conditions varied, with relatively weak economic conditions in Italy and Spain.

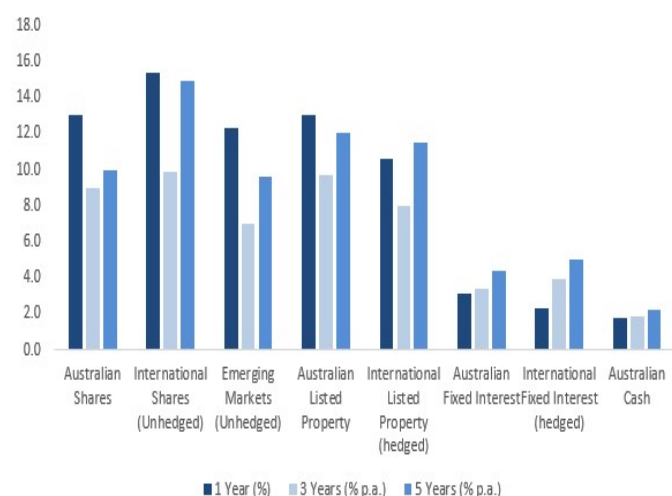
### USA

The US economy continued to perform strongly over the financial year with strong jobs growth and lower unemployment rate. Wages growth and income tax cuts have contributed to increased household spending. The US Federal Reserve (the Fed) raised interest rates three times over the financial year amidst expectation of sustained economic expansion.

### Asset Class Performance to 30 June 2018

Returns were positive over the year to 30 June 2018. International Shares (unhedged) produced the highest return over the financial year (15.4%), followed by Australian Shares and Australian Listed Property (both returning

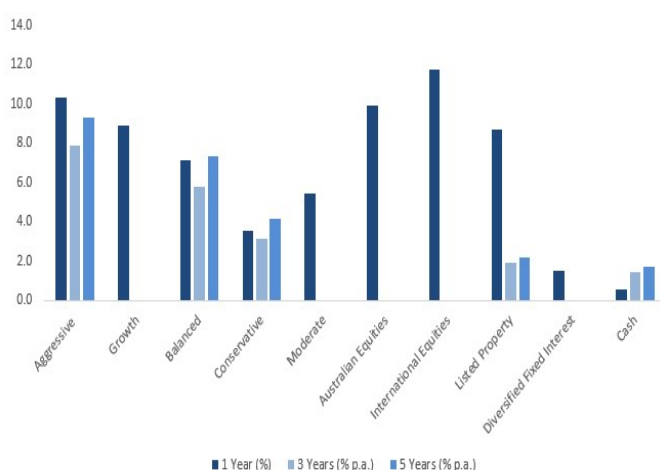
13.2%). Returns from International Fixed Interest (hedged) was 2.3% whilst Australian Fixed Interest and Australian Cash both returned 1.8%. The Australian dollar depreciated over the year to 30 June 2018. The following chart shows the asset class returns for periods ending 30 June 2018.



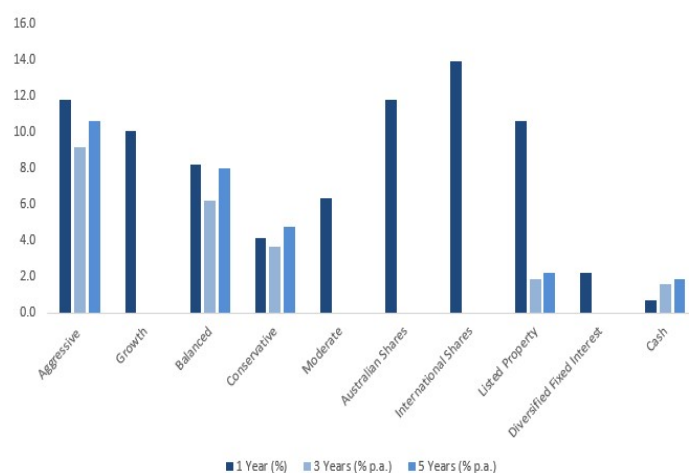
### Investment option performance for the 2017/2018 year

An outline of the specific investment performance of the Fund's investment options over periods to 30 June 2018 is set out in the Charts below. To see the performance of your account and your chosen investments, please refer to your Annual Member Statement.

The returns of the Accumulation Product's investment options (net of investment fees and tax) are shown in the chart below.



The returns of the Pension Product's investment options (net of investment fees only, as tax does not apply to Pension asset investment earnings) are provided in the Chart below for the one-year period to 30 June 2018:



The asset mix of the Fund's investment options reflects the Trustee's view of the appropriate mix of investment options to be offered to members, taking into account the demographic profile of the Fund membership. However, this does not mean that the Trustee has taken into account any member's individual circumstances.

Please also refer to your annual Member Statement for the year ending 30 June 2018 for details of net returns experienced by relevant investment options for longer periods (where available and applicable to your account).

**Note: Past performance is not a reliable indicator of future performance.**

### Asset consultant

The Trustee utilises an asset consultant to provide advice regarding the investments of the Fund and the structure of the Fund's investment options offered to members. The asset consultant to the Fund over most of the 2017/18 year was Mercer Investments (Australia) Limited (AFSL No: 244385), however effective 1 June 2018 this changed to Aon Hewitt Limited (AFSL No. 236667)

The investments of the Fund are continuously monitored via quarterly investment reports, which are reviewed by the Trustee and (where relevant to a Plan) the Policy Committee.

Underlying fund managers may be appointed and removed by the Trustee upon the recommendation of the asset consultant. This may include the use of Equity Trustees Limited as an investment manager. Any decision to appoint/remove a manager is based upon an assessment of the fund manager's style and performance, as well as its fit with the other managers utilised by the Fund.

## Reserves

### Operational Risk Financial Requirement Reserve

The Fund has an Operational Risk Financial Requirement Reserve (ORFR) which is intended to provide adequate financial resources to address losses arising from operational risks affecting the Fund (as defined under superannuation laws), for example, losses resulting from inadequate or failed internal processes, people and systems or from external events.

The Trustee has set the ORFR at 0.25% of Fund assets. The Fund has a strategy for managing this reserve which includes investing the ORFR solely in cash and cash equivalent investments.

The balance of the ORFR is as follows:

Financial year ending	Amount
30 June 2016	\$4,676,415
30 June 2017	\$4,729,641
30 June 2018	\$5,163,223

The ORFR will be continually reviewed and any changes, including material changes to the operation of the risk reserve, will be communicated to members.

### Expense Reserve

The Fund has an Expense Reserve which is used to cover expenses such as external service provider and regulatory costs that are specifically associated with the administration of the Freedom of Choice sub-plan of the Fund which was transferred into the Fund effective 1 June 2016.

The Fund has a strategy for managing this reserve which includes investing the Expense Reserve solely in cash and cash equivalent investments.

The balance of the Expense Reserve as at 30 June 2018 was \$1,995.

## Derivatives

Under the Trustee's derivatives policy, the Trustee may use derivatives such as futures or options from time to time in a fiduciary capacity for risk management and currency hedging.

Underlying investment managers may also use derivatives as part of their overall investment process in accordance with their underlying investment managers' authorised investments and procedures. When derivatives are used by underlying investment managers, appropriate risk controls are in place as evidenced by compliance to Derivatives Risk Statements ('DRS'). In most cases, underlying investment managers use derivatives for risk management purposes only and not for speculation. However, in some cases

underlying investment managers, such as hedge funds may use derivatives to take advantage of opportunities for profit.

## Superannuation surcharge tax

Whilst the superannuation surcharge was abolished with effect from 1 July 2005, the Australian Taxation Office ("ATO") may still issue assessments in relation to previous years. Any assessments received in relation to individual members of the Fund will be reflected in a Surcharge Account (which forms part of a member's total account balance) and deducted from their benefit upon leaving the Fund.

Any amount deducted in relation to the superannuation surcharge tax during the year is shown on your annual Member Statement (if applicable). Your Surcharge Account will continue to accrue with earnings until you leave the Fund or close your account. The earnings rate applied to your Surcharge Account is the net earnings rate applicable to your participation in the Fund. Refer to your annual Member Statement for more information.

## Policy Committee information

### KPMG Staff Superannuation Plan

KPMG needs to demonstrate its independence from the management of the Fund (as KPMG is auditor to many of the providers of large managed funds, including some funds in which the Fund invests). On that basis, the Fund has an exemption from APRA to allow the Policy Committee for this Plan to consist solely of Member Representatives.

Policy Committee representatives are elected by the members of the Plan from each of the electorates and are appointed by the Trustee. The members of the KPMG Staff Superannuation Plan Policy Committee as at 30 June 2018 were:

Policy Committee details	
Lisa Hurwood	QLD – Member elected representative
Russell Schoenfisch	VIC / TAS - Member elected representative
Leanne MacWhirter	SA / NT / WA - Member elected representative
Steve Clarke	NSW / ACT - Member elected representative

### KPMG Executive Superannuation Plan

As noted above, KPMG needs to demonstrate independence from the operation of the Fund (as KPMG is auditor to many

of the providers of large managed funds, including some funds in which the Fund invests). The Fund has an exemption from APRA which allows this Plan to operate without a Policy Committee.

### ASC Superannuation Plan

The members of the ASC Superannuation Plan Policy Committee as at 30 June 2018 were:

Policy Committee details	
Scott Long	Chairman and Employer appointed representative
Harvey Jones	Employer appointed representative
Danielle Sheppard	Employer appointed representative
Stephen Bitmead	ASC North - Member elected representative
Mike Lorenzo	ASC South - Member elected representative
Steven Hickey	ASC West - Member elected representative

The Company appointed Policy Committee representatives were appointed by ASC Pty Limited. The Member elected Policy Committee representatives were elected by members of the Plan from each of the electorates.

### Sabre Pacific Superannuation Plan

The members of the Sabre Pacific Superannuation Plan Policy Committee as at 30 June 2018 were:

Policy Committee details	
Terry Isaac	Employer appointed representative
David Burton	Employer appointed representative
Andrew Davies	Member elected representative
Chey Tablizo	Member elected representative

The Company appointed Policy Committee representatives were appointed by Sabre Pacific Pty Ltd. The Member

elected Policy Committee representatives were elected by members of the Plan from each of the electorates.

### Edwards Group Superannuation Plan

The members of the Edwards Group Superannuation Plan Policy Committee as at 30 June 2018 were:

Policy Committee details	
Matthew Bourne	Employer appointed representative
Malcolm Edwards	Employer appointed representative
Jeff Illingworth	Member elected representative
John Devlin	Member elected representative

The Employer appointed Policy Committee representatives were appointed by AW Edwards Pty Limited. The Member elected Policy Committee representatives were elected by members of the Plan.

### Atwood Oceanics Australia Superannuation Plan

The members of the Atwood Oceanics Australia Superannuation Plan Policy Committee as at 30 June 2018 were:

Policy Committee details	
Anne-Maree Hanson	Employer appointed representative
Daren Klumpp	Employer appointed representative
Steven Galt	Member elected representative
Terri Rossack-Lewis	Member elected representative

The Employer appointed Policy Committee representatives were appointed by Atwood Oceanics Australia Pty Limited. The Member elected Policy Committee representatives were elected by members of the Plan.

### Beckman Coulter Australia Superannuation Plan

The members of the Beckman Coulter Australia Superannuation Plan Policy Committee as at 30 June 2018 were:

Policy Committee details	
Herve Maurin	Employer appointed representative
Pradeep Mucherla	Employer appointed representative
Andrew Gunton	Member elected representative
Pamela Youngman	Member elected representative

The Employer appointed Policy Committee representatives were appointed by Beckman Coulter Australia Pty Ltd. The Member elected Policy Committee representatives were elected by members of the Plan.

### Sparxx Superannuation Plan

The members of the Sparxx Superannuation Plan Policy Committee as at 30 June 2018 were:

Policy Committee details	
Ross Pitts	Employer appointed representative
Richard Kroschel	Member elected representative

The Employer appointed Policy Committee representative was appointed by Rotric Pty Ltd. The Member elected Policy Committee representative was elected by members of the Plan.

### FreshFood Superannuation Plan

The members of the FreshFood Superannuation Plan Policy Committee as at 30 June 2018 were:

Policy Committee details	
Russell Bartlett	Employer appointed representative
Carmen Standley	Employer appointed representative
Terry Sparks	Member elected representative
Colin Hawkins	Member elected representative

The Employer appointed Policy Committee representatives were appointed by FreshFood Pty Limited. The Member elected Policy Committee representatives were elected by members of the Plan.

### Valvoline Australia Superannuation Plan

The members of the Valvoline Australia Superannuation Plan Policy Committee as at 30 June 2018 were:

Policy Committee details	
Peter Besgrove	Employer appointed representative
Graham Hutton	Employer appointed representative
Tracey Doyle	Employer appointed representative
Neale Clark	Member elected representative
Vincent Chandra	Member elected representative
Lindsay Welsh	Member elected representative

The Employer appointed Policy Committee representatives were appointed by Valvoline Australia Pty Ltd. The Member elected Policy Committee representatives were elected by members of the Plan.

### Modular Mining Systems Superannuation Plan

The members of the Modular Mining Systems Superannuation Plan Policy Committee as at 30 June 2018 were:

Policy Committee details	
Darren Arthur	Employer appointed representative
Troy Campbell	Employer appointed representative
Greg Sweeney	Member elected representative
Lisa Barry	Member elected representative

The Employer appointed Policy Committee representatives were appointed by Modular Mining Systems Pty Limited. The Member elected Policy Committee representatives were elected by members of the Plan.

### Aquatec Maxcon Superannuation Plan

The members of the Aquatec Maxcon Superannuation Plan Policy Committee as at 30 June 2018 were:



Policy Committee details	
Phil Coghlan	Employer appointed representative
Paul Court	Employer appointed representative
Scott Blackwell	Member elected representative
Jake den Otter	Member elected representative

The Employer appointed Policy Committee representatives were appointed by Aquatec Maxcon Pty Ltd. The Member elected Policy Committee representatives were elected by members of the Plan.

**For up to date information regarding all current Policy Committee representatives for any of the above Plans, please visit the Plan website or contact the Fund Administrator.**

**For further information regarding the member representative election process in respect of any of the Policy Committees, contact the Fund Administrator.**

## Unclaimed Money

Under Federal Government (Unclaimed Money) legislation, there are a number of circumstances in which superannuation must be paid to the ATO as unclaimed money including inactive benefits of an uncontactable member who has reached age 65 and certain 'lost' members (depending on the size of the member's account balance or period of inactivity, as set out in Government legislation from time to time).

A former temporary resident's superannuation benefit must also be paid to the ATO as unclaimed money where it has been at least six months since they have departed Australia and their visa has lapsed and the ATO issues a notice to the Fund requesting the benefit be paid to the ATO.

If this happens, you have a right, under the Government's legislation, to claim your super money directly from the ATO (subject to the applicable tax rates).

Further information about unclaimed money can be obtained from [www.ato.gov.au](http://www.ato.gov.au).

If you are a former temporary resident whose superannuation benefits are transferred to the ATO as unclaimed money, you may not be notified of this or receive an exit statement after the transfer occurs.

The Trustee will rely on relief provided by the Australian Securities & Investments Commission ("ASIC") Class Order [CO 09/437] which says, in effect, that the trustee of a

superannuation fund is not obliged to meet certain disclosure requirements in relation to non-residents who have ceased to hold an interest in the fund as a result of the payment of unclaimed superannuation to the Commissioner of Taxation. If you require any further information, contact the Fund Administrator.

## Eligible Rollover Fund

The Trustee has selected Super Safeguard Fund ("SUSA") as the Fund's nominated Eligible Rollover Fund ("ERF"). An ERF is a fund designated by the Australian Prudential Regulation Authority ("APRA") to receive and invest the entitlements of superannuation members in certain circumstances.

Subject to any requirement on the Trustee to transfer lost accounts to the ATO, your benefit may be transferred to SUSA if you become a "lost member" as defined in superannuation legislation including, where two pieces of mail are 'returned to sender', for example, due to an incorrect or no address being held for you in the Fund's administration records.

**Note: If your benefit is transferred to SUSA or the ATO, any insurance cover that you may have will cease as at the date of transfer.**

Once your benefit has been transferred to SUSA, you will have no entitlement to benefits from the Fund.

If you are transferred to SUSA, you will become a member of SUSA and be subject to its governing rules. The PDS for SUSA will outline the operational and membership details of SUSA.

**The investments, fees and costs in relation to SUSA will be different from those of the Fund. In addition, SUSA does not offer insurance benefits in the event of death or disablement.**

As such, apart from any grace period applicable to your insurance benefits, any insurance benefits you may have in the Fund will cease at the time your benefit is transferred to SUSA.

Members wishing to locate their benefit after it has been transferred from the Fund, can contact the ATO on 13 28 65 or SUSA at the following address:

**Super Safeguard Fund**

GPO Box 3426  
MELBOURNE VIC 3001

☎ 1300 135 181  
📠 1300 135 191

💻 [www.supersafeguard.com.au](http://www.supersafeguard.com.au)



## Enquiries and complaints

The Trustee is required to take all reasonable steps to ensure that there are arrangements in place under which:

- Members or their beneficiaries have the right to enquire into, or complain about, the operation or management of the Fund; and
- Those enquiries or complaints will be properly considered and dealt with within 90 days.

It is important to distinguish between enquiries and complaints. Enquiries are requests for information about the Fund or your benefits. Complaints are expressions of dissatisfaction.

### Enquiries

If you have an enquiry regarding the Fund, you should contact the Fund Administrator. Enquiries can be made by email, phone or in writing. If you do not receive a satisfactory response within 28 days, you should immediately contact the Trustee (see the back page for contact details).

### Complaints

Complaints should generally be made in writing to the Trustee, and you should receive a response from the Trustee within 90 days. The contact details for complaints to the Trustee are provided below.

#### The Complaints Officer

C/- OneVue Super Member Administration Pty Ltd  
PO Box 67  
Australia Square NSW 1215  
Tel: 1300 614 644

### Superannuation Complaints Tribunal

If you are not satisfied with the Trustee's handling of your complaint or the Trustee's decision, or the Trustee does not respond within 90 days, you may contact the Superannuation Complaints Tribunal ("SCT"). The Tribunal is an independent body set up by the Federal Government to assist members or beneficiaries to resolve certain types of complaints with fund trustees.

The Tribunal may be able to assist you to resolve your complaint if you are not satisfied with the response received from the Trustee's handling of your complaint (or you do not receive a response within 90 days). If the Tribunal accepts your complaint, it may attempt to resolve the matter through conciliation, which involves assisting you and the Trustee to come to a mutual agreement.

If conciliation is unsuccessful, the complaint is referred to the Tribunal for a determination which is binding. You should be

aware, however, that a party may appeal a decision of the Tribunal to the Federal Court.

If you wish to find out whether the Tribunal can handle your complaint and the type of information you would need to provide, contact the SCT on the following details:

#### Superannuation Complaints Tribunal

Locked Bag 3060  
Melbourne VIC 3001  
☎ 1300 884 114

**Note: Due to a change in the law, the SCT will be replaced with the Australian Financial Complaints Authority (AFCA) from 1 November 2018. Information about AFCA can be found at [www.afca.org.au](http://www.afca.org.au) or they can be contacted on 1800 931 678**

## Information on request

The following information is available on the Fund website at [www.executivesuper.com.au](http://www.executivesuper.com.au) and/or by contacting the Fund Administrator (contact details on the back page):

- The Fund's various Product Disclosure Statements (including Investment Guide, Insurance Guide and Reference Guide which are incorporated by reference, where applicable) for the Employer Sponsored Product, Personal Product and Pension Product in the Fund;
- The Fund's regular investment performance;
- MySuper MyLife Product Dashboard;
- Recent Member Newsletters;
- The Fund's Trust Deed and Rules;
- The latest audited accounts;
- All Forms, e.g. the Nomination of Beneficiaries Form;
- Information about your benefit entitlements; and
- Any other information that may help you understand particular investments of the Fund or the management, financial condition and performance of the Fund.

## Legislative Update

**Note: This legislative update was compiled as at September 2018 and is subject to change.**

**For up to date information relating to taxation of superannuation, go to [www.ato.gov.au](http://www.ato.gov.au) or contact the Fund Administrator.**

### Superannuation changes from 1 July 2018

The Government has made a number of significant reform proposals in relation to superannuation, some of which have since been legislated and took effect (generally) from 1 July 2018.

Some of these changes are:

- From 1 July 2018, superannuation fund members will be able to 'carry-forward' any unused amount of the concessional contributions cap. Members will be able to access their unused concessional contributions cap on a rolling basis for five years. Amounts carried forward that have not been used after five years will expire. The first year in which superannuation fund members can access unused concessional contributions is 2019–20 (when unused concessional contributions for the 2018–19 year can be carried forward). Members will only be able to carry-forward their unused concessional contributions cap if their total superannuation balance at the end of 30 June of the previous financial year is less than \$500,000;
- First home buyers will be able to withdraw voluntary superannuation contributions made from 1 July 2017 for a first home deposit. From 1 July 2017 individuals can contribute up to \$15,000 per year (subject to contribution caps). They will be able to withdraw up to \$30,000 (plus associated earnings) per person in total under the scheme. Withdrawals of contributions (and any associated deemed earnings) may be made from 1 July 2018;
- A person aged 65 or over can contribute up to \$300,000 from the proceeds of the sale of their home as a non-concessional contribution into superannuation, from 1 July 2018. This is in addition to the maximum contribution otherwise permitted in super (but the transfer balance cap for conversion from the accumulation to retirement phase will still apply). This measure will apply to sales of a principal residence owned continuously by you and/or your spouse for the past 10 or more years and both members of a couple will be able to take advantage of this measure for the same home;
- Reforms to dispute handling arrangements have been legislated where the current external dispute resolution body for superannuation, the Superannuation Complaints Tribunal will be replaced with the Australian Financial Complaints Authority from 1 November 2018.

### Superannuation changes announced in the 2018 Federal Budget

Superannuation related changes announced in the recent May 2018 Federal Budget are designed to increase member protection and the flexibility of rules around superannuation. Some of the proposed changes (which have not yet been legislated) are:

- Insurance in superannuation will move from default to an opt-in basis for any member with a balance below

\$6,000, or who is under 25 years or with an inactive account (with no contributions in 13 months). These changes are to take effect from 1 July 2019. Members who are impacted have until then to decide whether to opt-in to their existing cover or allow it to terminate;

- Administration and investment fees charged by super funds will be capped at 3 percent pa of accounts with balances below \$6,000. Exit fees will be banned for all super accounts. These changes are to take effect from 1 July 2019;
- Individuals with multiple employers and with income exceeding \$236,157 will be able to nominate that wages from certain employers are not subject to SG from 1 July 2018 in order to avoid unintentionally breaching the \$25,000 concessional cap;
- An exemption from the work test for voluntary contributions for individuals aged 65 to 74 with balances below \$300,000 in the first year they do not meet the work test requirements. (The contribution caps will still apply to the contribution.) These changes are to take effect from 1 July 2019;
- Super fund trustees will be required to develop a retirement income strategy for fund members, which is aimed at supporting the Government's proposed comprehensive income product for retirement (CIPR) framework;
- All inactive superannuation accounts (where no contribution has been received for 13 months) with a balance below \$6,000 will be required to be transferred to the ATO. ATO data-matching will be expanded to pro-actively reunite these with members' active accounts, where possible. The changes take effect from 1 July 2019;
- The ATO will be provided additional funding to develop new integrity models and undertake additional compliance activity to alert individuals to the requirement that they comply with Notice of Intention to Deduct (NOI) requirements. This measure is proposed to commence from 1 July 2018.

**This Legislative Update is a broad summary for general information purposes only. The application of some of the legislative changes, particularly to members of defined benefit funds, can be complex. We recommend that you speak to your financial adviser about how these and any other relevant superannuation changes may affect you. The implications depend on your personal circumstances.**

## Update to fees and costs 30 June 2018

The table below shows the estimated Investment fee and Indirect Cost Ratio applicable to the investment options within The Executive Superannuation Fund range of superannuation products.

Investment option	Investment fee		Indirect Cost Ratio	
	% assets p.a. (estimated)		% assets p.a. (estimated)	
	30 June 2017	30 June 2018	30 June 2017	30 June 2018
<b>Aggressive</b>	0.57	0.58	0.10	0.12
<b>Growth</b>	0.52	0.53	0.10	0.12
<b>MySuper MyLife / Balanced</b>	0.52	0.54	0.12	0.13
<b>Moderate</b>	0.43	0.45	0.11	0.13
<b>Conservative</b>	0.39	0.41	0.11	0.12
<b>International Shares</b>	0.50	0.52	0.08	0.13
<b>Australian Shares</b>	0.52	0.52	0.09	0.09
<b>Listed Property</b>	0.40	0.42	0.02	0.08
<b>Diversified Fixed Interest</b>	0.38	0.45	0.17	0.16
<b>Cash</b>	0.17	0.17	0.00	0.00

**Note:** Estimated fee and costs are subject to change from year to year. The Trustee may update the information in the Fund's PDSs. If the updates are not materially adverse, the details will be available at [www.executivesuper.com.au](http://www.executivesuper.com.au).

## Other Information

The Trustee's approach to conflicts management is governed by its Conflicts Management Policy, which sets out the principles and the minimum requirements of the Trustee.

Conflicts identified are recorded and managed on an ongoing basis via the Trustee's registers of relevant duties and interests and via other relevant Trustee policies, systems and processes.

Training and awareness with respect to the Trustee's Conflicts Management Framework is undertaken annually.

## Summary of financial performance

A summary of the Fund's audited accounts (including all membership categories) for the year ended 30 June 2018 is shown below. The full audited accounts and auditor's report are available on request by contacting the Fund Administrator.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018	2018 \$'000	2017 \$'000
<b>ASSETS</b>		
Cash and cash equivalents	161,818	125,749
Receivables	34,873	39,416
Investments	1,927,661	1,807,275
Other assets	4,285	3,607
<b>TOTAL ASSETS</b>	<b>2,128,637</b>	<b>1,976,047</b>
<b>LIABILITIES</b>		
Current tax liabilities	5,954	14,499
Deferred tax liabilities	11,317	6,537
Other liabilities	15,883	18,187
<b>TOTAL LIABILITIES</b>	<b>33,154</b>	<b>39,223</b>
<b>NET ASSETS AVAILABLE FOR MEMBERS</b>	<b>2,095,492</b>	<b>1,936,824</b>
Member benefits	2,085,810	1,923,219
<b>TOTAL NET ASSETS</b>	<b>9,682</b>	<b>13,605</b>
<b>EQUITY</b>		
Operational risk reserve	5,163	4,729
Other reserves	3,312	6,763
Defined benefits that are over funded	1,207	2,113
<b>TOTAL EQUITY</b>	<b>9,682</b>	<b>13,605</b>
<b>INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2018</b>	<b>2018 \$'000</b>	<b>*2017 \$'000</b>
<b>REVENUE</b>		
Investment Income	178,902	159,842
Other Income	-	1,061
<b>TOTAL REVENUE</b>	<b>178,902</b>	<b>160,903</b>
<b>EXPENSES</b>		
Investment expenses	(1,300)	(1,147)
General administration expenses	(16,429)	(16,458)
Other expenses	(687)	(1,161)
<b>TOTAL EXPENSES</b>	<b>(18,416)</b>	<b>(18,766)</b>
<b>PROFIT FROM OPERATING ACTIVITIES</b>	<b>160,486</b>	<b>142,137</b>
Less: net benefits allocated to defined contribution members' accounts	(161,823)	(122,147)
Less: net change in defined benefit member liabilities	(1,834)	(807)
<b>OPERATING RESULT BEFORE INCOME TAX</b>	<b>(3,171)</b>	<b>19,183</b>
Income tax expense /(gain)	(1,637)	(11,760)
<b>OPERATING RESULT AFTER INCOME TAX EXPENSE/(GAIN)</b>	<b>(4,808)</b>	<b>7,423</b>

STATEMENT OF CHANGES IN MEMBER BENEFITS FOR THE YEAR ENDED 30 JUNE 2018		
	2018 \$'000	2017 \$'000
<b>OPENING BALANCE OF MEMBER BENEFITS</b>	<b>1,923,219</b>	<b>1,841,152</b>
Contributions received	138,939	151,245
Transfers from other superannuation funds	120,647	85,435
Income tax on contributions	(15,312)	(18,493)
<b>NET AFTER TAX CONTRIBUTIONS</b>	<b>244,274</b>	<b>218,187</b>
Benefit payments	(237,074)	(254,007)
Superannuation contribution surcharge tax	-	-
Insurance premiums charged to members' accounts	(20,945)	(16,360)
Insurance benefits credited to members' accounts	12,679	11,293
Reserve transfers from members	-	-
Net benefits allocated to members' accounts	161,823	122,147
Net change in defined benefit member accrued accounts	1,834	807
<b>CLOSING BALANCE OF MEMBER BENEFITS</b>	<b>2,085,810</b>	<b>1,923,219</b>

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018					
	Operational Risk Reserve \$'000	Expense Reserve \$'000	General Reserve \$'000	Defined Benefits that are over funded \$'000	Total Equity \$'000
<b>Opening balance as at 1 July 2016</b>	4,676	110	-	1,396	6,182
Net transfers to/(from) reserves	-	-	-	-	-
Net transfers to/(from) member accounts	-	-	-	-	-
Operating result	53	(80)	6,733	717	7,423
<b>Closing balance as at 30 June 2017</b>	<b>4,729</b>	<b>30</b>	<b>6,733</b>	<b>2,113</b>	<b>13,605</b>
<b>Opening balance as at 1 July 2017</b>	4,729	30	6,733	2,113	13,605
Net transfers to/(from) reserves	-	-	-	885	885
Operating result	434	(28)	(3,423)	(1,791)	(4,808)
<b>Closing balance as at 30 June 2018</b>	<b>5,163</b>	<b>2</b>	<b>3,310</b>	<b>1,207</b>	<b>9,682</b>

1. The Fund's accounts have been prepared in accordance with accounting standard AASB1056 Superannuation Entities applicable to reporting periods on or after 1 July 2016.

## Contact Details

Should you require any further information in respect of the Fund, information is available as follows:

### Fund website



[www.executivesuper.com.au](http://www.executivesuper.com.au)

### Fund Administrator

OneVue Super Member Administration Pty Ltd  
PO Box 67  
Australia Square NSW 1215



1300 614 644



General Queries: [execsuper@onevue.com.au](mailto:execsuper@onevue.com.au)

Insurance Queries: [tesfsuperinsurance@onevue.com.au](mailto:tesfsuperinsurance@onevue.com.au)

Contribution Queries: [superconts@onevue.com.au](mailto:superconts@onevue.com.au)

### Trustee

Equity Trustees Superannuation Limited  
GPO Box 2307  
Melbourne VIC 3001



(03) 8623 5000