



Annual Report 2016

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# **Building a better tomorrow**





Technology, government policy, financial markets and shifting demographics are creating new opportunities while at the same time challenging the established order.

Superannuation isn't immune to these changes.

In recent years we've seen the rise and plateau of the self-managed sector, a decline in corporate super funds, the closure of many defined benefit funds, and the ongoing spectre of low investment returns. Underpinning these issues has been a government-driven push for industry-wide consolidation and scale.

The question, then, is how do super funds respond? How do they seize the opportunities available while ensuring the integrity of the superannuation system? How do they maintain the yields needed to build member wealth and provide a comfortable retirement?

This year's annual report looks at the big picture, and how we're positioning ourselves for the future. From consolidation and growth to technology, member services and employer partnerships, we've outlined our vision for the next twelve months.

We invite you to join us on this journey.

# Consolidation and growth

A roadmap for the future

**"The superannuation industry is changing. Structural reforms are driving competition and consolidation. Equip is also changing, and this year's report sets out the ways we are utilising product innovation, customer service, and investment returns to transform and improve the fund. On behalf of the Board, I would like to thank all members and employers for their continued support of Equip, and their on going commitment to the fund in the years ahead."**

**Andrew Fairley. Chairperson.**

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**What began early last century with a small group of retirement funds has become a major economic force in Australia.**

**Today's superannuation industry has over \$2 trillion dollars in funds under management.**

While the industry is robust, it's also populated by approximately 230 funds of various size competing in a largely static market. This has fuelled a push for consolidation from the Federal Government, and the Australian Prudential Regulation Authority (APRA), arguing that funds on the lower end of the spectrum lack the scale needed to remain competitive. This makes sense on paper, but the reality is mergers are notoriously time-consuming and complex in the not-for-profit superannuation sector.

In response, Equip has created a third path, one that allows funds to achieve the scale benefits of a larger fund while still maintaining their brand identity, service models and member relationships. Our successful extended public offer (EPO) license application to APRA provides us with the framework to achieve this.

The EPO enables Equip to become a trustee for corporate and industry funds, and serve as an umbrella

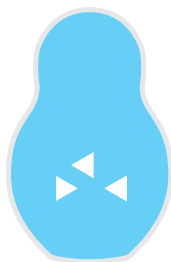
organisation for their administration and investment needs. It challenges the idea that small to medium sized superannuation funds must merge to achieve scale, and recognises that even smaller funds have long established relationships and brand loyalties with their members. We are actively pursuing such opportunities.

Beyond the EPO, Equip continues to grow, and the 2015/16 financial year saw the fund absorb AustralianSuper's defined benefit business, which included Toshiba, City of Perth, Fletcher and CSL. We also became the preferred fund of the Transport Management Association of Australia (TMAA), which opens the door to talks between us and TMAA's approximately 80 employers.

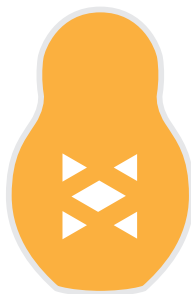
This proactive approach to both industry crosswinds and government regulation means we're uniquely positioned for the future. It provides a clear roadmap for growth, and a compelling offer we can take to market.



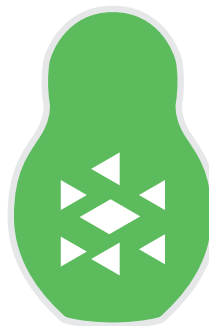
**Growing the fund creates scale and reduces operating costs, which means potentially reduced fees for members.**



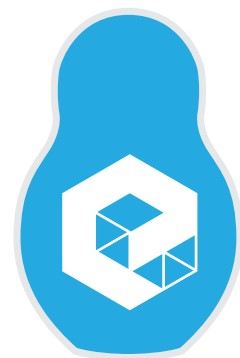
**Approximately  
48,000 members**



**\$100 million  
additional roll-ins**



**\$300 million new  
fund growth**



**\$7.5 billion under  
management**

# Changing the conversation

Creating an income for life

**“The past year has seen Equip lay the ground work for the future. Our extended public offer licence, new website, user journey development, and outcome based investment means we are positioned to grow our business, minimise costs, and provide a better member experience. This creates value for both our members and employers, and provides a clear vision for the fund’s future”.**

**Nicholas Vamvakas. Acting CEO, Executive Officer Risk.**

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**Retirement once meant a gold watch and a lump sum superannuation payment.**

**Times have changed, and the last few decades have seen a significant reappraisal of both retirement and superannuation.**

**People are living longer, they're remaining active, and they want to maintain a certain level of comfort.**

All these factors have seen an increased emphasis on retirement income streams. After all, it's not how much you retire with, it's how long it can support you and your lifestyle.

This shift is changing both the products on offer and the conversation around superannuation. For Equip it's meant adopting an 'Income for Life' approach to super - one that enables our members to create an income for the future and at the same time an insurance safety net against loss of income while they work.

The past year also saw the development of Equip MyFuture, a lifetime accumulation account that provides the framework for a new and enhanced member experience. It allows people to maintain the same account throughout the course of their working life regardless of how many times they change employers.

At the same time, it provides access to a range of customised tools and products to help simplify superannuation.

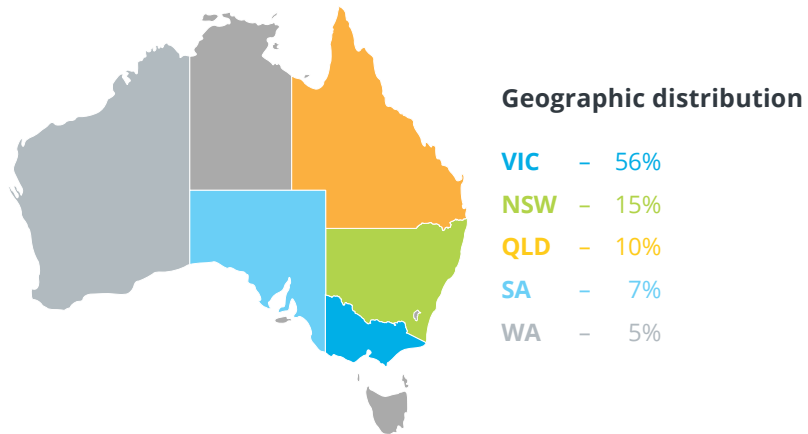
These products are only as good as the returns they provide, and their ability to generate sustained, long-term growth. Equip is responding with an outcome-driven investment strategy that focuses on long-term retirement income. This allows us to be more efficient in how we manage portfolios, allocate risk, and reduce unnecessary fees and taxes. It means we can better manage member expectations, while continuing to meet long-term objectives.

It all aligns with our 'Income for Life' goal for members and places greater emphasis on delivering an adequate and sustainable income in retirement. Which means our members can look to the future with confidence.

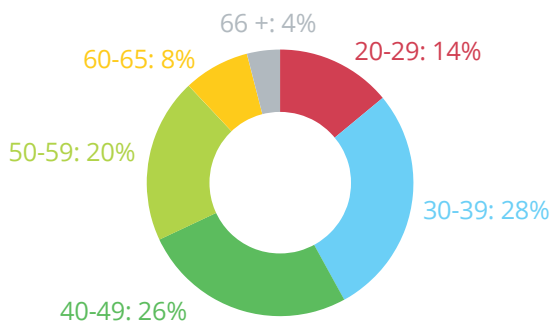


Understanding our members and their needs helps us provide better products and services.

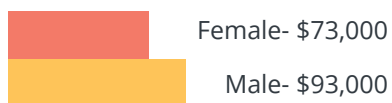
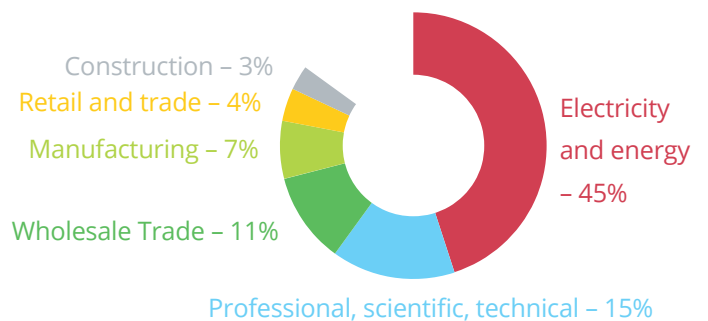
Below is a snapshot of Equip members as at June 30 2016.



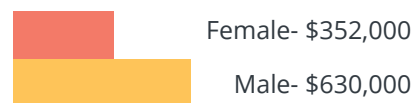
**Membership age**



**Industry sector diversity**



**Male / Female average salary**



**Average retirement balance**

# Technology and innovation

Enhancing the member experience

**"We are constantly striving to deliver more personal and timely member communications. Technology is a great enabler and the new Equip website is an example of our commitment to continued digital evolution. It allows us to deliver members and employers a seamless user journey that's adaptive to their needs".**

**Geoff Brooks. Executive Officer Strategic Marketing and Communications.**

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**Technology doesn't wait for anyone. It marches forward to its own rhythms, and recent years have seen digital disruptors winning market share and challenging incumbents throughout the world.**

**The superannuation industry is not exempt, and funds must meet the evolving needs of members and employers to stay relevant.**

The launch of the new Equip website has laid the groundwork for the fund's online transformation. It provides a platform on which we can roll out more user friendly and integrated services for our members. This is being spearheaded by two key features; automated investment advice and an increased focus on member analytics.

We developed Equip MyMoney in partnership with Clover.com.au to provide members with free online investment recommendations for their super. Clover's capability to offer advice outside of super will be added to Equip MyMoney in the future, and will provide members with a whole-of-life investment service.

The new website also introduced our Equip MyFuture retirement calculator and revamped our award-winning 'Move the Dial' peer comparison tool. Move the Dial aims to increase women's retirement savings and address the gender savings gap, it was awarded Best Digital Strategy and the Platinum Communications Award at the most recent AIST Awards. Working in unison, these interactive

online tools help members explore strategies to secure their financial future.

The second part of our digital strategy relates to member analytics. We are rolling out a new generation of Customer Relationship Management (CRM) software designed to anticipate and respond to members' needs. It means we're better placed to deliver the right products and messages to the right people at the right time.

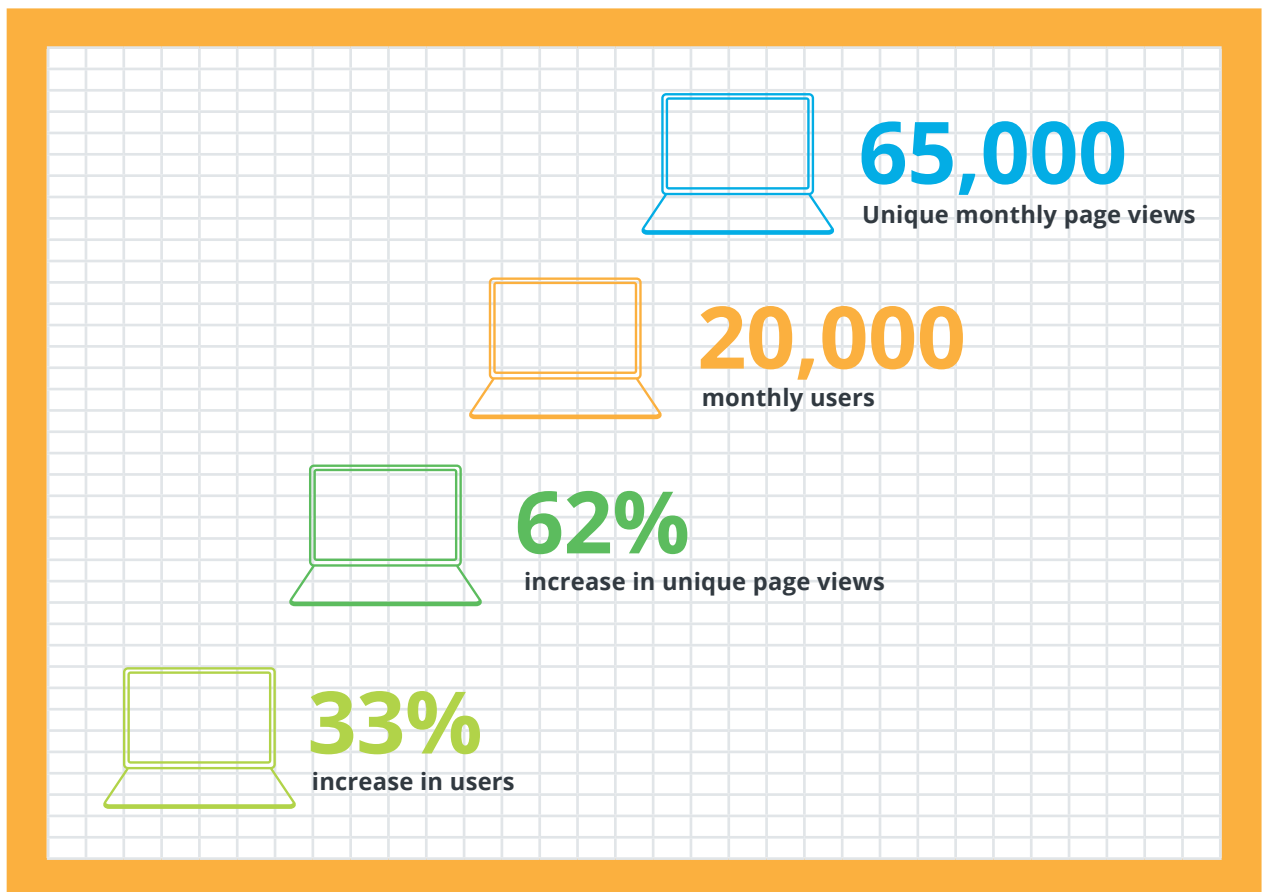
Ultimately, technology and digital innovation is about the user experience. It's about making life easier, and providing a tangible benefit to our members and employers. This is just as relevant for employers as it is members, and Equip is working with our partner administrator to streamline and simplify the administrative side of our business.

Superannuation shouldn't be difficult, and technology gives us the opportunity to chart a new way forward that benefits everyone.



Technology enables us to improve online functionality and member experience.

The new Equip website has seen a steady increase in visitor numbers.



Our digital work is supported by a number of new initiatives.



**Move the Dial tool**  
(launched 2015)



**MyFuture Calculator**  
(launched July 2016)



**Equip MyMoney**  
(launched August 2016)

# Professional services

Helping members plan their future

“We’re broadening the conversation beyond superannuation and speaking in a manner that everyone can understand. From investment returns and retirement income to aged care and mental health, our Member Services, Financial Planning team and Relationship Managers can assist members and employers get the most out of super”.

Justin Sadler. Executive Officer Member Relationships.

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**Retirement planning is increasingly challenging for members in the face of government reforms, and a changing investment environment.**

**That is why we have made access to accredited and affordable financial planning services a core part of our member services.**

**Our financial planning team can help members throughout their working life, during their transition to retirement, and beyond.**

As at 30 June 2016, Equip Financial Planning had \$1.7 billion in funds under advice, a 22% increase over the past 12 months. This highlights the increasingly high value members place on financial advice and is one of the fastest growing areas of our business.

We've supported the continued growth and development of our financial services arm with a range of new initiatives. Working in partnership with specialist lifestyle website, [oversixty.com.au](http://oversixty.com.au), we expanded our seminar program to include two major events in Melbourne and Sydney. These 'Start Me Up' retirement expos attracted over 400 registrations and gave us an opportunity to connect with a new audience beyond our membership base. We will be expanding this program into a four city schedule encompassing Melbourne, Brisbane, Adelaide and Sydney in 2017.

We have also expanded our media reach with the 'Do what you love' campaign on regional television and in local newspapers. Targeted at the pre-retirement market, it features real members talking about how

Equip has helped them reach their financial goals and plan the next stage of their lives.

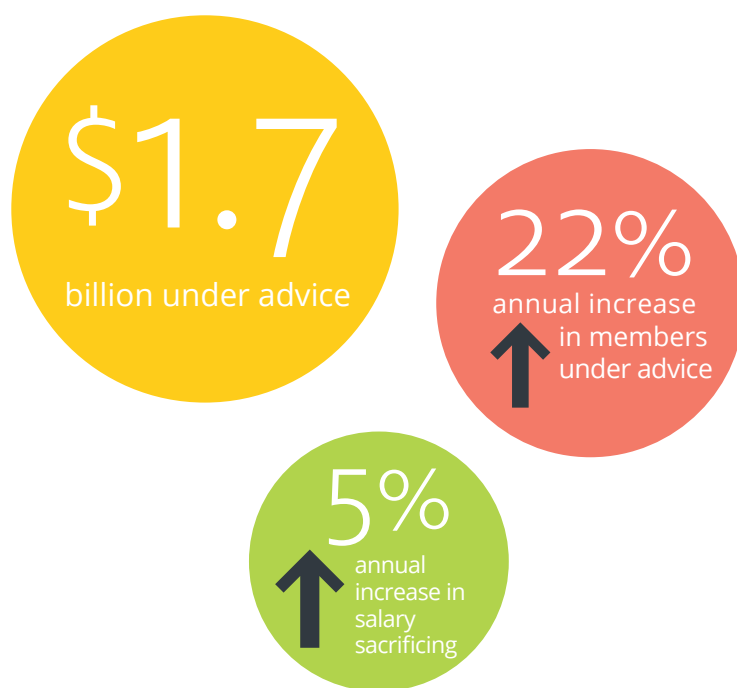
This complements our new aged care accommodation advisory service, which focuses on later life financial management, means testing and accommodation choice and funding. With 75% of our pension members under advice, this represents a natural progression of our financial planning services.

Regardless of their age or goals, we want to ensure all our members have access to a local planner and are working to extend our national support network. We have expanded our office in Traralgon, Victoria, and have moved to a more central location in North Sydney. We also have representatives in Queensland alongside our head office in Melbourne.

These efforts are reflected in our survey results, which show 9 out of 10 financial planning clients are very satisfied with their planner relationship and likely to recommend Equip Financial Planning to others.



Accessible financial planning and advice means a better retirement for our members.



16 free seminars around Australia.  
VIC. NSW. QLD. SA.

# Employer relations

Building strategic partnerships

**“Boosting membership and partnering with employers enables us to benefit from scale and pass the savings on to members. The next 12 months offer real growth opportunities for the fund, and our successful Extended Public Offer licence which allows other funds to come under the Trustee means that we’re uniquely positioned to take advantage of these opportunities”.**

**John Farrington. Executive Officer Corporate Relationships.**

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**Employers play a crucial role in the superannuation process. They provide frontline information and services to their staff, and act as a link between super funds and their members.**

Equip's Defined Benefit heritage means we've always had a close relationship with employers. It's why we go the extra mile, and work alongside our partners to implement, manage, and update superannuation requirements.

Looking forward, it puts us in a great position to lead the industry in outcome-based investment strategies for both employers and members. For our defined benefit employers it means we can be more efficient in how we manage risk, allocate capital, and derive long term income streams.

More broadly, it means we can continue to provide our employer partners with a full suite of products and services. This includes an extensive outreach, education, and training program. Last year alone, our relationship managers provided 120 seminars for over 2500 employees. These workshops and seminars incorporated everything from retirement advice to general information, and new member on-boarding.

This is bolstered by our ongoing relationship with SuperFriend, a workplace mental health initiative that looks beyond the financial aspects of retirement. These services are available to all employers and their staff, and can be especially beneficial when it comes to managing workplace redundancies or organisational change.

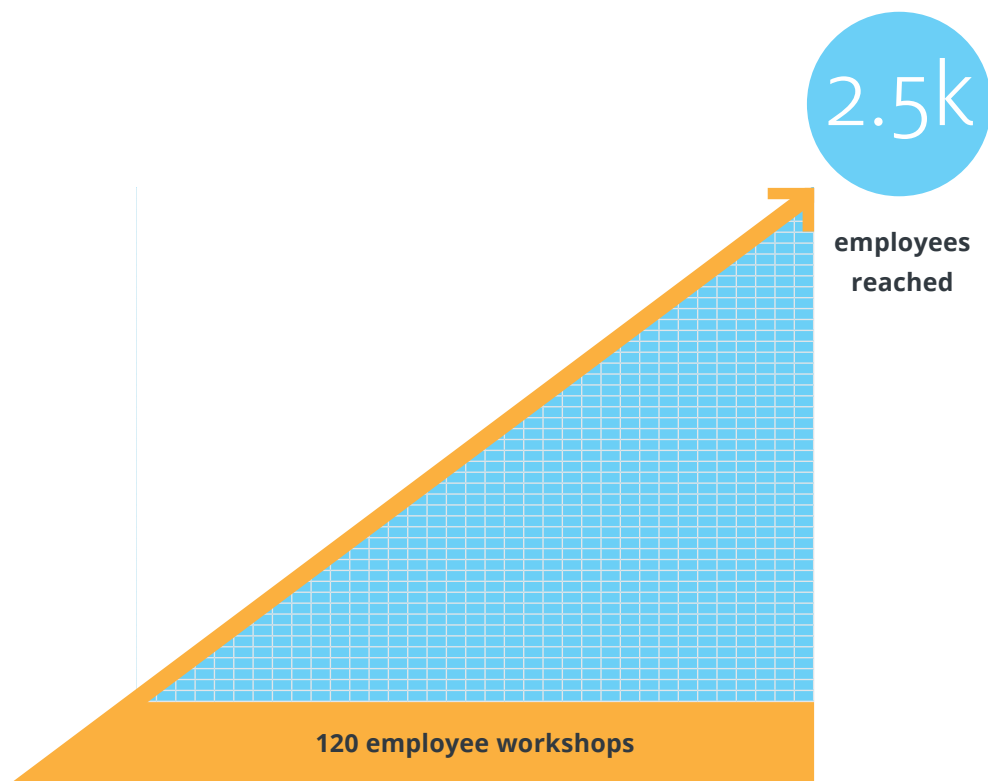
All of this is supported by our day-to-day activities. Our administrative system allows seamless integration between payroll and super, ensuring employer obligations are always up to date. It means you can concentrate on running your business better, faster, and more efficiently.

The introduction of Equip MyFuture streamlines all this. It provides employers and staff with a quick and easy way to maintain super payments even as life stages, jobs, and circumstances change.

That's good news for everyone, because a happy, financially secure employee is also a more productive employee.



**Streamlined administration and support services  
help employers focus on their core business.**



# Equip member journey

**Age** 20 30 40



## Life stage

	Early-career No savings Other priorities	Marriage Home ownership Family High debt
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## Super Priorities

	Ease of access / joining Default investments Grudge purchase Low engagement	Investment returns Long term financial security Insurance awareness Increased engagement
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## Equip Solutions

	Equip MyFuture – membership for life Equip MyMoney investment advice Enhanced online tools Insurance
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Middle-career Higher-income family Home ownership, children Responsibilities and bills	Late-career Transition to retirement High super balances Managing debt	Retirement Health and lifestyle
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	Security Financial advice High engagement	Security Income protection A trusted super partner
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	Financial planning Transition to retirement	Equip MyPension Account based pension Financial planning Aged care advice
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# About Equip

**“We have always looked for people who bring a broad, forward thinking perspective to the fund, and support this with a flexible workplace culture that encourages achievement. Aligning our people and their experiences with the strategic goals of members and employers helps us deliver optimal retirement outcomes.”**

**Sarah Guthleben. Executive Officer People, Culture and Process.**

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**Equip has been helping Australians to save, build their wealth, and plan for retirement since 1931.**

**From our beginnings with the State Electricity Commission of Victoria 85 years ago we have grown to become a \$7.5 billion fund operating across many sectors.**

A lot has changed since those early days, but our commitment to members' long term financial wellbeing has always defined us as a fund. It's the bedrock that enables us to face the new century with confidence and a sense of purpose. That means we can help our members achieve an 'Income for life', and the peace of mind that comes with it.

#### **Creating value for members and employers**

We create value for our members by investing superannuation contributions, returning all profits to members, and supporting our work with a range of value added products and services.

As your super fund, our goal is to help you achieve an Income for life, and the peace of mind that comes with it.

#### **We do this by:**

- **Providing outcome driven investment solutions for our members.**
- **Working with employers to provide easier and more efficient ways to meet their super obligations.**
- **Engaging with our members via seminars, advice, and support services.**
- **Upholding governance, accountability and transparency in all our dealings.**

# The Equip Board – Director profiles 2015/2016



**ANDREW FAIRLEY, AM**

LLB, FAICD, aged 66.  
Chair and independent Director  
First appointed to the Board: January 2009  
Current term expires: February 2019  
Fund member: No (In accordance with the Superannuation Industry (Supervision) Act, 1993, Andrew Fairley is precluded from being a member of the Fund as an Independent Director.)

**Relevant skills and experience:**

Andrew has a long and distinguished association with the superannuation industry in Australia. He founded Australia's first specialist superannuation law firm, IFS Fairley in 1993, having built a reputation as a leading practitioner in superannuation law and practice since 1980. Andrew has specialised as a legal advisor to trustees of both industry and corporate superannuation funds.

He also has a passion for the Australian tourism sector and nature based tourism in particular. He has served on the Boards of the International Ecotourism Society, and Ecotourism Australia. Andrew has also been a Director of a number of hospitality companies, including Chairman of Sundowner Motor Inns Ltd.



**MICHAEL CLINCH**

Grad Dip Employee and Industrial Relations, GAICD  
Employer Director first appointed to the Board: April 2016.  
Current term expires: March 2019.  
Fund Member: Yes

**Relevant skills and experience:**

Michael is a successful human resource professional with hands on experience in developing and implementing human resource strategies. He has worked within the maritime, fire services, and Victorian electricity industries, working at both strategic and operational levels. He has previous experience as a trustee Director in the profit-for-member superannuation sector and oversaw the merger of the Seafarers Retirement Fund and the Stevedoring Employees Retirement Fund to form what is now Maritime Super.



**PHILLIPA (PIPPA) LEARY**

BA (Hons) History  
Member Director first appointed to the Board: July 2015  
Current term expires: March 2018.  
Fund Member: Yes

**Relevant skills and experience:**

Pippa has had an extensive career in communications, including digital strategy, marketing, and social media. She is Chief Executive Officer of Apex Premium Exchange, a joint venture between Fairfax and NEC, and a Non-Executive Director of Solstice Media. Previously, she has led award-winning teams and projects in executive positions with Fairfax Digital and with Ninemsn.



**ANDREW PICKERING**

BA (Hons), LLB (Hons), GAICD Employer Director first appointed to the Board: November 2005 Current term expires: March 2017  
Fund Member: Yes

**Relevant skills and experience:**

Andrew has over 25 years' experience as a lawyer and project developer in the Australian and Asian energy industry. For the last 9 years he has been an infrastructure fund manager with Infrastructure Capital Group Ltd, which specialises in the origination and investment management of equity investments in the utility and infrastructure sectors. He is currently CIO and Chairman of ICG.

He has extensive commercial, business and legal experience, and, in his role with ICG, is a Director of a number of companies including the owners of Wattle Point and Hallett Hill wind farms, the Neerabup and Kwinana Power Stations and Gas Pipelines Victoria Pty Ltd



**JOHN AZARIS**

BEng (Elec), MBA, General Management Program, Harvard Business School Employer Director first appointed to the Board: June 2007. Current term expires: March 2019 Fund Member: Yes

**Relevant skills and experience:**

John has had an extensive career in the power industry. Most recently he was the General Manager, Service Delivery for AusNet Services (formerly, SP AusNet) where he was responsible for all maintenance operation functions and capital replacement programs for AusNet Services' transmission, electricity distribution and gas distribution businesses.



**JAN DEKKER**

MEL, BSc, GradDip Environmental Studies, Grad Cert Applied Finance and Investment, GAICD. Employer Director first appointed to the Board: April 2016.  
Current term expires: March 2019.  
Fund Member: Yes

*Relevant skills and experience:* Jan is an experienced Director and CEO, with over 16 years of board level experience in the funds management and commercial sectors. He is a founder and managing director of Cleantech Ventures, where he has successfully raised and managed two venture capital funds - the Centre for Energy and Greenhouse Technologies Fund and the Cleantech Australia Fund. Previously he was an associate Director at the NSW Sustainable Energy Development Authority and held various executive roles with the NSW Environment Protection Authority. Jan possesses a Masters degree in Law (Environmental) from Sydney University, a BSc and Post Graduate Diploma of Environmental Studies (Macquarie University) as well as post graduate qualifications in financial management from FINSIA.



**JANE SIMON**

BA (Hons Psych), GAICD  
Member Director first appointed to the Board January 2015  
Current term expires: March 2018  
Fund Member: Yes

*Relevant skills and experience:* Jane Simon has worked in and consulted to the investment and wealth management industries for over 30 years. She held many senior roles with Goldman Sachs/JB Were,



**SANDRA JERICEVIC**

PhD (Finance), MComm (Hons), BComm, GAIST  
Member Director first appointed to the Board: April 2016  
Current term expires: March 2017  
Fund Member: Yes

*Relevant skills and experience:* Sandra is a chartered accountant who most recently provided independent advisory services in the areas of treasury, risk and governance. She has 25 years corporate experience in accountancy, institutional banking, energy and investment. This diverse commercial background and her academic credentials bring new perspectives to the deliberations and strategies of the Equip Board. Her professional memberships include Chartered Accountants Australia & New Zealand and the Finance & Treasury Association of Australia, where she is a Senior Certified Finance and Treasury Professional.



**ROBIN JERVIS-READ**

FAICD, GAICD Member Director first appointed to the Board: February 2007  
Current term expires: March 2019  
Fund Member: Yes

*Relevant skills and experience:* Robin has 16 years' experience as a non-executive Director, including nine years as Chairman of the Victorian Government Purchasing Board. He also has 10 years' divisional CEO / GM experience within public companies including Brambles, James Hardie, and Hendersons Industries, alongside 21 years in strategic procurement, including nine with Ford Motor Company (UK and Australia) and eight with Goodyear Australia. He was a member of the Appeals Panel Pool, Essential Services Commission in the Victorian Government - Department of Treasury and Finance, for five years.

## RETIRED BOARD MEMBERS

**BRUCE BEEREN**, Employer Director retired 31 March 2016.  
**GREG HADE**, Employer Director retired 31 March 2016.  
**TERRY SWINGLER**, Director retired 31 March 2016.

# Committees & governance

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Equip has four board committees: the Appeals and Review Committee; the Audit, Risk and Compliance Committee; the Governance and Rewards Committee; and the Investment Committee.

The Board may establish other committees or working groups comprising representatives of the Board and management as needed from time to time. Each board committee has a charter that sets out the committee's powers, functions and, if relevant, specific delegated authority from the board. The full text of the committee charters can be found on the Equip website.

The composition of board committees is reviewed at least annually. Each committee is structured so that it comprises an equal number of member and employer directors, which mirrors the ratio of member and employer directors on the board. The independent director and management representatives are also members of some committees.

The following outlines the role of each board committee as at 30 June 2016:

**Appeals and Review Committee:** The role of the Appeals and Review Committee is to exercise the board's discretion on the payment of certain death, total and permanent disablement or total and temporary disablement benefits. The committee reviews cases where, for example, claims for death or disablement benefits have been denied by the trustee or the Fund's

insurer, or where there is a dispute about the payment of these benefits. The committee also considers certain complaints made by members or employers.

## **Audit, Risk and Compliance Committee:**

The role of the Audit, Risk and Compliance Committee is to oversee the audit, financial, compliance and risk management activities of the Company and the Fund. In line with the requirements for ASX listed companies, this committee is comprised only of non-executive directors, all of whom are independent of management of the company, is chaired by a director who is not the chairman of the board, and has four members.

## **Governance and Rewards Committee:**

The role of the Governance and Rewards Committee is to oversee the governance functions at Equip, and to recommend the remuneration and key performance indicators of the CEO to the board for approval. The committee also reviews the remuneration of the APRA-designated "responsible persons" as determined by the CEO and may act as a nomination committee for the appointment of the independent chairman.

**Investment Committee:** The role of the Investment Committee is to oversee the investment of the Fund's assets, with delegated authority from the board to make decisions in relation to a range of investment-related matters.

# Staff and retention

To deliver optimal retirement outcomes for members, we need to employ high calibre people who recognise the importance of aligning our strategies with the expectations and aspirations of our members and employers. This means employing people who strongly embody our values, as well as having the necessary qualifications, experience, and technical skills.

**Appointment and retention:** Equip is an equal opportunity employer which recognises the benefits of an engaged and harmonious workplace. Staff are employed under individual workplace agreements. We aim to be an employer of choice and provide a fair and equitable workplace for all our staff. At 30 June 2016, Equip employed 53 people. We have adopted flexible work practices to enable our staff to balance work with their personal lives while still providing high levels of service to our employers and members. A high percentage of our staff take advantage of these flexible arrangements.

We provide eligible staff with parental leave benefits, including three months paid parental leave and paying our employee's superannuation whilst they are on unpaid leave. These benefits are designed to support new parents and encourage them to return to work, enabling us to retain the key skills and relationships that assure our employers and members of a positive Equip experience. We also offer staff the opportunity to purchase additional annual leave to suit their personal circumstances.

Equip recognises that the impact of family violence on workforces can be wide ranging, and can lead to social disengagement and increased health and mental illness. Earlier this year Equip implemented a domestic violence leave policy to support victims of domestic violence and reiterated its policy of zero tolerance for any acts of violence, harassment, or bullying within its workplaces.

**Diversity:** We pride ourselves on the diversity of our workforce. Our people come from many different cultural backgrounds and span a wide range of age groups.

At 30 June 2016, the composition of Equip staff by gender was:

ROLE	% MALE	% FEMALE
DIRECTORS	67%	33%
SENIOR EXECUTIVE MANAGEMENT	65%	35%
MANAGEMENT	66%	34%
SALARIED STAFF	55%	45%

**Learning and development:** We ensure that our people maintain high levels of training and development required to support members and employers in a compliant, professional and ethical manner.

Responsible persons (which include directors, senior executives and relevant managers) undertake a mandated minimum number of hours of professional education and training.

In addition to providing training for responsible persons, we use online learning tools to deliver compliance programs and tailored, short courses to develop staff skills.

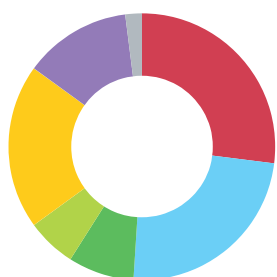
We provide staff with access to a wide range of information and activities through a health and well-being program including nutrition and weight management seminars, the provision of annual flu injections, stress management strategies and workplace ergonomics. In addition to the health and wellbeing program, staff may access a confidential counselling service for any personal or work-related issues.

# Equip's assets

Equip had \$7.5 billion in funds under management at 30 June 2016. There were no single asset class investments (or groups of related asset class investments) that represented more than 5% of total fund assets.

Funds under management were invested across various asset classes as at 30 June 2015 and 30 June 2016 as shown below:

## Equip Assets 2015/2016



FUND ASSETS	2015/16	2014/15
<span style="color: red;">■</span> Australian Shares	27.96%	27.39%
<span style="color: lightblue;">■</span> Overseas Shares	20.55%	24.28%
<span style="color: green;">■</span> Property	8.54%	8.01%
<span style="color: lightgreen;">■</span> Infrastructure	6.09%	5.61%
<span style="color: yellow;">■</span> Fixed Interest	22.08%	20.07%
<span style="color: purple;">■</span> Cash	13.56%	13.27%
<span style="color: grey;">■</span> Other	1.22%	1.37%
TOTAL	100%	100%

# Managing your investments

The trustee has delegated responsibility for reviewing and managing Equip's investment options to the Investment Committee. The Investment Committee sets the strategy and oversees the management of our investments.

Approximately 30% of Equip's assets are managed by Equip Asset Management (EAM - ABN: 48 604 771 539), this is a wholly owned subsidiary of Equip Financial Holdings (EFH - ABN: 84 124 491 078), with management of the balance outsourced to external managers specialising in areas such as international shares, infrastructure and property.

External investment managers are also used to provide members with the advantages of different investment management styles. Different styles enable us to identify and take advantage of diverse opportunities with the potential to enhance returns to members and to manage risk.

\*Equip may review and occasionally change investment managers employed on a long-term basis. Also, investment managers may be employed on a temporary basis when another fund transfers into Equip. \*\* Manager appointed in FY 2016.

## Our external investment managers\* include:

AEW Capital Management LP	Property
AMP Capital Investors Limited	Property, infrastructure
Antares Capital	Cash
Avoca Investment Management	Australian equities
Baillie Gifford Overseas Limited	Overseas equities
Brandywine Global Investment Management	Diversified fixed interest
Bridgewater Associates Incorporated	Growth alternatives
Charter Hall Funds Management	Property
Colonial First State Investment Limited	Infrastructure
Concise Asset Management Limited	Australian equities
Dundas Global Investors LLP	Overseas equities
Ellerston Capital Limited	Australian equities
Goodman Funds Management Australia Limited	Property
GPT Funds Management	Property
Haymarket Financial LLP	Growth alternatives
Janus Capital Management	Overseas equities
Lend Lease Real Estate Investments Limited	Property
Loomis, Sayles & Company	Defensive alternative

Macquarie Specialised Asset Management Limited	Infrastructure
Martin Currie Investment Management Ltd	Overseas equities
Matterhorn Investment Management LLP**	Overseas equities
ME Portfolio Management Ltd	Defensive alternatives
Metrics Credit Partners Pty Ltd	Defensive alternatives
MLC Investments Limited	Growth alternatives
National Australia Bank Ltd	Defensive alternatives (currency) / Growth alternatives (currency)
Pantheon Ventures Limited	Growth alternatives
Paradice Investment Management Pty Ltd	Australian equities
Principal Global Investors Limited	Overseas equities (currency)
Resolution Capital Pty Ltd**	Property
Schroders Investment Management Aust	Australian equities
Shenkman Capital Management, Inc	Defensive alternatives
Siguler Guff & Company, LLC	Growth alternatives
Stafford Private Equity	Growth alternatives
Standish Mellon Asset Management Co	Diversified fixed interest
UBS Securities Australia Limited	Overseas equities

# Equip in numbers

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## **Equip member satisfaction has continued to rise over the past 12 months, with notable improvements across all key metrics.**

Our overall satisfaction improved by 4.7% during a year marked by volatile markets and modest returns. This was supported by increased advocacy, with close to two in three respondents saying they would recommend the fund. This is the fourth year in a row that the numbers have lifted, and shows significant gains on the 2013-14 results.

The overall numbers place Equip on par or slightly ahead of industry peers. We are especially pleased with the 34% of respondents who rated us either 9-10 on overall satisfaction, this compares to an industry average of 23%, according to CoreData\*.

### **Aligning goals and services**

Achieving a comfortable retirement is superannuation's primary goal, and research shows that while members are happy with the level of information and services they are currently receiving from us, there is still room for improvement.

Over 70% of members are satisfied with the funds general communications, rising to 80% when it comes to annual statements, but only two in five believe their current super contributions align with their desired retirement outcome. The most common request from surveyed members was more personalised advice that's relevant to their financial needs and life stage. This is something Equip's upcoming Customer Relationship tools and personalisation strategies aim to address. We will be rolling these out over the coming 12 months.

### **Providing education and advice**

Education and advice are crucial to member engagement and outcomes, and something we have been paying particularly close attention to since the establishment of Equip Financial Planning in 2007. Over 70% of our survey respondents said they were aware of our financial planning service, but uptake levels were modest with only 6.8% of respondents having utilised them. Having said that, Equip Financial Planning's growth has been excellent this year, up 22% on the previous financial year.

Traditionally, our financial planning services have appealed to pre-retirees, but this is changing with the introduction of automated online advice. We introduced Equip MyMoney in 2016 as the first step in providing automated investment advice, and the early numbers are promising, with 34% of respondents saying they would be willing to try it. We expect this to rise as the technology becomes more widely used and trusted.

### **Future plans**

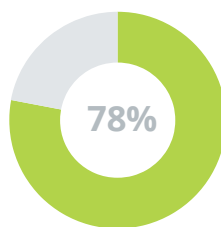
Looking forward, two in three respondents said they liked Equip's new 'Income for life' proposition. This provides a focus around which we can build more targeted products, communications, and services. With over 60% of members expressing concern about their retirement income and future finances, it's a compelling message that can deliver both real benefits and added peace of mind for our members.

\* CoreData is an independent research company specialising in the financial services sector

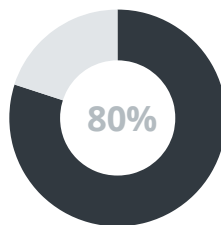
**9/10** in satisfaction



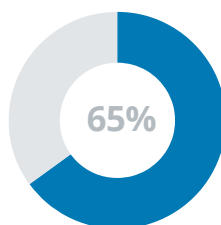
As voted by 34% of respondents



**↑** Overall satisfaction  
Up 5% on the previous year



**✓** Likely to continue to use  
First time over 80%



**↑** Likely to recommend  
Up 7% on the previous year

# Investment report

New opportunities in volatile markets

**“Being able to maintain consistent investment returns in volatile markets is the cornerstone of any successful fund. Equip has, for several years, been researching investment approaches which can offer less volatile performance, and deliver more consistent retirement outcomes. This is part of our journey towards Outcome Based Investment”.**

**Troy Rieck. Executive officer, Investment Strategy.**

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**Despite volatile markets, Equip provided stable investment returns for members during the 2015/16 financial year.**

**Equip MySuper, the default investment option for accumulation members, delivered 3.4% after investment fees and tax. Although this was significantly lower than recent years, it was in line with the broader market.**

The past year reinforced our belief in diversification, with returns fluctuating across sectors and industries. While share market returns were poor, overall numbers were buoyed by the strength of our infrastructure and property returns. The good news is our diversified options continue to beat their SuperRatings medians by substantial margins over 3, 5, and 10 year periods.

Still, infrastructure was the main story, and the strongest contributor to our overall results. Equip's portfolio includes Flinders Ports and Melbourne Airport, both of them returning over 25%.

Our property asset class also did well, with overall returns of approximately 12% across the board. This was fuelled by low interest rates, which continued to push the market upward, especially in Sydney and Melbourne.

While the above results were pleasing, the overall numbers were dragged down by the volatility we

saw in the global share market. Our Overseas share portfolio returned a loss of 3.4% for the year, a dramatic turnaround on the 22% delivered in the previous financial year. That being said, the long term outlook is still positive.

Locally, the Australian Shares option returned modest returns of 1.25% for the financial year. This is viewed as a short term market adjustment, with 3 and 5 year returns expected to be higher.

What's become apparent is that the growth we've experienced in the post GFC economy has been slowed by a host of international issues. Creating new opportunities as we move forward requires a fundamental rethink, and this is the basis of Equip's Outcome Based Investment approach. You can read more in the next section.

# Investment outlook

New opportunities in volatile markets

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**Following several years of strong investment returns, the emerging themes preoccupying investors in the year ahead will be mixed signals in the global economy, central bank monetary policies and interest rate movements, transitional change in energy markets, and corporate profitability.**

The shape and nature of Britain's exit from the European Union (Brexit) continues to cast a shadow over investor confidence. China's economic data suggests a slowing, but still growing, economy important to countries like Australia with significant dependency on resource exports. The US economy is robust, but growth is quite unspectacular given cheap finance available through low interest rates.

It is inevitable that central banks will have to begin moving interest rates upwards, but the question influencing investment markets is when. Investors are ambivalent about increases in interest rates. While this usually reflects improving economic health, it also means higher financing costs for business and consumers. Those views affect returns from both shares and bonds and therefore the performance of fund investment options.

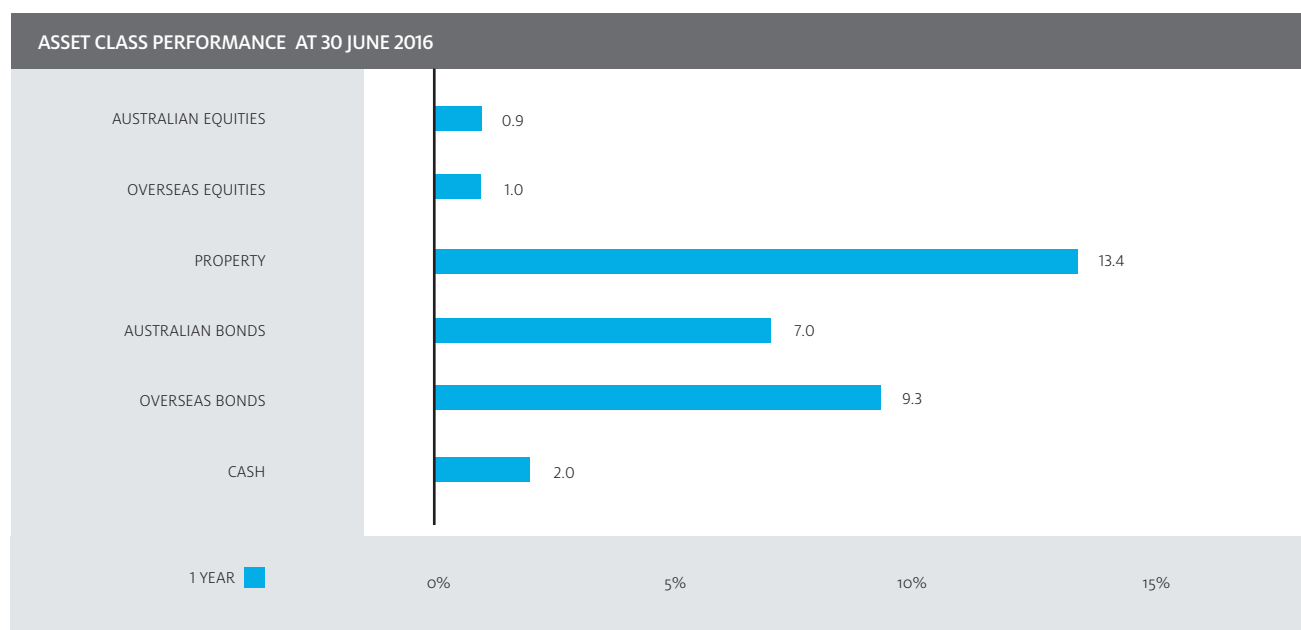
We are sensitive to trends like transitions in energy markets and the influence of climate change on diversification of and investment in alternative energy sources. In our 'Corporate Social Responsibility Policy' published in 2016, we confirmed that this transition and associated government policy and regulation is included in our overall investment risk assessment process.

In 2015, we also confirmed our divestment from investments associated with tobacco production.

In times of uncertainty, Equip's investment strategy for members remains focused on three fundamental principles:

- **Diversification** – We consider a wide range of assets and strategies, to further diversify our portfolios, both from a risk and return perspective. We have some high-performing assets in property and infrastructure, and we are looking to add to those over time, but we are also looking at opportunities in other areas.
- **Costs** – We are taking a close look at how we manage our cost base more efficiently, which includes fees and taxes, foreign exchange and cash management.
- **Dynamic asset allocation** – We are looking at ways to be more flexible in managing the asset allocation within our portfolios, which will allow us to take advantage of market movements or provide greater capital preservation as required.

## Annual asset class review



The asset class returns are represented by the following benchmarks: Australian equity: S&P ASX 300; overseas equities: MSCI (World) ex-Australia Net Div AUD Index, unhedged; Property: Equipsuper property benchmark; Australian bonds: Bloomberg AusBond Composite Bond Index; overseas bonds: Barclays Capital Global Aggregate (hedged, in AUD); cash: RBA 11 AM Cash Rate Return..

## Top 10 holdings

AUSTRALIAN SHARES* AT 30 JUNE 2016	%
COMMONWEALTH BANK	5.9
WESTPAC	5.5
ANZ	4.4
NAB	4.3
BHP BILLITON	4.0
TELSTRA	3.3
RIO TINTO	2.6
WESFARMERS	2.5
CSL	2.5
BRAMBLES	2.1

\* Asset class level.

OVERSEAS SHARES* AT 30 JUNE 2016	%
AMAZON.COM (USA)	2.1
FACEBOOK (USA)	2.1
ALPHABET (USA)	2.0
TENCENT (CHINA)	1.8
AIA GROUP (CHINA)	1.8
ILLUMINA (USA)	1.5
TESLA MOTORS (USA)	1.3
ALIBABA (CHINA)	1.2
BAIDU (CHINA)	1.2
APPLE (USA)	1.1

\* Asset class level.

# Investment returns to 30/6/2016

## SUPERANNUATION RETURNS, IN % p.a.\*

ACCUMULATION	1 YR	3 YRS	5 YRS	10YRS
GROWTH PLUS	-0.72	9.80	9.75	5.22
SURVEY - HIGH GROWTH	1.62	9.45	8.80	4.82
GROWTH**	1.61	9.20	8.93	N/A
SURVEY - GROWTH	1.88	8.72	8.19	5.00
BALANCED GROWTH	2.80	8.80	8.59	5.95
SURVEY - BALANCED	2.73	8.14	7.86	5.34
BALANCED	3.44	7.39	7.41	N/A
SURVEY CONSERVATIVE BALANCED	2.88	6.71	6.71	4.80
CONSERVATIVE	3.57	6.00	6.38	5.56
SURVEY - CAPITAL STABLE	3.41	5.44	5.66	4.96
MYSUPER	3.42	N/A	N/A	N/A
AUSTRALIAN SHARES	1.25	7.35	7.37	5.26
DIVERSIFIED FIXED INTEREST	6.02	5.37	6.07	5.80
OVERSEAS SHARES	-3.46	11.89	11.68	4.53
PROPERTY	11.73	9.71	9.22	7.27
CASH	1.88	2.13	2.65	3.77
SOCIALLY RESPONSIBLE	-2.93	6.73	6.73	4.50
DEFINED BENEFIT	3.20	8.60	8.53	5.92

## PENSION RETURNS, IN % p.a.^

PENSIONS	1 YR	3 YRS	5 YRS	10YRS
GROWTH PLUS	-1.20	10.39	10.47	5.91
GROWTH	1.06	9.54	9.63	N/A
BALANCED GROWTH	1.84	9.01	9.20	6.57
BALANCED	2.93	7.77	8.09	N/A
CONSERVATIVE	2.51	6.02	6.80	6.14
AUSTRALIAN SHARES	0.20	7.46	7.68	5.91
DIVERSIFIED FIXED INTEREST	4.25	5.53	6.65	6.55
OVERSEAS SHARES	-3.18	13.10	13.00	5.05
PROPERTY	12.24	10.25	10.07	8.18
CASH	2.20	2.49	3.12	4.40
SOCIALLY RESPONSIBLE	-2.72	7.42	7.94	N/A

FYTD = Financial year to date starting from 1 July

Surveys: SuperRatings Pty Ltd survey published on 21/7/2016, [www.superrating.com.au](http://www.superrating.com.au). The surveys we use for our Diversified investment options are: Growth Plus - SuperRatings (High Growth - All Fund Median); Growth - SuperRatings (Growth - All Fund Median); Balanced Growth - SuperRatings (Balanced - All Fund Median); Balanced - SuperRatings (Conservative Balanced - All Fund Median); Conservative - SuperRatings (Capital Stable - All Fund Median).

Allocated Pension returns are generally higher than for superannuation, as no tax is paid on earnings before unit prices are calculated.

The Sustainable Responsible Investment (SRI) option is invested 100% in Australian equities.

For more information on the investment objectives and strategies for our investment options, please refer to the Equip website or an Equip PDS.

\* For periods greater than 1 year, returns are compound annualized returns. Returns are net of tax and investment fees.

\*\* The Growth and Balanced investment options were introduced on 2 October 2006.

Therefore, 10-year returns are not yet available for these options. We have, however, provided the benchmark returns for these options.

# Equip MySuper was introduced on 1 August 2013.

^ For periods greater than 1 year, returns are compound annualized returns. Returns are net of investment fees.

Past performance is not an indicator of future performance.

## DERIVATIVES

Derivatives are investments where investment values are based on those of an underlying physical security.

For instance, the value of a share option is based on the price of the underlying share. Equip permits the selective use of derivatives as part of its investment strategy in any of its investment options. Derivatives enable us to hedge against risk by increasing or decreasing exposure to individual securities and markets without having to buy or sell underlying physical securities.

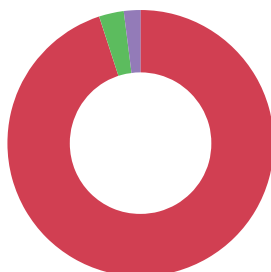
# Diversified options

## GROWTH PLUS

### Investment objective

Achieve a net return of at least 5% p.a. above inflation (measured by CPI) over a rolling 10 year period.

The investment objectives are not forecasts or predictions. They simply represent a benchmark against which the Trustee monitors performance.



#### ASSET CLASS ALLOCATION

Equities*	95%
Property	0%
Infrastructure	3%
Fixed Income	0%
Commodities	0%
Cash	0%
Other	2%

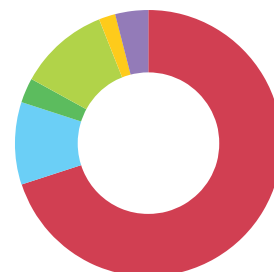
\*48% Australian equities and 47% overseas equities (superannuation and pensions)

## GROWTH

### Investment objective

Achieve a net return of at least 4.5% p.a. above inflation (measured by CPI) over a rolling 10 year period.

The investment objectives are not forecasts or predictions. They simply represent a benchmark against which the Trustee monitors performance.

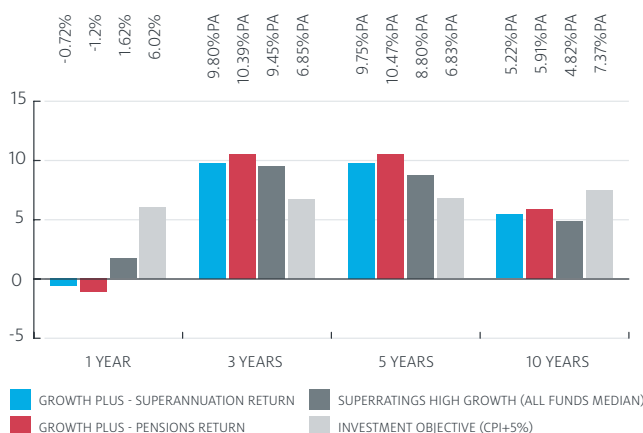


#### ASSET CLASS ALLOCATION

Equities*	70%
Property	10%
Infrastructure	3%
Fixed Income	11%
Commodities	0%
Cash	2%
Other	4%

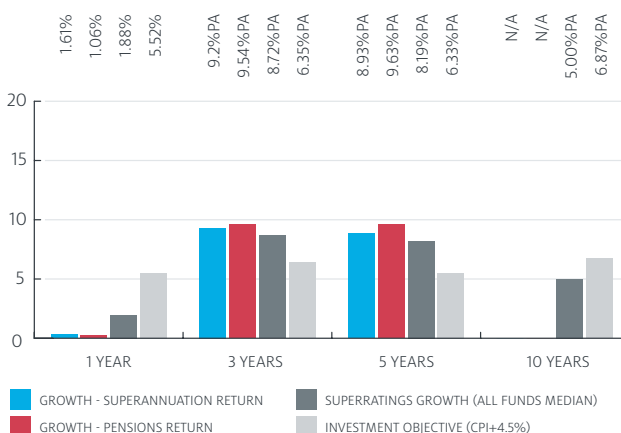
\*40% Australian equities / 30% overseas equities (superannuation); 45% Australian equities / 25% overseas equities (pensions).

### This is how Growth Plus performed against its objectives and other funds over the past 10 years.



Note that past performance is no indication of future performance.

### This is how Growth performed against its objectives and other funds over the past 10 years.



Note that past performance is no indication of future performance.

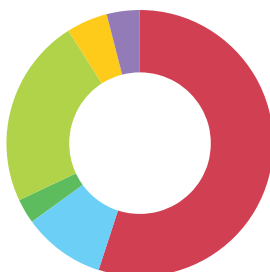
# Balanced Growth & MySuper

## BALANCED GROWTH

### Investment objective

Achieve a net return of at least 4% p.a. above inflation (measured by CPI) over a rolling 10 year period.

The investment objectives are not forecasts or predictions. They simply represent a benchmark against which the Trustee monitors performance.



#### ASSET CLASS

#### ALLOCATION

Equities\*

55%

Property

10%

Infrastructure

3%

Fixed Income

23%

Commodities

0%

Cash

5%

Other

4%

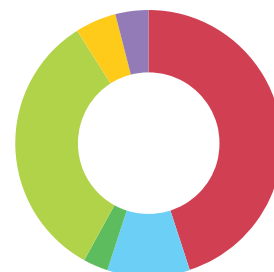
\*30% Australian equities / 25% overseas equities (superannuation); 35% Australian equities / 20% overseas equities (pensions)

## EQUIP MYSUPER

### Investment objective

Achieve a net return of at least 3% p.a. above inflation (measured by CPI) over a rolling 10 year period.

The investment objectives are not forecasts or predictions. They simply represent a benchmark against which the Trustee monitors performance.



#### ASSET CLASS

#### ALLOCATION

Equities\*

45%

Property

10%

Infrastructure

3%

Fixed Income

33%

Commodities

0%

Cash

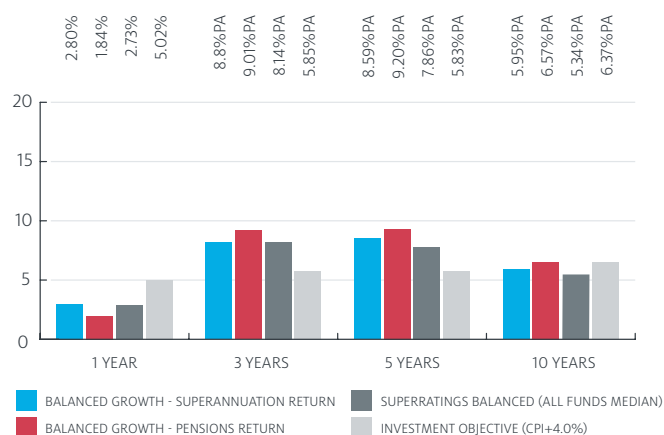
5%

Other

4%

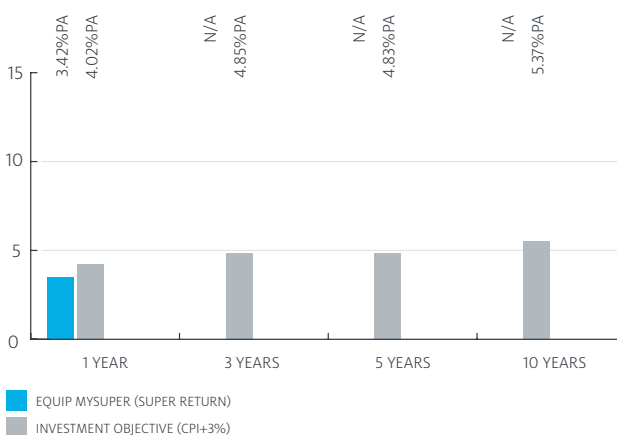
\*25% Australian equities / 20% overseas equities (superannuation)

This is how Balanced Growth performed against its objectives and other funds over the past 10 years.



Note that past performance is no indication of future performance.

This is how Equip MySuper performed against its objectives and other funds over the past 10 years.



Note that past performance is no indication of future performance.

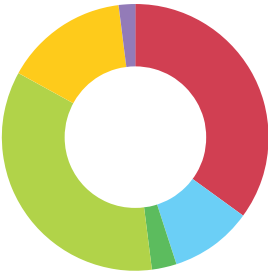
# Balanced & Conservative

## BALANCED

### Investment objective

Achieve a net return of at least 3% p.a. above inflation (measured by CPI) over a rolling 5 year period.

The investment objectives are not forecasts or predictions. They simply represent a benchmark against which the Trustee monitors performance.



ASSET CLASS	ALLOCATION
Equities*	35%
Property	10%
Infrastructure	3%
Fixed Income	35%
Commodities	0%
Cash	15%
Other	2%

\*20% Australian equities / 15% overseas equities (superannuation); 25% Australian equities / 10% overseas equities (pensions)

## CONSERVATIVE

### Investment objective

Achieve a net return of at least 2% p.a. above inflation (measured by CPI) over a rolling 5 year period.

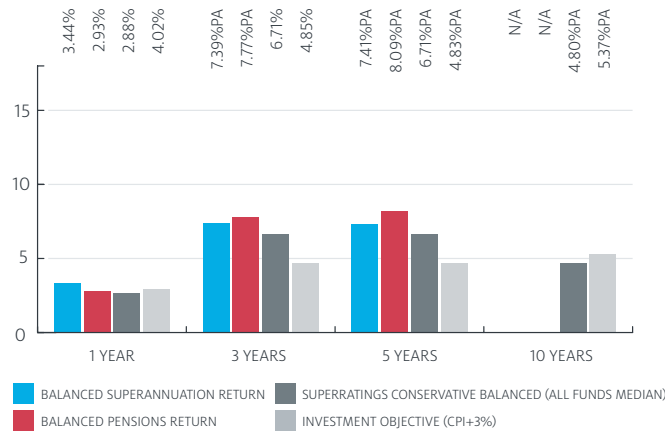
The investment objectives are not forecasts or predictions. They simply represent a benchmark against which the Trustee monitors performance.



ASSET CLASS	ALLOCATION
Equities*	20%
Property	10%
Infrastructure	0%
Fixed Income	45%
Commodities	0%
Cash	25%
Other	0%

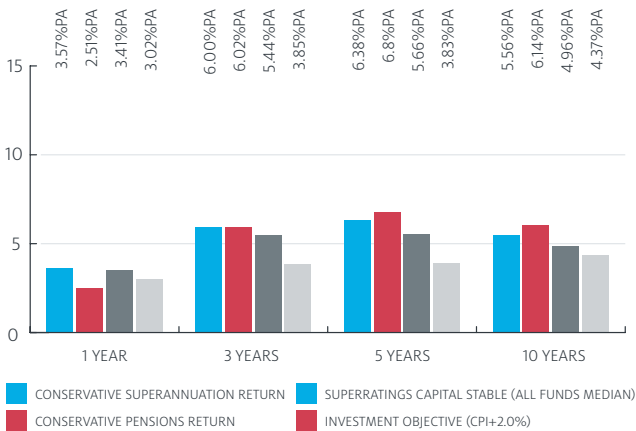
\*10% Australian equities / 10% overseas equities (superannuation); 15% Australian equities / 5% overseas equities (pensions)

### This is how Balanced performed against its objectives and other funds over the past 10 years.



Note that past performance is no indication of future performance.

### This is how Conservative performed against its objectives and other funds over the past 10 years.



Note that past performance is no indication of future performance.

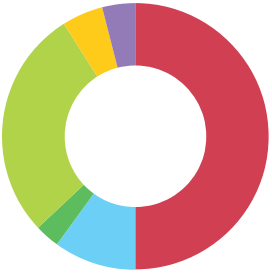
# Defined Benefit

## DEFINED BENEFIT

### Investment objective

We aim to achieve a long-term net return of at least 4% per annum above inflation (measured by CPI). In addition, we seek to outperform the SuperRatings median manager.

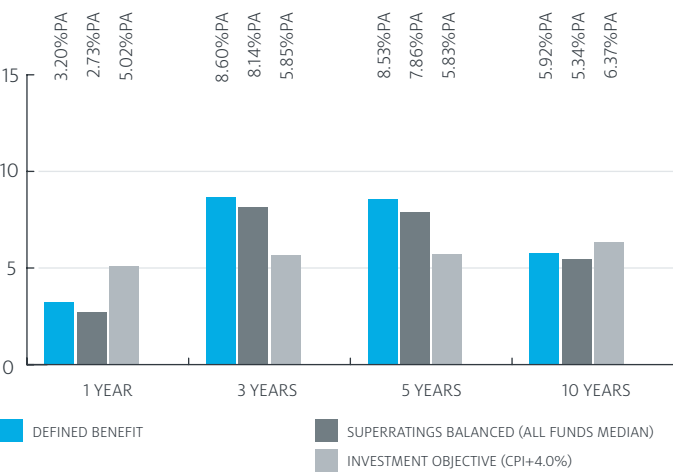
The investment objectives are not forecasts or predictions. They simply represent a benchmark against which the Trustee monitors performance.



ASSET CLASS	ALLOCATION
Equities*	50%
Property	10%
Infrastructure	3%
Fixed Income	28%
Commodities	0%
Cash	5%
Other	4%

\*30% Australian equities / 20% overseas equities

This is how Defined Benefit performed against its objectives and other funds over the past 10 years.



## Allocation of net earnings to member accounts

We allocate net earnings to member accounts through changes to the unit price. A member's investments buy a number of units in their investment option(s). The account balance is always shown based on the unit sell price.

Unit prices fluctuate to reflect investment fees, costs, earnings, and taxes. These movements are ultimately reflected in the member's account balance.

For further information, please refer to the product disclosure statement.

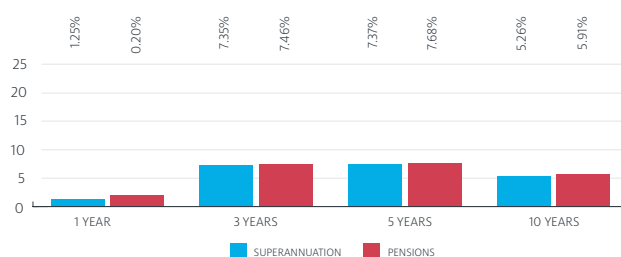
Note that past performance is no indication of future performance.

# Sector Specific options

## AUSTRALIAN SHARES

### Investment objective

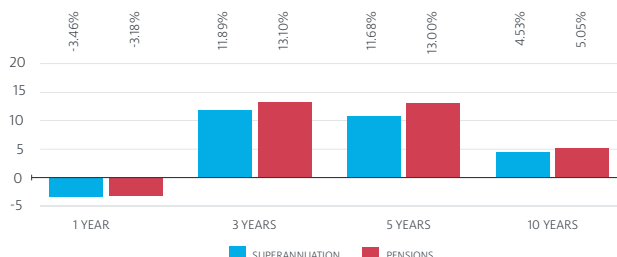
This option aims to outperform its benchmark, the S&P/ASX Accumulation 300 Index, over a rolling 5 year period.



## OVERSEAS SHARES

### Investment objective

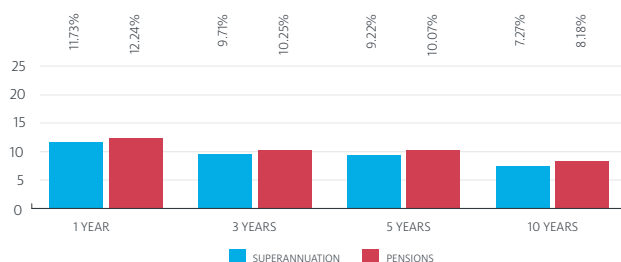
This option aims to outperform its benchmark, the MSCI World ex Australia Index (70% unhedged / 30% hedged), over a rolling 5 year period.



## PROPERTY

### Investment objective

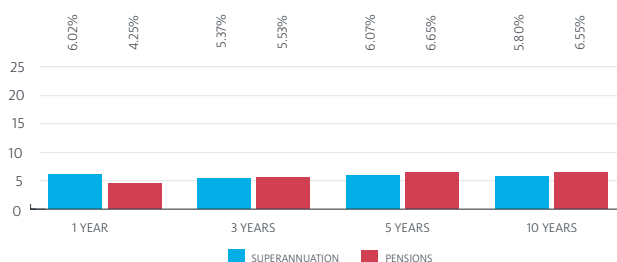
This option aims to outperform its benchmark, a blend of the Mercer Australia Unlisted Property Index (70%) and the FTSE EPRA/NAREIT Global Index (30%, hedged), over a rolling 5 year period.



## FIXED INTEREST

### Investment objective

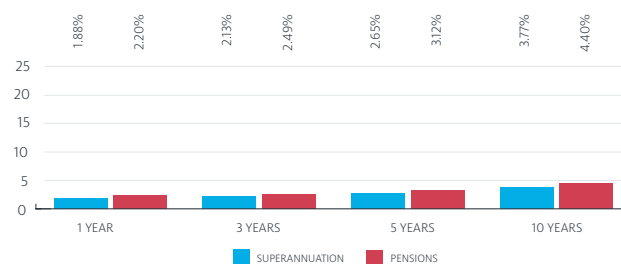
This option aims to outperform its benchmark, a mix of the UBS All Maturities Composite Bond Index (50%) and the Barclays Capital Global Aggregate Index (50%), hedged to Australian dollars, over a rolling 5 year period.



## CASH

### Investment objective

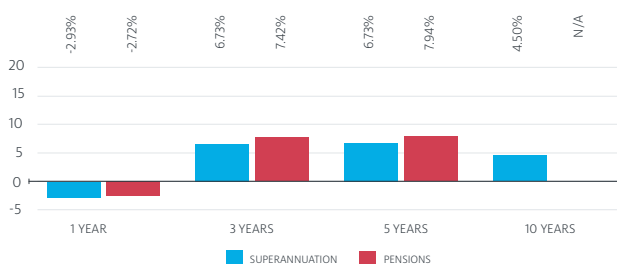
This option aims to outperform its benchmark, the RBA cash rate, over a 1 year period.



## SUSTAINABLE RESPONSIBLE INVESTMENTS

### Investment objective

This option aims to outperform its benchmark, the Sustainable Asset Management's Dow Jones Sustainability Index Australia, over a rolling 5 year period.



# Financial report

These highlights from 2015/16 demonstrate Equip's financial position.

## RESERVES

In line with APRA standard SPS 114 Equip determined a target amount for the operational risk reserve of 0.25% of all funds under management. This reserve is only for the purposes of supporting the financial requirements of Equip in the case of loss arising from an operational risk event.

The administration and general purpose reserve is used to meet ongoing and long term expenses in line with Equip's strategic and business plans. We target an amount of 0.15% of funds under management for this reserve.

The reserves were invested in cash.

## SELF-INSURANCE RESERVES

Self-insurance reserves for death and disablement cover are maintained for certain defined benefit members. These reserves are managed in accordance with the defined benefit investment strategy.

## TRUSTEE EXPENSES AND LIABILITIES

As a trustee, Equip is entitled to be reimbursed from the fund for the costs and expenses incurred in operating the fund. This includes reimbursement for fees paid to directors.

Equip also has trustee indemnity insurance to cover the directors, other officers and the Fund in the event of claims.

However, this does not include:

- liabilities arising from fraud or dishonesty; or
- amounts, such as penalties, for which indemnification is not permitted under legislation.

## HOW WE PAY SURCHARGE ASSESSMENTS FROM THE ATO

Even though the surcharge on superannuation contributions for high income earners was abolished from 1 July

2005, we may still receive a surcharge assessment from the ATO for surcharge liabilities a member accrued before that date. How we pay the surcharge depends on whether a member is an accumulation or defined benefit member:

- if the member is an accumulation member we deduct the value of the surcharge assessment from their account; or
- if the member is a defined benefit member we charge the value of the surcharge assessment to their employer's employer benefit account. The surcharge will then build up with interest and the final amount will be deducted from the member's account when they leave their employer; or
- for a defined benefit member with an additional accumulation account, any surcharge assessment can be applied to the member's accumulation account.

THE BALANCE IN EACH OF THESE RESERVE ACCOUNTS WAS:

	2016 \$ MILLION	2015 \$ MILLION	2014 \$ MILLION
Operational risk reserve	18.9	11.3	27.9
Administration and general purpose reserve	18.3	17.7	11.1
Self insurance reserve	16.6	16.5	15.7
	<b>53.8</b>	<b>45.5</b>	<b>34</b>

THE FUNDS AUDITED ACCOUNTS ARE AVAILABLE TO MEMBERS ON REQUEST. THE COMPLETE FINANCIAL REPORT IS AVAILABLE ON THE WEBSITE OR VIA THE HELPLINE 1800 682 626.

# Stats and numbers

## STATEMENT OF CHANGES IN NET ASSETS FOR YEAR TO 30 JUNE

	2016 \$ MILLION	2015 \$ MILLION
Net assets available to pay benefits at the beginning of the financial year	7,025	6,435
<b>PLUS</b>		
Member contributions	65	91
Employer contributions	334	334
Accumulation division – transfers in	364	143
Investment revenue	237	688
Insurance proceeds	11	9
Other non-investment interest	1	1
<b>Total income</b>	<b>1,012</b>	<b>1,266</b>
<b>LESS</b>		
Investment expenses	26	29
Administration expenses	25	21
Insurance premiums	14	12
Pensions paid	66	50
Member withdrawals and deductions	392	482
Income tax expense	43	82
<b>Total expenses</b>	<b>566</b>	<b>676</b>
<b>Net change for the year</b>	<b>446</b>	<b>590</b>
<b>Net assets available to pay benefits - end of financial year</b>	<b>7,471</b>	<b>7,025</b>

## STATEMENT OF NET ASSETS FOR YEAR TO 30 JUNE

INVESTMENTS	2016 \$ MILLION	2015 \$ MILLION
Cash	1,026	949
Fixed interest	1,099	943
Property	643	568
Australian equities	2,101	1,940
International equities	1,552	1,731
Defensive alternatives	578	489
Growth alternatives	92	97
Infrastructure	458	399
<b>Total investment assets</b>	<b>7,549</b>	<b>7,116</b>
<b>OTHER ASSETS</b>		
Cash at bank	40	33
Receivables	37	53
Other	5	4
<b>Total assets</b>	<b>7,631</b>	<b>7,206</b>
<b>LESS</b>		
Payables	36	41
Income tax payable	3	15
Deferred tax liabilities	121	125
<b>Total liabilities</b>	<b>160</b>	<b>181</b>
<b>Net assets available to pay benefits - end of financial year</b>	<b>7,471</b>	<b>7,025</b>
<b>REPRESENTED BY</b>		
Liability for accrued benefits	7,417	6,979
Reserves	54	46
<b>Total</b>	<b>7,471</b>	<b>7,025</b>

# Risk and compliance

Equip has established a robust risk management framework to appropriately manage the risks associated with its business operations. The framework includes the systems, structures, policies processes and people that manage the internal and external sources of material risk and compliance with all applicable legislative and regulatory requirements.

**The framework covers:**

- Governance risk
- Liquidity risk
- Operational risk
- Investment governance risk
- Insurance risk; and
- Strategic and tactical risks arising from the strategic and business plans

Equip aims to protect the assets entrusted to it including:

- the assets managed on behalf of members
- the wellbeing of staff, their jobs and entitlements owing to them; and

- intangible assets such as the Fund’s brand and reputation.

The Fund’s framework is designed to ensure compliance with all applicable legislative and regulatory requirements that arise from either the business operations or applicable licences.

**Equip’s insurance program**

Equip maintains a suite of insurance products that includes professional indemnity, directors’ and officers’ insurance and crime insurance cover.

**Complaints**

Equip has mechanisms in place to address members’ concerns, which we believe are extremely important in helping to determine whether we are meeting the needs of members and providing the high level of service that members expect. The complaints process is one method for capturing member feedback and assists in the development and revision of existing processes and services. Equip aims to provide a fair and transparent complaints process that is easily accessible to members.

Members who are not satisfied with the outcome from a complaint are able to contact the Superannuation Complaints Tribunal (SCT) which is an independent dispute resolution body that can deal with most superannuation complaints.

The SCT can be contacted by phoning 1300 884 114 or by mail at:

Superannuation Complaints Tribunal  
Locked Bag 3060  
Melbourne VIC 3001

For the 2015/2016 financial year, the number of complaints received was:

Number of complaints to the Fund:  
**62 (2015/16), 56 (2014/15)**

Number of complaints to the SCT:  
**2 (2015/16), 2 (2014/15)**

Number of complaints unresolved at 30 June 2016:  
**3 (2015/16), 8 (2014/15)**

Further information regarding Equip’s enquiries and complaints procedures can be found under “General information” on the next page.

**Risk management framework**

Incorporates governance, investment, liquidity, operational, insurance, and strategic risks and compliance



**Policies**

Policies to manage and monitor the above risks and compliance obligations



**Procedures**

Procedures to ensure that actions are in line with the policies

# General Information

## THE ROLE OF THE ELIGIBLE ROLLOVER FUND (ERF)

An ERF is a fund approved by APRA, which can receive benefits payable to members who cannot be contacted or who do not respond to letters regarding payment of their benefits. ERFs are designed to hold lost members' money and generally have more conservative investments than other superannuation funds, which may result in lower returns.

Equip may pay a member's benefit into an ERF if the relevant benefit:

- is less than \$1,500; and
- no member or employer contribution transactions have occurred on the account in the previous 12 months; or
- Equip has lost contact with the member.

Where possible Equip will write to the member to provide them options before the benefit is transferred to the ERF.

We may also transfer a member's benefit to an ERF when they leave employment if the benefit is less than \$1,500 and the member does not give us instructions on where to pay the benefit within 35 days of us requesting instructions.

If a member's benefit is paid to an ERF, it will no longer be with Equip and can only be claimed by contacting the ERF it was paid to. Any insurance cover the member had with Equip will cease. The member will not have any claim against the Fund once the benefit has been transferred to an ERF because the membership will have ceased.

We have selected AUSfund as the Equip ERF. Contact details are:

### AUSfund

Level 31, 2 Lonsdale Street  
Melbourne, Vic, 3000  
Phone: 1300 361 798

Subject to the conditions above, Equip may make annual transfers to the AUSfund Eligible Rollover Fund. Being transferred

to an ERF may affect a member's benefits because they will become a member of the AUSfund ERF. If Equip can provide AUSfund with a member's current contact details, AUSfund will provide them with its current Product Disclosure Statement (PDS), which outlines all the operational details of its fund. Members can contact AUSfund for a copy of its PDS.

## LOST MEMBERS AND UNCLAIMED MONEY

A member may become a lost member if mail sent to the member's last-known address is returned at least twice, or if we have never had an address for the member, or if the member joined the Fund through an employer sponsor and hasn't had a contribution in the last 5 years. When that happens, we notify the ATO and the member's name is added to the Lost Members Register, where they can obtain information about any superannuation benefits retained by funds that have lost contact with them.

If the amounts payable to the member become 'unclaimed money' (as defined in superannuation legislation) the benefit may be transferred to the ATO where it is held on the member's behalf until they claim it.

In general, a member's benefit becomes unclaimed money if:

- they are a temporary resident and have not claimed their benefit within six months of leaving Australia; or
- they have reached age 65 and not instructed us about their benefit and we have not been able to contact them for five years; or
- we have not received any amounts into the fund for them for at least two years; or
- they meet the definition of being a lost member who is uncontactable or has had an inactive account for more than 12 months and their account does not include a defined benefit interest and;
- the benefit is less than \$4,000; or
- we don't believe it will be possible to pay their benefit to them in the future; or

- they have died and their account has been inactive for at least two years and we are unable to ensure that their benefit is received by the person/s entitled to receive it.

Since 1 July 2013, when a member claims their 'unclaimed money' from the ATO, interest will be added to the payment.

## TEMPORARY RESIDENTS PERMANENTLY DEPARTING AUSTRALIA

If a member entered Australia on any temporary visa which has expired or has been cancelled, the member is eligible to access their benefit from their super fund under the Departing Australia Superannuation Payment (DASP) condition of release within six months of leaving Australia. The member will receive an exit statement providing details about the payment.

Generally, any benefits not claimed within six months of departure will be transferred to the ATO as unclaimed monies. Equip is not required to provide an exit statement to the member when their benefit is transferred to the ATO (and it relies on regulatory relief from the Australian Securities and Investments Commission for this purpose). We will, however, provide information about the benefit if the member enquires about it in the future. The member can then apply to the ATO for the benefit, less DASP tax. Since 1 July 2013, when a member claims their 'unclaimed money' from the ATO, interest will be added to the payment.

A member's benefit will not be sent to the ATO if they have not claimed it after six months if a member is:

- a current or previous holder of a retirement visa subclass 405 or 410;
- a permanent Australian resident;
- an Australian or New Zealand citizen; or
- a holder of a permanent visa.

# Equip awards

## AIST Awards 2015

Platinum Communication Award Winner  
– Move the Dial

## Heron Partnership

5 Star Rating 2010-2017

## AIST Awards 2014

Service Award for Excellence Winner  
– MyPension Product

## AIST Awards 2015

Best Digital Campaign Winner (Budget under \$40,000) – Move the Dial

## ASFA Marketing Communication Awards 2014

Excellence in Member Communications Popular Choice Awards

## AIST Awards 2014

Communication Award for Excellence Winner (funds under \$10 billion)

## Global Fund Awards 2015

Most Innovative Australian Fund Winner  
– Equip MyPension

## Selecting Super Awards 2014

Innovation Award Winner – Equip MyPension

## SuperRatings 10 Year Platinum

Choice Super Fund



## Selecting Super Awards 2015

Personal Super Product of the Year, Value Winner

## AIST Awards 2014

Best Communications Campaign Winner (Fund under \$10 billion)  
– Get it Together

## SuperRatings 10 Year Platinum

Equip MyPension



## Conexus Financial Superannuation Awards 2015

Fund of the Year (Medium), Finalist

## Selecting Super Awards 2014

Personal Super Product of the Year, Value Winner

Awards are only one factor to consider when selecting a superannuation product.

## IMPORTANT INFORMATION

Changes in legislation allow super funds to publish their fund information online. In the interest of reducing the cost to members of producing and distributing the annual report, we now publish our annual reports as a PDF for download from our website [www.equipsuper.com.au](http://www.equipsuper.com.au).

If you wish to receive a printed copy of the annual report by mail free of charge, you can call our Helpline **1800 682 626** or email [www.equipsuper.com.au/contact](mailto:www.equipsuper.com.au/contact) and request a copy.

This annual report is issued by Equipsuper Pty Ltd ABN 64 006 964 049 ("the trustee" or "we" or "us"), the trustee of the Equipsuper Superannuation Fund ABN 33 813 823 017 ("the fund"). "Equip" is used interchangeably in this report to refer to both the fund and the trustee.

It has been prepared without taking into account your personal objectives, financial situation or needs. You should consider whether this information is appropriate to your personal circumstances before acting on it and, if necessary, you should also seek professional financial advice. Where tax information is included you should consider obtaining personal taxation advice. If you are considering investing in the Fund, you should read the appropriate PDS before making an investment decision.

Neither the trustee, nor any employees or directors of the trustee, guarantee the repayment of capital or the performance of the Fund. Past performance is not an indication of future performance.

### Equipsuper Financial Planning Pty Ltd

Equipsuper Financial Planning Pty Ltd (ABN 84 124 491 078, AFSL 455010) is licensed to provide financial planning services to retail and wholesale clients. Equipsuper Financial Planning Pty Ltd is owned by Equipsuper Financial Holdings Pty Ltd (ABN 11 604 515 791).

### Equipsuper Superannuation Fund

ABN 33 813 823 017  
USI 33 813 823 017 000  
SPIN EPL0100AU

### Equipsuper Pty Ltd

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