

2017 Annual Report

CUBS Superannuation Fund –

Qudos Super

Qudos Pensions

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 Qudos Super or Qudos Pensions 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 721 720

Facsimile: (03) 9654 2187

Email: super@financialsynergy.com.au

Website: www.financialsynergy.com.au

The Bank: Qudos Mutual Limited trading as Qudos Bank

420 Forest Road

Hurstville NSW 2220

Telephone: 1300 747 747

Email: enquiries@qudosbank.com.au

Website: www.qudosbank.com.au

Trustee: Equity Trustees Superannuation Limited

Level 1, 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 2017. 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 2017, 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. Qudos Super and Qudos Pensions are products offered from the Fund since 16 October 2013 (they are not separate superannuation funds) and are referred to as '**Qudos products**' in this report.

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. You should refer to the relevant Product Disclosure Statement (**PDS**) and any factsheets (where applicable) and assess your own financial situation before making any financial decisions. You may wish to consult an appropriately qualified financial adviser before making any financial decisions in relation to this product. You can obtain the PDS and factsheets relevant to your membership by calling 1300 721 720 or downloading it from www.qudosbank.com.au.

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MESSAGE FROM THE TRUSTEE

The Trustee presents the Annual Report for the CUBS Superannuation Fund for members participating in the Qudos Super and Qudos Pension products ('**Qudos products**'), for the year ended 30 June 2017.

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 20).

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 13th November 2017, the provision of promoter and administration services in respect of the Fund will transfer from Top Quartile Management Pty Ltd (ABN 98 006 771 848, AFSL 238816) (the current Promoter) and Financial Synergy Pty Ltd (the current Administrator) to a single entity, Mainstream Superannuation Services Pty Ltd (ABN 83 082 989 142, AFSL 239636).

YOUR INVESTMENT OPTIONS

There are six investment options available to members of the Qudos products to choose from when making your investment decisions. The Trustee may close, vary or add to the investment options available to members from time to time. The investment options available to members of the Qudos products reflect the Fund's investment policy for this segment of the Fund and are part of an overarching approach to investments that takes into account various factors including relevant law, the Trust Deed and the nature of the Fund membership.

You should also consider the current PDS and any factsheets applicable to the Qudos product you participate in when making any investment decisions.

INVESTMENT OPTIONS

- **Cash Plus Option***
- **Conservative Option**
- **Balanced Option**
- **Growth Option**
- **High Growth Option**
- **Term Deposit Option**

*Note: This option is called 'Cash Plus' because it invests in Fixed Interest assets as well as Cash.

This Report provides information about each of the options, as relevant to members of the CUBS Superannuation Fund for the 2016/2017 financial year. Further information about the options can be downloaded from www.qudosbank.com.au

Refer to your Annual Member Statement to check which investment options you are invested in or have chosen. Your member statement shows your investment options as at 30 June 2017.

Visit the website at www.qudosbank.com.au for more up to date information.

INVESTMENT OPTIONS

	CASH PLUS OPTION			CONSERVATIVE OPTION		
Risk Level	Estimated number of negative annual returns over any 20 year period is less than 0.5.			Estimated number of negative annual returns over any 20 year period is one to less than 2.		
Investment Return Objectives	To achieve returns (after tax and fees) in line with 50% RBA cash rate + six-month bank bills over a rolling 1 year period.			To achieve returns (after tax and fees) that exceed CPI by at least 1.50% over rolling a 5 year period.		
Strategic Asset Allocation	Fixed Interest	50%		Australian Equities	14%	
	Cash	50%		International Equities	10%	
				Listed Property	3%	
				Fixed Interest	30%	
				Cash	43%	
Recommended Minimum Investment Timeframe	Short term (no minimum)			Short to Medium term investors (usually three to five years)		
Actual Asset Allocation as at 30 June*		2017	2016		2017	2016
	Fixed Interest [^]	48.52%	48.25%	Australian Equities	12.17%	12.10%
	Cash [^]	51.48%	51.75%	International Equities	12.16%	12.09%
				Listed Property	3.04%	3.03%
				Fixed Interest [^]	29.82%	29.82%
				Cash [^]	42.81%	42.96%

*Asset allocation may vary from time to time due to market fluctuations and amounts held in cash pending investment.

[^]The Cash and Fixed Interest investments utilised in these options are cash and fixed interest deposits or products issued by Qudos Bank Ltd.

INVESTMENT OPTIONS

	BALANCED OPTION			GROWTH OPTION		
Risk Level	Estimated number of negative annual returns over any 20 year period is two to less than 3.			Estimated number of negative annual returns over any 20 year period is three to less than 4.		
Investment Return Objectives	To achieve returns (after tax and fees) that exceed CPI by at least 2.50% over a rolling 5 year period.			To achieve returns (after tax and fees) that exceed CPI by at least 3.25% over a rolling 5 year period.		
Strategic Asset Allocation	Australian Equities	22%		Australian Equities	31%	
	International Equities	18%		International Equities	25%	
	Listed Property	5%		Listed Property	7%	
	Fixed Interest	30%		Fixed Interest	34%	
	Cash	25%		Cash	3%	
Recommended Minimum Investment Timeframe	Medium to Long term investors (usually five years plus)			Long term investors (usually seven years plus)		
Actual Asset Allocation as at 30 June*		2017	2016		2017	2016
	Australian Equities	20.36%	19.90%	Australian Equities	28.05%	27.84%
	International Equities	20.36%	19.90%	International Equities	28.07%	27.85%
	Listed Property	5.09%	4.97%	Listed Property	7.01%	6.96%
	Fixed Interest [^]	29.66%	29.71%	Fixed Interest [^]	31.43%	31.37%
	Cash [^]	24.53%	25.52%	Cash [^]	5.44%	5.98%

*Asset allocation may vary from time to time due to market fluctuations and amounts held in cash pending investment.

[^]The Cash and Fixed Interest investments utilised in these options are cash and fixed interest deposits or products issued by Qudos Bank.

INVESTMENT OPTIONS

	HIGH GROWTH OPTION		
Risk Level	Estimated number of negative annual returns over any 20 year period is four to less than 6.		
Investment Return Objectives	To achieve returns (after tax and fees) that exceed CPI by at least 4.00% over a rolling 5 year period.		
Strategic Asset Allocation	Australian Equities	40%	
	International Equities	40%	
	Listed Property	10%	
	Fixed Interest [^]	10%	
	Cash	0%	
Recommended Minimum Investment Timeframe	Long term investors (seven to ten years or more)		
Actual Asset Allocation as at 30 June*		2017	2016
	Australian Equities	38.54%	-
	International Equities	38.55%	-
	Listed Property	9.63%	-
	Fixed Interest [^]	9.63%	-
	Cash [^]	3.65%	-

*Asset allocation may vary from time to time due to market fluctuations and amounts held in cash pending investment.

[^]The Cash and Fixed Interest investments that will be utilised in this option are cash and fixed interest deposits or products issued by the Qudos Bank.

INVESTMENT OPTIONS

	TERM DEPOSIT OPTION[^]
Risk Level	Estimated number of negative annual returns over any 20 year period is less than 0.5.
Investment Return Objectives	To achieve returns (after tax and fees) in line with 50% RBA cash rate+ six-month bank bills over a rolling 1 year period.
Strategic Asset Allocation	<u>Available Terms</u> 1 year 2 years 3 years
Recommended Minimum Investment Timeframe	Recommended Minimum Investment Timeframe (1 to 3 years, depending on the term of the deposit).

[^]This option allows you to choose from a range of Term Deposits which are products issued by Qudos Bank.

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 2017 (incorporating all products including the Qudos products). A copy of the audited financial statements and auditor's report will be available on request from the Administrator after 31 October 2017.

	2017	2016
Net Assets Available to Pay Benefits At End of Previous Year	67,261,799	56,661,777
Revenue		
Changes in net market value of investments	544,193	(950,827)
Contributions from employers	2,009,082	1,494,043
Contributions from members	3,095,252	1,840,827
Interest	900,604	1,017,002
Other Income	2,037,208	1,333,554
Transfer from other funds	14,772,668	24,060,345
Total Revenue	23,359,007	28,794,944
Expenses		
Administration	(239,367)	(174,270)
Benefits paid	(16,201,954)	(17,381,002)
General administration expenses	(76,809)	(273,838)
Tax expense	(543,332)	(465,131)
Trustee fees	(55,555)	(48,722)
Total Expenses	(17,117,017)	(18,342,963)
Movement in Fund reserves	41,412	148,019
Net Assets Available To Pay Benefits At End of Year	73,545,201	67,261,777
Represented by		
Assets		
Cash and cash equivalents	12,648,604	13,642,634
Receivables	1,457,407	801,653
Hunter Credit Union – cash	761,833	794,035
Hunter Credit Union – fixed interest	554,950	598,043
Qudos Fixed Interest	8,538,591	8,435,214
Qudos Cash Investment Pool	7,649,536	7,868,420
Defence Bank Super Cash Investment Pool	5,178,659	5,097,705
Defence Bank Super Fixed Interest	5,917,155	5,581,284
Vic Teachers Credit Union Cash Investment Pool	726,545	699,313
Vic Teachers Credit Union Fixed Interest	958,709	918,971
Beyond Bank Cash Investment Pool	212,191	80,996
Beyond Bank Fixed Interest	218,680	89,669
Bankstown Credit Union Cash Investment Pool	128,459	111,617

FINANCIAL AND OTHER STATUTORY INFORMATION

Bankstown Credit Union Fixed Interest	118,194	109,685
Term Deposits	5,867,003	3,922,054
Units in managed investment schemes	22,948,706	18,780,870
Total Assets	73,885,222	67,532,163
Liabilities		
Audit fee payable	-	-
Operating expenses payable	66,293	51,745
Current tax liability	199,789	181,585
Deferred Tax liability	73,939	37,034
Total Liabilities	340,021	270,364
Net Assets Available to Pay Benefits	73,545,201	67,261,799

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 Qudos products) as at 30 June 2017:

INVESTMENT	\$'000	%
Greater Building Society Ltd Cash	10,153	13
Qudos Bank Fixed Interest*	8,539	11
Qudos Bank Cash*	7,650	10
Defence Bank Cash^	5,179	7
Defence Bank Fixed Interest^	5,917	8
Vanguard High Growth Index Fund	22,949	31
Term Deposits*	5,127	7

*The Qudos Bank Cash, Fixed Interest and Term Deposit investments are cash and fixed interest deposits or products 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 including Qudos products) as at 30 June 2017 and 30 June 2016 are set out in the table below:

ASSET	2017		2016	
Australian Equities	\$9,248,000	12.77%	\$7,549,910	11.34%
International Equities	\$9,409,000	12.99%	\$7,456,005	11.21%
Listed Property	\$1,905,000	2.63%	\$1,878,087	2.82%
Fixed Interest	\$24,560,000	33.91%	\$21,351,787	32.10%
Cash	\$27,306,000	37.70%	\$28,294,699	42.53%

FINANCIAL AND OTHER STATUTORY INFORMATION

Operational Risk Financial Requirement (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.

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.

The level of the ORFR over the last three financial years is:

ORFR Reserve	2017	2016	2015
Amount held in reserve as at 30 June	\$250,240	\$208,828	\$60,810

Allocation of Earnings

The allocation of earnings to member accounts depends on the segment of the Fund that you participate in.

For members of Qudos products, net earnings (after the deduction of relevant fees, costs and taxes) for an Investment Option (other than the Term Deposit Option) are allocated to a member's account through changes in the unit prices (Sell Prices) applicable to the Investment Option(s) in which a member is invested during the year. Unit prices are usually determined daily based on market valuations of the assets of each option. Changes in the unit prices from time to time determine the value of a member's investment in an Investment Option (other than the Term Deposit Option).

The Trustee's policy is to allow all investment returns (after taking into account relevant fees, costs and taxes) to flow through to members via increases (or decreases) in unit prices, where applicable.

The investment performance of a Term Deposit (available under the Term Deposit Option) is based on the applicable rate of interest declared by the relevant financial institution and is allocated to a member's account.

For more information about unit prices or the allocation of earnings relating to Term Deposits, refer to the relevant PDS (including, where applicable, current factsheets) applicable to your account.

FINANCIAL AND OTHER STATUTORY INFORMATION

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 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)

Locked Bag 5132

Parramatta NSW 2124

Telephone: 1300 361 798

Email: admin@ausfund.com.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 AND 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 – Qudos Super and Pensions
PO Box 4344
MELBOURNE VIC 3001

Telephone (03) 9654 1399
Facsimile (03) 9654 2187
Email qscu@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 Statement, 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 Statement can be viewed at www.financialsynergy.com.au or you may call the Administrator on 1300 721 720 to have a copy mailed to you.

A copy of the Trustee's Statement 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 2017 comprises:

Ms Catherine Robson

Mr Ellis Varejes

Mr John Crocker

Mr Mark Blair

Mr Michael O'Brien

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 50 055 641 757
AFS Licence No. 229757
RSE Licence No. L0001458

Level 1, 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

GPO Box 4344
Melbourne VIC 3001

Telephone: (03) 9654 1399
Facsimile: (03) 9654 2187
Email: super@financialsynergy.com.au
Website: www.FinancialSynergy.com.au

Insurer

TAL Life Limited

ABN 70 050 109 450

Level 8, 1 O'Connell Street
Sydney NSW 2000
GPO Box 5380
Sydney NSW 2001

Sub-Promoter

Qudos Mutual Limited trading as Qudos Bank

ABN 53 087 650 557
AFS Licence No. 238305

420 Forest Road
Hurstville NSW 2220

Telephone: 1300 747 747
Email: enquiries@qudosbank.com.au
Website: www.qudosbank.com.au

Promoter

Top Quartile Management Pty Ltd

ABN 98 006 771 848
AFS Licence No. 238816

Level 9, 360 Elizabeth Street
Melbourne VIC 3000

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Melbourne VIC 3001
Telephone: (03) 9654 1399
Facsimile: (03) 9654 2187

Custodian

Equity Trustees Limited

ABN 46 004 031 298

Level 2, 575 Bourke Street
Melbourne VIC 3000

Auditor

UHY Haines Norton Chartered Accountants

ABN 85 140 758 156

Level 11, 1 York Street
Sydney NSW 2000

For Further Information

Email gscu@cubssuper.com.au

Website www.qudosbank.com.au

Telephone 1300 721 720

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Melbourne VIC 3001