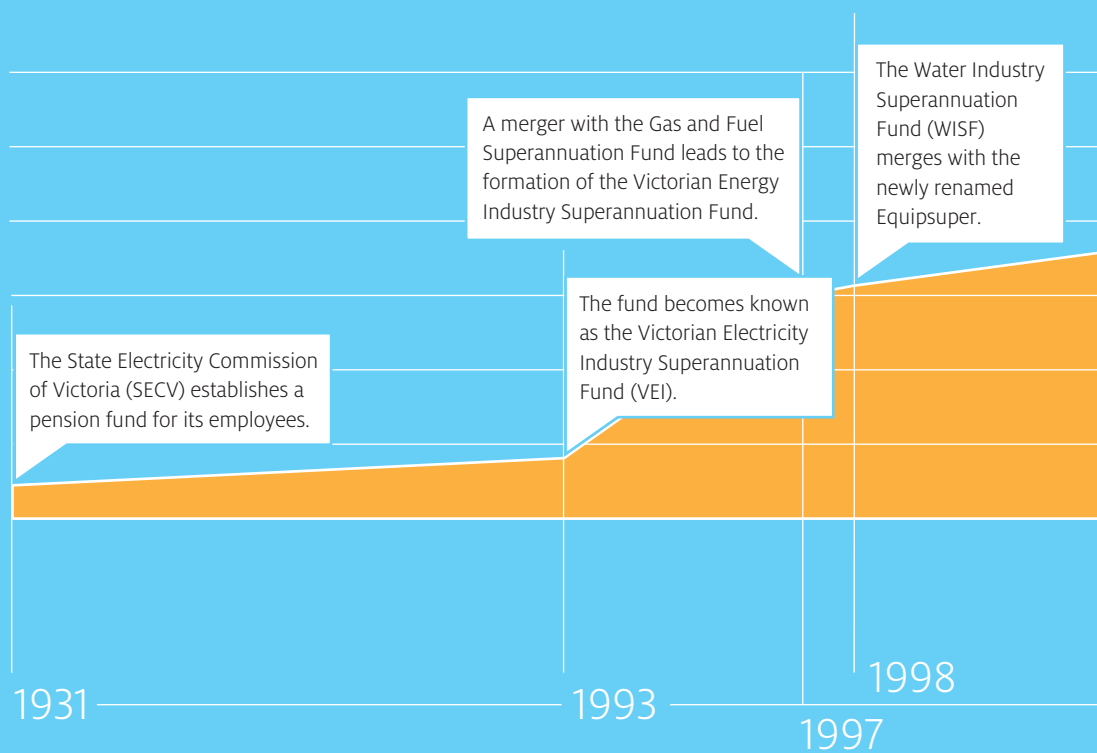




2016-17 Annual Report





Stronger together

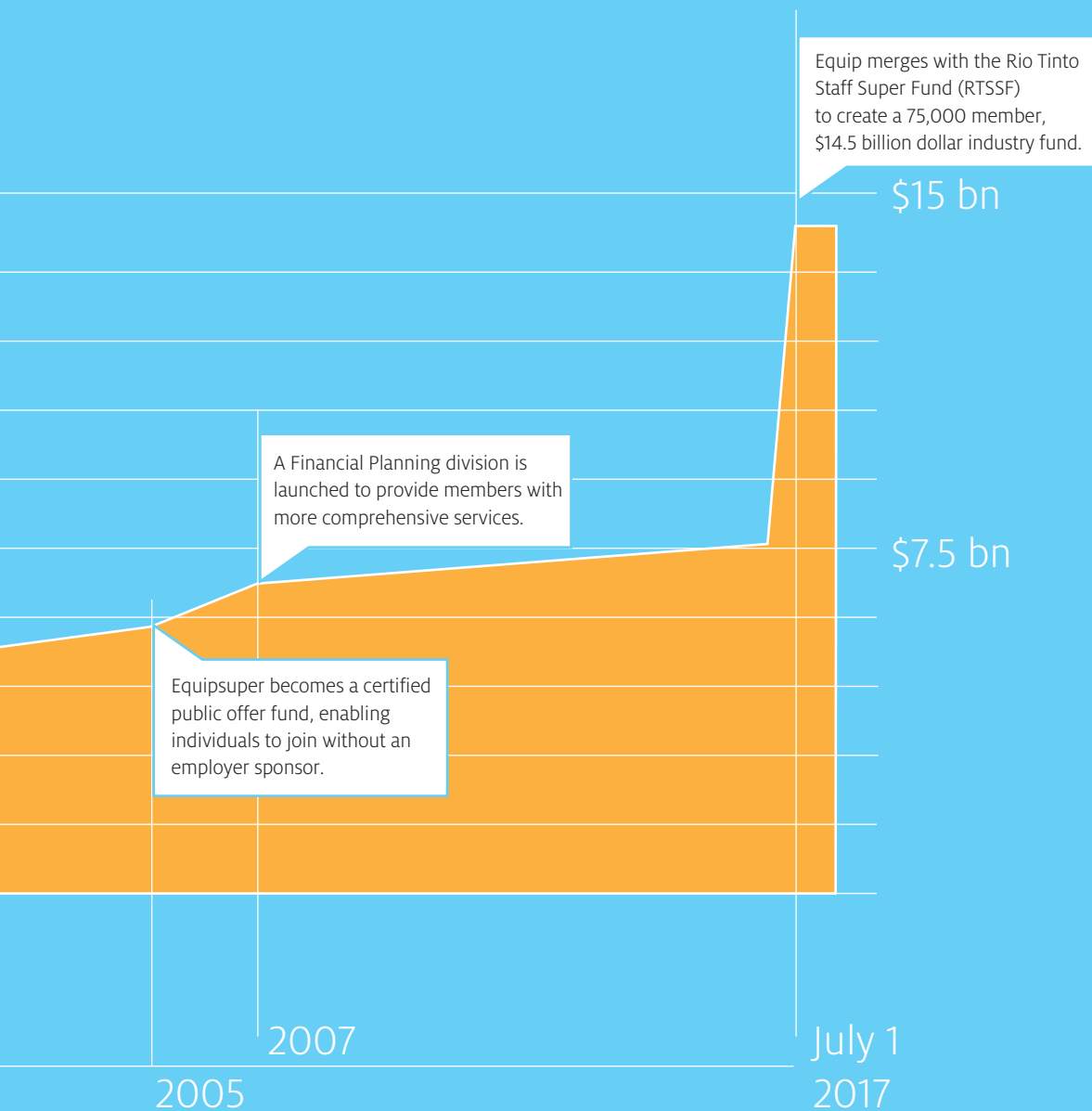


Table not to scale

Chair's Message

The last 12 months in the life of your superannuation fund, Equip, have been amongst the most seminal in its long history. We have embraced significant change in our governance, negotiated and finalised a merger with the Rio Tinto Staff Superannuation Fund, and appointed a new Chief Executive Officer.

The Equip governance model has served us well over many years, but your Board believes in the need to constantly reappraise our processes and our stewardship, to ensure we have the best framework for success.

Whilst governance models introduced in the late 1980s have served us well historically, we don't believe that necessarily means they will provide similar outcomes in the future.

With this in mind, the Equip Board reviewed our governance model and associated policies during the 2017 year. Our conclusion was that electing only employer and member directors was not optimal, in that it didn't necessarily provide the breadth of skills and experience essential to take the Fund forward, and ensure the best possible outcomes for members.

Accordingly, Equip has adopted the Federal Government's preferred model on its Board of Directors. There is an equal allocation across Member Directors, Employer Directors and Independent Directors. Your Board believes that this 3/3/3 model will provide it with the breadth of skills and deep financial services knowledge necessary to ensure outstanding member outcomes.

Equip implemented the new model from 1 July 2017, which coincided with the funds merger with the Rio Tinto Staff Superannuation Fund. The transition resulted in two additional Independent Directors being appointed, and has placed Equip at the forefront of superannuation governance.

The reality is that the superannuation sector is operating in an environment which has completely transformed from the early 1990's, when compulsory superannuation was introduced. The internet, mobile technology and algorithm investment trading have revolutionised the financial services sector this century.

At the same time, the way the public views superannuation has shifted, and this has impacted our internal approach to the fund's cash flows, savings patterns, servicing models and investment options.

In response, there is a growing need for Boards to understand and embrace technology, HR, client relations and stakeholders' communications expertise, alongside more traditional skill sets of investments, risk management, financial services and regulatory compliance.

These challenges are not unique to superannuation fund boards. They are faced across all sectors with established governance frameworks, looking to optimise performance for all types of businesses, from private enterprise through to ASX 200 companies.

We believe our new Board structure provides us with the flexibility, skills and expertise to meet future challenges, and in doing so enables us to reaffirm our commitment to act at all times in the best interests of members.

I want to welcome our new Board members, Mark Cerche, Justine Hickey and Wayne Walker.

I also wish to extend a warm welcome to the Fund's new CEO, Nick Vamvakas, who assumes the role having steered the Rio Tinto merger to fruition, from his previous role as acting CEO.

Equip is now a significantly larger Fund in both membership and assets; with the changes made in 2017, we are well placed for ongoing future successes.

I am confident that we now have the people and the structure in place to drive innovation and growth within the superannuation sector, but always tempered by our commitment to act in the best interests of our members.

Andrew Fairley. Chairperson

CEO's Message

The successful merger of the Rio Tinto Staff Super Fund (RTSSF) and Equip was the culmination of several years work. Effective July 1 2017, it took us to 75,000 members and almost \$14.5 billion in funds under management. In the process, it reaffirmed our commitment to scale, and the benefits this affords to our members.

The origins of the merger can be traced back several years, when Equip began to focus on scale as a means of providing the best possible benefits for members.

It's no secret that Australia's \$2.3 trillion dollar superannuation industry can't sustain the 230 funds currently operating. Both the Federal Government and regulators have been speaking about the need for consolidation, and the potential benefits of that scale.

That's all well and good, but funds need structural integrity, robust financials, and a clear vision for the future to grow and prosper. The last two years have seen Equip undertake the necessary steps to make that a reality. I'm pleased to say we are starting to see the results.

We made the decision last year to move to an equal representation board with a 3/3/3 structure, one that's more attuned to the increasingly complex superannuation business. We did what was required constitutionally to make that a reality, and went out to our employer shareholders to win their support and explain the need for the change.

We have also updated our organisational structure. This has enabled us to streamline our goals and accountabilities. It means we're better placed to develop strategy and execute it across fund segments.

This follows our successful application for an extended public offer licence in 2016, which gave us the flexibility to pursue growth via a number of different strategies.

All the above has supported our mergers and growth strategy. It means we have a range of options available to potential partners, and the success of the RTSSF merger has showcased our ability to execute these.

Growth is important. Scale is important. But cultural fit and a shared vision for the future is essential when it comes to navigating successful mergers. RTSSF met those criteria, and the fact we went from initial talks to a legal merger in under six months affirms that synergy.

That being said, we're still not as large, or as diverse as we need to be. And while we bed down the details of the RTSSF merger, we're already looking ahead, trying to chart a course for the fund's next 10 years.

We can't predict what will happen to the superannuation industry from a regulatory perspective. But we now have an organisational structure that's ready to meet new opportunities, and an unwavering belief in doing what's best for our members.

Personally, I am looking forward to the next stage in Equip's evolution. It's a very exciting time to be a member of the fund.

Nicholas Vamvakas. CEO

About us

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

From humble beginnings with the State Electricity Commission of Victoria we have grown to become a \$14.5 billion dollar fund operating across a multitude of sectors.

A lot has changed since those early days, but our commitment to members' long term financial security 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.

We invite you to join us on this journey.

\$14.5 billion

Funds under
management

75,000

Members
post merger

80 staff

Across VIC, WA,
QLD, NSW

\$2 billion

Funds under advice

\$166,000

Average member
balance

10.66%

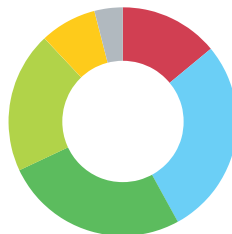
MySuper return
2016-17 financial year

Geographic distribution



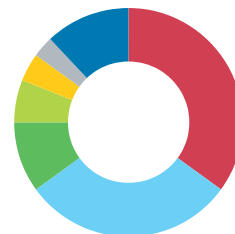
VIC	—	37%
WA	—	22%
QLD	—	19%
NSW	—	12%
SA	—	4%

Membership age



20-29:	—	14%
30-39:	—	28%
40-49:	—	26%
50-59:	—	20%
60-65:	—	8%
66 +:	—	4%

Industry sector diversity



Resources:	—	35%
Electricity & Energy:	—	30%
Professional & Technical:	—	10%
Wholesale Trade:	—	6%
Manufacturing:	—	4%
Construction:	—	3%
Other:	—	12%

How we add value

Investment outlook Equip's challenge in the coming year is to reduce risk while ensuring we achieve the best possible returns for members in a volatile global market.	9
Our members and our vision Equip is a mid-size fund, with \$14.5 billion under management, but in order to provide our members with a competitive mix of fees, services, and returns we need to achieve long term sustainable scale.	13
Financial planning services The rapid growth of our financial planning division reinforces the need for reliable advice. We have now surpassed \$2 billion in funds under advice.	17
Technology and innovation Our new digital platforms provide us with a 360 degree view of our membership, and the ability to better service them with advice, information, and offers.	21
Employer partnerships We work alongside employers and their staff to provide support services, educational tools, and administration platforms that make superannuation as easy and efficient as possible.	25
Our people and board Equip has consolidated and updated our organisational structure to meet the demands of a rapidly growing organisation, and the changing nature of the super industry.	29
Finance and compliance Equip maintains healthy reserves across operational risk, administration and self-insurance. Learn more about the fund's financial position with highlights from 2016-17.	33
2016-17 investment options Equip returned over 10% for the MySuper option, and was a top ten fund for the last financial year according to the AFR. Review our full set of investment returns, asset holdings, and asset classes options.	37





Investment outlook

The 2016-17 financial year was defined by political and economic uncertainty. While Europe was recovering from the shock Brexit vote, the United States threw its own curveball, electing Donald Trump president.

But the surprises didn't end there, and while investors looked on nervously, the financial markets defied expectations to deliver some of the best returns we've seen in years.

Some of that can be attributed to the fact we still have very low interest rates both at home and abroad. The low interest environment sends a positive signal to businesses that want to expand, which in turn drives investment. Coupled with stronger economic growth, company profits have improved markedly in recent times.

At home in Australia we've now experienced a record 26 and a half years without an economic recession. That's an unprecedented success story, but the positive macro outlook hides some complicated structural issues that need to be addressed.

While growth and spending have been sustained, much of this has come from people dipping into their personal savings to maintain their lifestyles. This is a symptom of our low wages growth, and the fact living costs have risen faster than wage increases.

Rapidly rising house prices in Melbourne and Sydney have helped disguise some of these underlying issues. They've also distorted the broader economic outlook, and priced many Australians out of the market.

Share prices have continued to trend upwards, but in doing so they've also outstripped their earning power. The same can be said for real estate and infrastructure markets. These rising prices – relative to profits – mean that finding good investment opportunities is getting harder.

Equip's challenge in the coming year is to look for opportunities in this increasingly difficult market environment, while ensuring we achieve the best possible returns for members.

Investment returns

Returns for Equip members were very healthy last financial year, breaking double digits to achieve 10.7% for MySuper accounts and 11.9% for Balanced Growth. Other investment options also performed well, with only Fixed Interest and Cash lagging behind.

Will that continue on into this financial year? The reality is markets are looking a little stretched in many places, and experienced investors are predicting it's going to be harder to make money.

With low returns on offer from cash, term deposits and bonds, defensive assets are looking at returns of around 2% to 4% in coming years. Those numbers are not going to meet most people's expectations of a comfortable retirement, especially retirees in the draw-down phase, given that inflation remains around 2% p.a.

Infrastructure and real estate have been terrific assets these last five years, and Equip's portfolio has done particularly well in these areas, returning north of 10% p.a. That's unlikely to continue, as prices have spiked in response to these returns. So it's going to be much harder in the future to generate returns on infrastructure assets, and our outlook is around 6-7% p.a. for those assets.

The same goes for shares. We've had a great run in equities, especially in the US, where they've risen steadily for several years now, but it's getting harder and harder to justify the price people are paying for the earnings that companies are generating. Back in Australia, earnings growth in local equities has been moderate, but people are now paying higher multiples for those earnings.

Looking forward, returns might be expected to come in around 5% to 7% p.a. for shares over the next five years or so. Those numbers aren't terrible, but we've been conditioned to expect high single-digit / low double-digit returns, that's going to be more difficult to generate.

What's next?

Where to from here? While we can't predict the future, we can position ourselves to minimise risk and look for opportunities where they arise. In the short term, that means diversifying. And the first thing we're looking to address is our allocation of Australian assets.

The Australian economy has some of the world's highest house prices in the world. There is a risk that if we have a recession it will be a severe one, so we're trying to take some of our gains from domestic investments and invest them offshore.

At the same time, we believe most risk assets are either fully priced to slightly over valued, so we're holding less than we normally would.

To achieve this we're going through the portfolio asset by asset to sell the more expensive, more risky ones that we hold. In their place we're looking to find cheaper, better performing substitutes to improve the quality of the overall portfolio.

We're also lowering costs, which is one of the easiest ways to improve returns. There's only so much you can do with that, but it's a good place to start.

As a prudent long-term investor, we are holding a lower risk portfolio than would usually be the case, and ensuring we have the liquidity to pick up undervalued assets if the economy does suffer a downturn.

All the above can help sustain investment returns over time, and ensure our members are achieving returns that can help them build a comfortable nest egg for their retirement.

Socially responsible investing

Equip's Sustainable Responsible Investments (SRI) option was one of our strongest performers last financial year, returning 14.95%. Those numbers reinforce the strength of responsible investment, and reject the old myth that financial returns must be sacrificed to invest ethically.

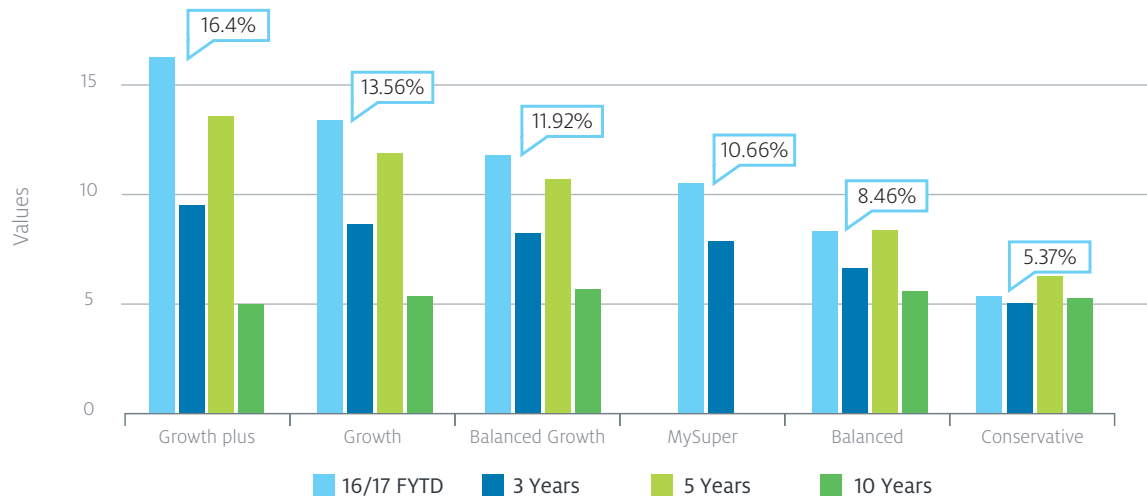
It's part of a growing trend, which has seen the social responsible investment market quadruple in size, reaching \$622 billion in funds under management according to the Responsible Investment Benchmark Report 2017.

SRI is an important part of Equip's investment strategy, and a significant amount of a company's value comes from intangible drivers, such as corporate culture, corporate strategy, management quality, and other factors such as relationships with suppliers and customers.

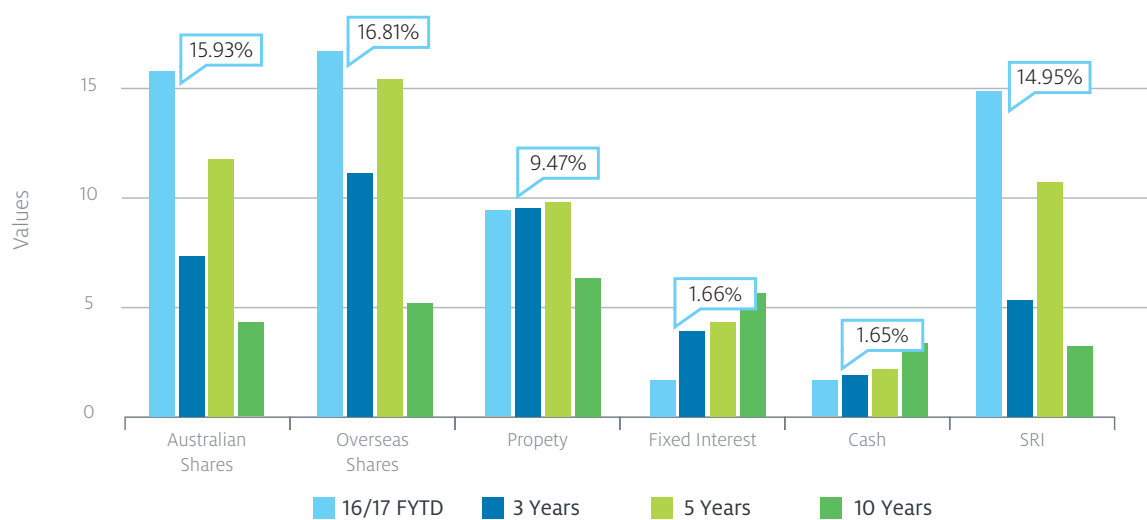
Analysis of how companies manage their intangible drivers can help make better informed investment decisions, which can contribute to a company's earnings sustainability.

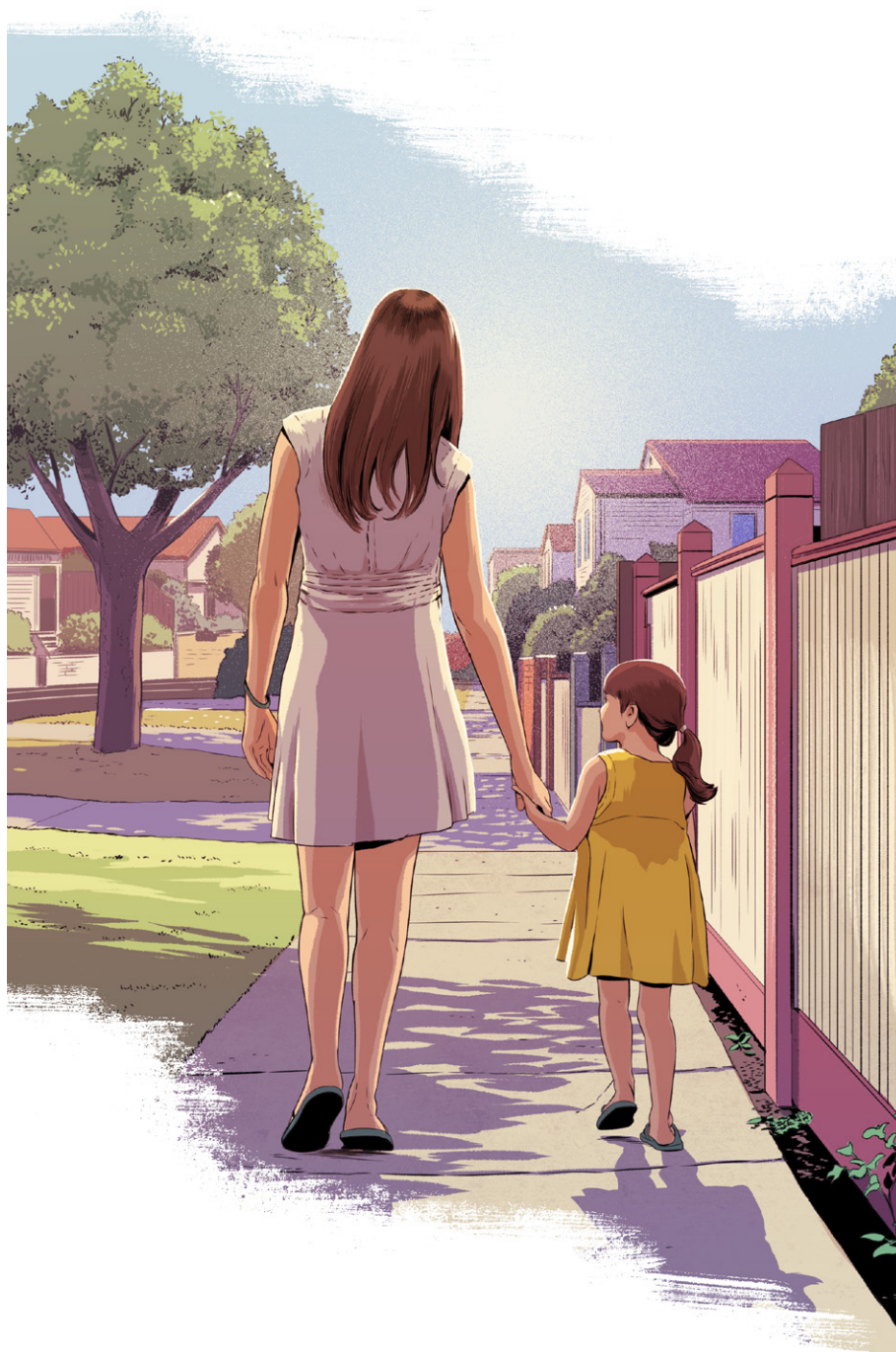
Our responsibility is to protect and enhance the value of our investments over the long-term, with the ultimate aim of providing sustainable income for our members in retirement. Environmental, Social and Governance factors are a part of this.

Superannuation returns to June 30 2017



Sector Specific returns to June 30 2017





Our vision for the future

Stronger together

Consolidation within the Australian superannuation industry is inevitable. With approximately 230 funds competing for 13 million working adults, the numbers simply aren't sustainable.

The fact that most of these funds hold less than \$3 billion in assets only reinforces the bloated nature of the industry. These smaller funds lack the scale to compete effectively, and the costs end up being passed on to members in the form of higher fees and inferior service. This has real and lasting implication on people's retirement balances, their lifestyles, and the broader economy.

The need for superannuation reform, and the drive towards sustainable scale has been pushed by successive governments and regulatory bodies. While the ideal number of super funds required to service Australia's \$2.3 trillion super industry is open for debate, the 20 largest super funds in Australia control nearly two-thirds (62.8%) of all super money. Clearly, there is room for some consolidation.

Equip is a mid-size fund with \$14.5 billion under management. This places us just outside the top 20. In order to provide our members with a sustainable and competitive mix of fees, services, and returns we need to achieve long term scale. Mergers like the Rio Tinto Staff Super Fund (RTSSF) allow us the opportunity to do so. But they're only one factor in our growth strategy, and our vision for the future.

Beyond the Rio Tinto Staff Super Fund merger

In late 2016 Rio Tinto decided that superannuation wasn't part of their core business and started looking at divestment options. As it turned out, Equip and the Rio Tinto Staff Super Fund (RTSSF) shared many common traits, including administration, actuary, custodian and asset consultant.

Rio Tinto certainly isn't an outlier in the superannuation sector. There are approximately 20 corporate super funds left in Australia, and several of these are looking to follow Rio Tinto's lead and close down their superannuation business. Within a decade we expect there will only be 3 to 4 corporate funds left, with the largest most likely to continue as independent entities.

Equip is actively looking for further growth opportunities, and we have a number of different avenues to explore. Consolidation within the corporate sector is one example, but we also have the extended public offer (EPO) license. This provides us with the flexibility to become a trustee for smaller funds and serve as an umbrella organisation for their administration and investment needs.

At the same time we've found success partnering with other funds and absorbing their defined benefit plans. The previous financial year saw us take on Australian Super's defined benefit business, which included Toshiba, The City of Perth, and Fletchers.

A path forward

These mergers, partnerships, and EPO offers provide a blueprint for our future growth and success. They enable us to respond to structural reforms, government legislation, and the changing needs of consumers.

Ideally, we're looking at funds with a large number of members in the accumulation phase, high cash flow and good returns. This will help balance our current membership base, which has a high net worth but lacks the membership growth you might see in other sectors.

Those funds are hard to come by, because they're less likely to be interested in merging. But as the regulatory environment continues to evolve, and the pressures to achieve the best member outcomes grows, we anticipate new opportunities will arise. Our successful merger with the RTSSF shows we have the structural framework, managerial expertise, and long-term vision to navigate these waters.

Future opportunities

Governance and structural reform may be top of mind when it comes to superannuation mergers, but there are a range of socio-economic factors underpinning this push for scale.

Australia's population is aging, and this is putting increased pressure on a host of services. According to the 2016 census there are 3.6 million Australians aged 65 and over, or 15% of the population. That number is only set to rise, and by the middle of the century a quarter of the population will be aged over 65. Providing these people with the income they need for a self-sustained retirement is a priority for future governments, and the nation's bottom line.

At the same time people are living longer than ever. The average lifespan in Australia is now 84 years for women and 80 years for men. Meanwhile, the retirement age continues to be pushed back. So in practical terms the population is aging while the tax base is shrinking. This needs to be addressed to ensure the country's economic prosperity, and superannuation policy will be a key driver of this outcome.



Super funds in Australia



Industry Funds

Equip

Retail Funds

Assets (\$billions)	No of funds	Accounts (millions)
501	41	11

Profit for member with commercial outcomes
No dominant stakeholder
Corporate focus
Cater for complexity

Assets (\$billions)	No of funds	Accounts (millions)
570	135	13

Total super funds in Australia

230+

Median FUM

Industry Ave.

Equip

6.8bn

14.5bn



Average account balance

Industry Ave.

Equip

\$59k

\$166k



Average membership

Industry Ave.

Equip

27,969

75,000





Financial Planning and Member Services

Helping our members plan for tomorrow

Equip Financial Planning reached a significant milestone in 2017, surpassing \$2 billion in funds under advice.

When the service was first launched a decade ago it consisted of just two people and was seen as an auxiliary service. With the opening of new offices in Brisbane and Perth, and a staff of 20 people, it's now a standalone business with national coverage.

The rapid growth of Equip Financial Planning has been the result of member demand. Equip Financial Planning gives advice on super and investment strategies, redundancy planning, insurance, retirement planning, aged care and maximising Centrelink entitlements.

We're adapting our services and our communications to meet these demands. In the process, we're ensuring our members have access to the right advice throughout their working life and into retirement. Keeping this in-house ensures we provide superior quality control and support services.

Our efforts are paying off, and we've seen a 17% rise in funds under advice over the last year. This has been driven by word of mouth and happy clients providing organic growth. It's been further boosted by the Retirement Ready expos that we toured around the country last financial year.

The role of seminars and community outreach

Held in April and May, Equip's Retirement Ready expos introduced a new talk show format and offered members a chance to hear from our planners in person. These events helped reinforce the value of our financial planning services and generated an additional \$56 million in funds under advice. In the process, they helped nurture attendees from the initial research phase through to customers and advocates.

In addition to our Retirement Ready expos we held 14 regular town hall events in front of approximately 2,000 members throughout the country. These grassroots events continue to be the primary driver of our business, and have helped us grow a \$2 billion dollar business in a decade.

But the industry is changing, and we can't afford to rest on our laurels. Growing the financial planning arm means tapping into our growing membership base and ensuring we're delivering the right products and the right message to the right people.

The merger with the RTSSF gives us access to 25,000 new members who did not previously have access to in-house financial planning. Building trust and providing quality advice to these new members is at the heart of our growth strategy for the next 12 months. And the best way to do that is via our new technology platforms.

How is financial planning changing?

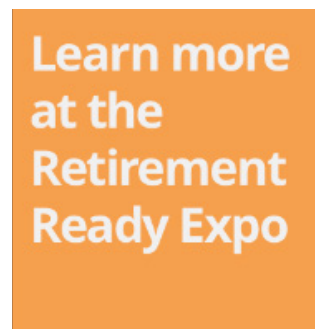
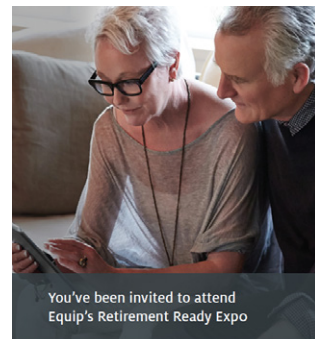
Only 20% of Australians currently benefit from any kind of financial advice. This suggests obvious room for expansion and growth. Meanwhile, the list of products and services available to manage individual member's finances is growing exponentially.

But the real opportunity is with the younger, pre-retirement audience. If we can improve their awareness of our services we can help them achieve a more secure financial future while also growing our business.

Automated digital marketing gives us unprecedented scope to reach these people – and it's right around the corner. The implementation of the Marketo software platform in 2017-18 means we can deliver custom campaigns to our members with personalised messages, images, and calls to action.

This will be supported by the Salesforce CRM (Customer Relationship Manager) platform that gives us a 360-degree view of a member's interests and needs throughout their working life. It means we can start with online investment advice for members in their 30s and 40s, offer personalised financial planning as they start to think about their retirement, and eventually discuss aged care options.

With economic uncertainty a growing concern for many Australians, and superannuation legislation increasingly complex, there's a real need for trustworthy, personal advice. That's a service we can offer our members, and a point of differentiation from other funds.



Equip Financial Planning numbers



18 Seminars held around Australia

VIC. NSW. QLD. SA.

EFP staff size and location



Appointments booked in 2016-17

1596



Technology and innovation

Equip's long term vision is to deliver every fund member personalised products and services. From online interactions and statements to financial advice, our business plan rests on marketing automation and the ability to treat each member as an individual.

This 'segment of one' approach has been discussed in marketing circles for over a decade, but the technology to deliver it has only recently caught up. It means we communicate with members based on their unique needs, previous interactions, and predictive data. In the process we can deliver the right product at the right time.

Amazon is a leader in this field, and Kogan is an Australian company using data and personalised customer needs to drive online sales success. Our ambition is to emulate this as much as we can in superannuation.

Equip's digital transformation started with the launch of the new website in 2016. It provided us with the framework to create more personalised, automated, and targeted online content for members.

The next phase of that journey is now underway, with the roll-out of three world-class software platforms.

1. Salesforce – A customer relationship management (CRM) tool to ensure we can provide more personalised and relevant information to members.
2. Marketo – an automated marketing platform to help us reach members
3. Secure website – An upgrade will make it easier for our members to log into their accounts and manage their superannuation across phones, tablets, and PCs.

This isn't just an investment in technology, it's a new way of engaging with our members. One that allows us to deliver more relevant and timely advice across digital platforms, which means better retirement outcomes in the long term.

Our member journey

A number of variables can impact a member's retirement savings. Contributions, investment returns and fees all have a cumulative affect, but they don't tell the whole story. Decisions regarding insurance, investment choices, and when to seek financial advice can also have long-term economic repercussions.

A more personally tailored communications platform enables us to reach member during key life stages and highlight these considerations. It means we can talk to 40 year olds with families about their life insurance coverage, let 30 year olds know about the benefits of salary sacrifice, or advise pre-retirees about de-risking their investments.

Equip has been at the forefront of digital experience mapping and member insights for several years. Commencing in 2014 when we first segmented members based on their interactions with the fund (as well as the usual demographic carve up based on age, gender and so on), we have built a robust profile of our members.

Since then, we've been able to validate some of our earlier work, refining our behavioural segments amongst members to better understand their needs and questions. This has both reaffirmed our customer focused journey, and means we'll be better able to service our members in the near future.

All of this is reinforced by our Salesforce CRM, which provides greater member insights, and means we can promote appropriate products and services. Together, these interlocking software platforms help us deliver a superior user experience.

The superannuation industry likes to talk about retirement. But the future of every fund in this country relies on people in their 20s and 30s, and the choices they will make in the decades to come. These people have limited engagement with their super fund, and even less interest in retirement. If we're going to court them we need to rethink our language and our approach.

But technology doesn't exist in a bubble, and the message is just as important as the delivery. A \$1 million dollar retirement seems out of reach for most people, especially those starting their working life. So we need to change that conversation, and let people know that we can help them turn that \$25,000 super balance into something worthwhile over the coming decades.

That means taking members on a journey, nurturing them through different life stages, and making superannuation a more relevant part of their life. If they can engage with us from the convenience of their phone, we're already halfway there.

Here's how you compare

Female Comparison

Your super is **ABOVE AVERAGE** compared to the savings for a Female of your age group

You're doing well. Your super savings are above average for your age.

Here's how you compare

Average Above Average
Below Average Exceptional

Male Comparison

Your super savings are **ABOVE AVERAGE** compared to the savings for a Male of your age group

You're doing well. Your super savings are above average for your age.

The figure is a bar chart titled "Your Equip investment returns". It features six vertical bars of different colors (green, blue, pink, yellow, orange, and blue) set against a solid pink background. The bars vary in height, with the yellow bar being the tallest and the pink bar being the shortest. Above the chart, there is a header bar with a logo on the left and three navigation links: "SUPER", "RETIREMENT", and "FINANCIAL PLANNING". Below the chart, there is a paragraph of text explaining the context of the data.

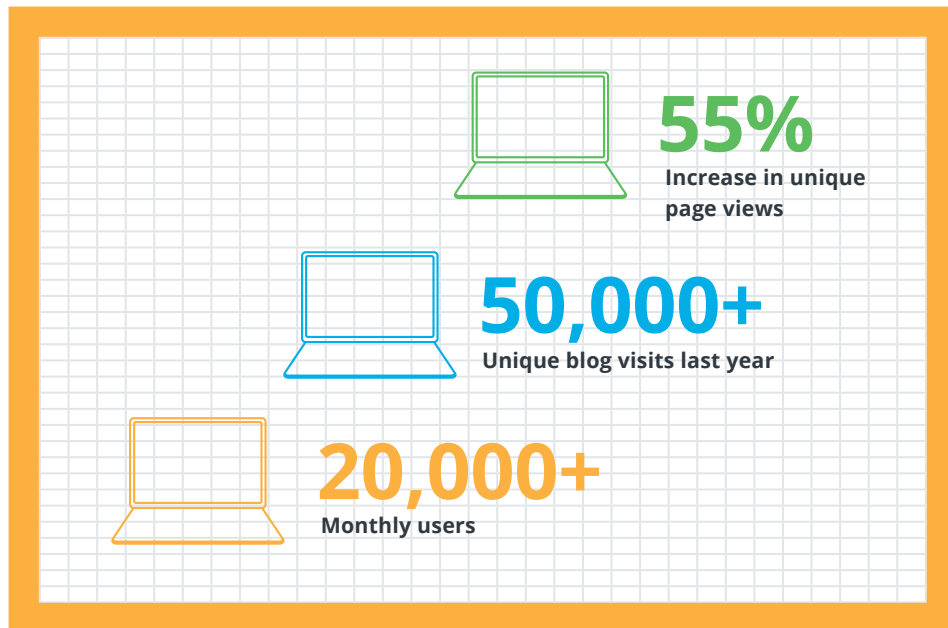
Bar Color	Relative Height (Estimated)
Green	35%
Blue	55%
Pink	25%
Yellow	75%
Orange	50%
Blue	40%

Your Equip investment returns

2017 has been defined by political and economic uncertainty. Throughout it all we've seen financial markets continue to rally. The previous quarter was no exception, with both overseas shares and property delivering strong numbers. To see how these results impact your superannuation returns, and the broader economic climate, please click below.

Member experience journey

Website visits



Most viewed pages



New digital platforms being rolled out in 2018





Employer relationships

Superannuation mergers are notoriously difficult to achieve, so when Equip and the Rio Tinto Staff Super Fund (RTSSF) officially wrapped up negotiations with signed papers it was cause for a celebration. For our relationship management team it meant the real work was just starting.

In the months since we've been visiting Rio Tinto worksites to explain the merger and the associated benefits. But there's plenty more to be done, and the on-boarding process will see new Equip staff flying up and down the country to introduce our organisation and reassure RTSSF members and employers that their future is in safe hands.

The RTSSF merger is the most significant boost to Equip's fund size in a generation. It lays the groundwork for both our future growth strategy, and how we engage with all our employer partners – large and small.

It's the beginning of a new chapter. Here's how we plan to tackle it.

Remote flights and regional airstrips

The RTSSF members present unique challenges. The nature of their work means remote locations, hard to reach worksites, and many staff operating on a fly-in-fly-out basis.

The workshops and seminars we've been hosting as part of the on-boarding process have helped us meet these new members, explain the merger, highlight the services we offer, and how this ultimately benefits them.

We've already seen over 1,000 members, and hope to see a further 1,500 by the end of 2018. The goal is to visit every major Rio Tinto site throughout Australia and give everyone an opportunity to attend a session.

That means recruiting new staff, and expanding our national reach. We're opening offices in Brisbane and Perth, and hiring both financial planners and relationship managers to staff these satellite offices. This will give us coast-to-coast coverage across WA, VIC, NSW and QLD, and ensure better support for both employers and their staff.

All of the above will be backed by a new emphasis on member education, and the rollout of more regular newsletters, campaigns, and segmented communications.

Supporting our existing employers

As significant as the RTSSF merger is, we can't afford to neglect our existing employer partners, and the next twelve months will see our relationship team grow and adapt to the new fund structure.

The relationship managers will be working in conjunction with Equip financial planners and the marketing department to ensure employers and their staff have access to the support services, educational tools, and administration platforms they need to make superannuation as easy and efficient as possible.

We're also very active with our defined benefit employers, which make up around \$2 billion of our funds under management. These plans require special attention, and a close working relationship between employers and ourselves.

Whether it's defined benefit plans, or our corporate partners, employers play a crucial part in the superannuation process and our membership outreach. Growing and maintaining these relationships remains the core function of our relationship management team.

Responding to Hazelwood

When news came through that the Hazelwood power plant in the Latrobe Valley would be closing, it marked the end of an era for the region. Over 700 jobs were being lost, and almost half of those were long-standing Equip members.

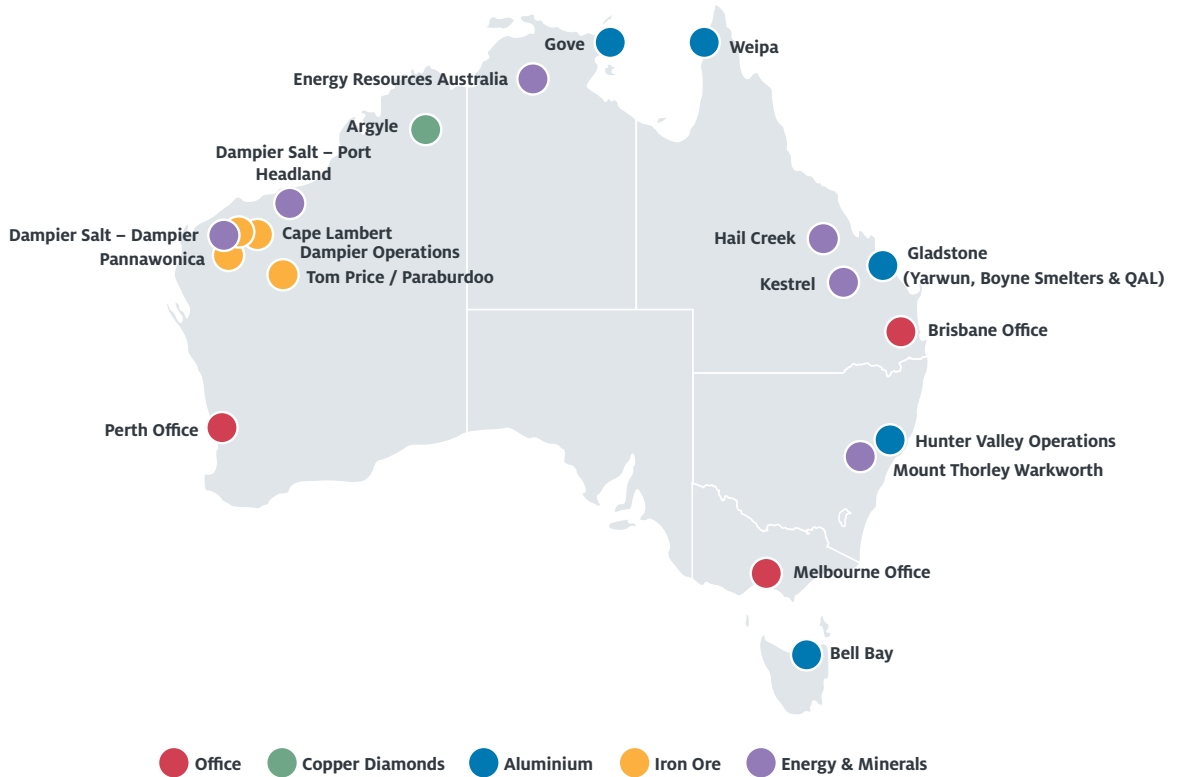
Equip responded with a grassroots campaign to assist members during this difficult period. Within days we had people on the ground, local seminars scheduled, online resources, and a helpline team ready to take calls. In the weeks that followed, we assisted hundreds of members with their finances and superannuation.

These efforts were led by Equip's relationship managers, and have since been held up as an example of industry best practise when managing industrial restructuring. Closures and job losses are never easy, but Equip is there for our members and employers during the boom times and the lean years.



Employer relationship reach

Rio Tinto sites visited by Equip staff



Employee sessions conducted 85



People reached 1000





Five years ago Equip had a staff of 45 people with \$4.9 billion in funds under management. Today we're approaching 80 staff and \$14.5 billion.

Managing rapid growth is never easy, and ensuring you have the right people in place to carry out both day-to-day operations and execute strategic growth is vital. In the past we've maintained a very flat structure, with only two or three layers of management. We have updated and consolidated this organisational structure to better meet new challenges. The result is cleaner lines of communication and accountability.

At the same time, we've gone out to market, looking for the best people to fill newly developed roles. That doesn't necessarily mean they come from a superannuation or financial services background. We encourage diversity and hire people who are good at what they do, able to execute on strategy, and can bring something new to the conversation.

We support this with a strong incentive program, which ensures people are focused on the things that are important to the business, and rewarded accordingly. This is reflected in our high retention rates and the high engagement scores we see from employees in our annual surveys.

A clear vision for the future

We have a board strategy that sets the agenda for the organisation, and we derive our KPIs from this. This presents a high level, 3 to 5 year view of the organisation, and the associated goals across departments.

At the board level we've successfully implemented a 3/3/3 model consisting of employer, member, and independent directors. This is the Federal Government's preferred model and one that we believe helps position us for the future. It ensures the necessary boardroom skills and backgrounds to provide our members with the best long-term outcomes.

This reflects the changing nature of the superannuation industry. The sector is operating in an environment completely transformed from the early 1990s, when compulsory super was introduced, and the board needs to reflect this.

That means a growing need for technology, human resources, client relations, stakeholder communications and corporate citizenship skills at the board level.

We believe the 3/3/3 governance model provides the best governance model for super funds and a superior mix of skills. That means better retirement outcomes for members.



Andrew Fairley AM

LLB, FAICD

Chair

Appointed: January 2009

Current term expires: February 2019



Justine Hickey

BComm, FFin, GAICD

Independent Director

Appointed: July 2017

Current term expires: July 2020



Wayne Walker

BSc (Hons), MBA, FIAA

Independent Director

Appointed: July 2017

Current term expires: July 2020



Pippa Leary

BA (Hons)

Member Director

Appointed: July 2015

Current term expires: March 2018



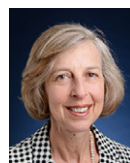
Jan Dekker

BSc, MEL, GAICD

Member Director

Appointed: July 2017

Current term expires: March 2019



Jane Simon

BA (Hons Psych), GAICD

Member Director

Appointed: January 2015

Current term expires: March 2018



Mark Cerche

B. Juris LLB (Hons)

Employer Director

Appointed: July 2017

Current term expires: July 2020



Michael Clinch

**Grad Dip Employee and
Industrial Relations, GAICD**

Employer Director

Appointed: April 2016

Current term expires: March 2019



John Azaris

BEng (Elec), MBA

Employer Director

Appointed: June 2007

Current term expires: March 2019

During the 2016/2017 Financial year the following Directors also held office:

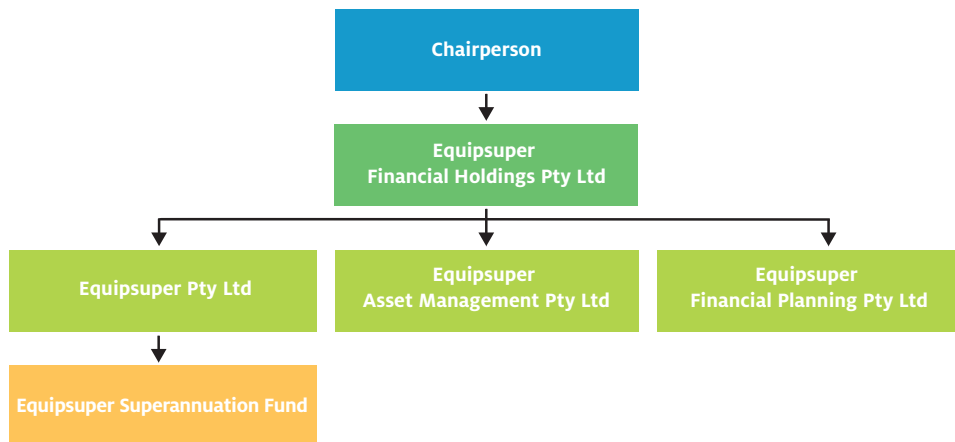
Sandra Jericevic (retired 30 April 2017)

Andrew Pickering (retired 30 April 2017)

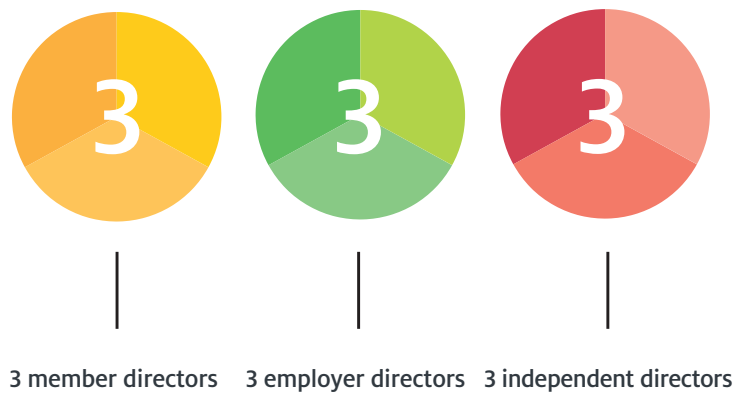
Robin Jervis-Read (retired 30 June 2017)

Our board and organisational structure

Organisational structure



Board structure – from July 1 2017





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 TRUSTEE HAS CREATED FIVE CATEGORIES OF RESERVES AS FOLLOWS:

Operational risk reserve:

Established to meet the requirements of Superannuation Prudential Standard 114 "Operational Risk Financial Requirement", this reserve is intended to provide financial resources to address losses that may arise from operational risks. The target funding level for this reserve is 25 basis points (or 0.25%) of total member entitlements, and is managed within a range of 23 to 27 basis points. The reserve is monitored on an on-going basis and replenished with additional funds in the event the balance falls below the lower tolerance limit.

Administration and general purpose reserve:

Established to facilitate the finance of current and future operational requirements of the Fund, this reserve is available to meet both day-to-day operational costs as well as one-off approved expenditures considered to be in the long-term interests of members. The amount held is set at nominally 15 basis points (or 0.15%) of total member entitlements and managed within a range of 10 to 25 basis points. The appropriate target level is established annually through the business planning process.

Other reserve:

Established for capital expenditure purposes such as plant and equipment purchased to facilitate the operation of the Fund.

Investment tax timing reserve:

Reflects investment tax yet to be attributed to members due to timing differences between the reporting date of financial statements and payment dates of tax commitments & refund entitlements. The 30 June balance of this reserve always reverts to zero in the following financial year with members obtaining the value of the reserve via investment option unit prices.

Self-insurance reserve:

Established to fund the future service component of the death and disability benefits of certain defined benefit members, this reserve is funded by relevant defined benefit employers. The amount held is determined by the Fund's actuary and reviewed on an on-going basis.

THE FUND'S AUDITED ACCOUNTS AND THE AUDITORS REPORT ARE AVAILABLE TO MEMBERS ON REQUEST. THE COMPLETE FINANCIAL REPORT IS AVAILABLE ON THE WEBSITE OR VIA THE HELPLINE 1800 682 626.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	2017 \$ MILLION	2016 \$ MILLION
ASSETS		
Investments	8,320	7,581
Other assets	77	60
Deferred tax assets	1	2
Total assets	8,398	7,643
LIABILITIES		
Payables	(43)	(37)
Income tax payable	(5)	(3)
Deferred tax liabilities	(150)	(121)
Total liabilities	(198)	(161)
Net assets available for member benefits	8,200	7,482
Total member liabilities	(7,737)	(7,073)
Total net assets	463	409
EQUITY		
Operational risk reserve*	(21)	(19)
Other reserves**	(25)	(42)
Defined benefit plans (over)/under funded	(417)	(348)
Total equity	(463)	(409)

INCOME STATEMENT FOR
YEAR ENDED 30 JUNE 2017

	2017 \$ MILLION	2016 \$ MILLION
SUPERANNUATION ACTIVITIES		
Investment Income	838	237
Other Income	1	2
Total superannuation activities income	839	239
EXPENSES		
Investment expenses	(31)	(26)
Administration expenses	(21)	(26)
Total expenses	(52)	(52)
Net result from superannuation activities	787	187
Net change in defined benefit member liabilities	(147)	(17)
Net benefits allocated to defined contribution member accounts	(538)	(116)
Net profit/(loss) before income tax	102	54
Income tax (expense)/benefit	(48)	4
Net profit/(loss) after income tax	54	58

The merger with the Rio Tinto Staff Super Fund was completed 1 July 2017.
Therefore the assets of the RTSSF are not included in the 2016-17 financial position.

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 30 JUNE 2017 * **

	OPERATIONAL RISK RESERVE	ADMIN & GENERAL PURPOSE RESERVE	OTHER RESERVE	SELF- INSURANCE RESERVE	INVESTMENT TAX TIMING RESERVE	DEFINED BENEFIT PLANS OVER / (UNDER FUNDED)	TOTAL
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Opening balance	19	18	1	5	18	348	409
Net transfers to/from reserve	1	(1)	-	-	-	-	-
Operating result	1	8	-	1	(25)	69	54
Closing balance	21	25	1	6	(7)	417	463

STATEMENT OF CHANGES IN MEMBER BENEFITS FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$ MILLION	2016 \$ MILLION
Opening balance of member benefits	7,073	6,687
Contributions received	456	399
Transfers to/from other superannuation plans	(175)	87
Income tax on contributions	(46)	(47)
Net after tax contributions	235	439
Benefits paid to members/beneficiaries	(250)	(180)
Insurance premiums charged to members	(18)	(14)
Death and disability benefits credited to member accounts	11	11
Reserve transfer to /(from) members	-	(3)
Net benefits and investment income allocated to accounts	686	133
Closing balance of member benefits	7,737	7,073

EQUIP ASSET ALLOCATION

Investments at fair value

	2017 \$ MILLION	2016 \$ MILLION
Cash and deposits	1,025	857
Derivatives	17	13
Listed equities	3,324	3,341
Listed property trusts, Listed unit trusts	284	370
Other interest bearing securities	1,977	1,666
Unlisted equities	113	87
Unlisted unit trusts	1,490	1,200
Unlisted partnerships	89	46
Annuity	1	1
	8,320	7,581

INVESTMENT HOLDINGS IN EXCESS OF 5% DURING 2016-17 FY

RANK	ISSUER NAME	FUM	
		FUM (AUDm)	Pct of Total FUM
1	National Australia Bank	651.1	8%
2	Commonwealth Bank Aust	546.0	7%
3	Westpac Banking Corp	454.2	5%
4	ANZ Banking Group	396.7	5%

Noted above are details of each single enterprise or single group of associated enterprises in which the fund has an investment, or a combination of investments, that have a combined value in excess of 5% of the total assets of the fund.



Accumulation returns*

OPTION	1 YR	3 YRS P.A.	5 YRS P.A.	10 YRS P.A.
GROWTH PLUS	16.40	9.58	13.70	5.09
SURVEY	13.53	8.62	12.70	4.28
GROWTH	13.56	8.72	11.97	5.42
SURVEY	11.42	7.52	11.15	4.50
BALANCED GROWTH	11.92	8.34	10.83	5.72
SURVEY	9.74	7.24	9.95	4.77
BALANCED	8.46	6.67	8.45	5.63
SURVEY	6.96	5.69	7.67	4.47
CONSERVATIVE	5.37	5.04	6.32	5.28
SURVEY	4.81	4.58	5.89	4.55
EQUIP MYSUPER #	10.66	7.90		
AUSTRALIAN SHARES	15.93	7.36	11.84	4.32
OVERSEAS SHARES	16.81	11.20	15.55	5.21
PROPERTY	9.47	9.58	9.85	6.36
DIVERSIFIED FIXED INTEREST	1.66	3.92	4.33	5.67
CASH	1.65	1.91	2.18	3.37
SOCIALLY RESPONSIBLE INVESTMENTS	14.95	5.34	10.79	3.22

Pension returns*

OPTION	1 YR	3 YRS P.A.	5 YRS P.A.	10 YRS P.A.
GROWTH PLUS	17.51	10.16	14.86	5.41
SURVEY	15.02	9.35	13.72	4.55
GROWTH	14.43	9.07	12.82	6.14
SURVEY	12.56	8.88	12.52	4.85
BALANCED GROWTH	12.38	8.42	11.46	6.07
SURVEY	10.15	7.70	10.86	4.93
BALANCED	9.34	7.11	9.17	6.21
SURVEY	7.86	6.30	8.63	4.73
CONSERVATIVE	5.88	5.10	6.68	5.77
SURVEY	5.56	5.24	6.66	5.12
AUSTRALIAN SHARES	17.23	7.53	12.75	4.49
OVERSEAS SHARES	18.00	12.33	17.23	5.61
PROPERTY	9.86	10.05	10.44	7.07
DIVERSIFIED FIXED INTEREST	2.53	4.06	4.75	6.45
CASH	1.93	2.23	2.55	3.94
SOCIALLY RESPONSIBLE INVESTMENTS	17.67	6.32	12.65	3.66

Equip returned over 10% for the MySuper option, and was a top ten fund for the last financial year according to the AFR. Review our full set of investment returns and asset class options.

1 year = 2016-17 financial year.

Pension returns are generally higher than those for superannuation, as no tax is paid on earnings.

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 annualised returns. Returns are net of tax and investment fees.

Equip MySuper was introduced on 1 August 2013.

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.

INVESTMENT MANAGERS FOR THE FINANCIAL YEAR 2016-17

Our external investment managers include:

AEW Capital Management	<i>Property</i>
AMP Capital Investors Limited	<i>Property, infrastructure</i>
Antares Capital	<i>Cash</i>
Avoca Investment Management	<i>Australian shares</i>
Baillie Gifford Overseas Limited	<i>Overseas shares</i>
Brandywine Global Investment Management	<i>Fixed interest</i>
Bridgewater Associates Incorporated	<i>Growth alternatives</i>
Campus Living Funds Management Limited	<i>Infrastructure</i>
Charter Hall Funds Management Limited	<i>Property</i>
Colonial First State Investment Limited	<i>Infrastructure</i>
Concise Asset Management Limited	<i>Australian shares</i>
Dundas Global Investors	<i>Overseas shares</i>
Ellerston Capital Limited	<i>Australian shares</i>
Fulcrum Asset Management LLP	<i>Growth alternatives</i>
Goodman Funds Management Australia Limited	<i>Property</i>
GPT Group	<i>Property</i>
Hayfin Capital Management LLP	<i>Growth alternatives, defensive alternatives</i>
Janus Capital Management LLC	<i>Overseas shares</i>
Karara Capital	<i>Australian shares</i>
Lend Lease Real Estate Investments Limited	<i>Property</i>

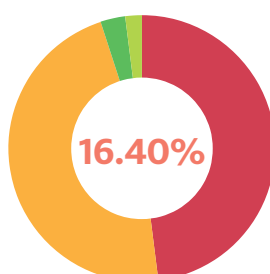
Loomis, Sayles & Company, LP	<i>Defensive alternatives</i>
Macquarie Specialised Asset Management Limited	<i>Infrastructure</i>
Martin Currie Investment Management Ltd	<i>Overseas shares</i>
Matterhorn Investment Management LLP	<i>Overseas shares</i>
ME Portfolio Management Limited	<i>Defensive alternatives</i>
Metrics Credit Partners Pty Ltd	<i>Defensive alternatives</i>
MLC Investments Limited	<i>Growth alternatives</i>
National Australia Bank	<i>Defensive alternatives (currency) / Growth alternatives (currency)</i>
Pantheon Ventures Limited	<i>Growth alternatives</i>
Paradise Investment Management Pty Ltd	<i>Australian shares</i>
Principal Global Investors Limited	<i>Overseas shares and property (currency)</i>
Resolution Capital Pty Ltd	<i>Property</i>
Ruffer Investment Company	<i>Growth alternatives</i>
Schroders Investment Management Aust Limited	<i>Australian shares</i>
Shenkman Capital Management, Inc	<i>Defensive alternatives</i>
Siguler Guff & Company, LLC	<i>Growth alternatives</i>
Stafford Private Equity	<i>Growth alternatives</i>
Standish Mellon Asset Management Co	<i>Fixed interest</i>
UBS Securities Australia Limited	<i>Overseas shares</i>

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.

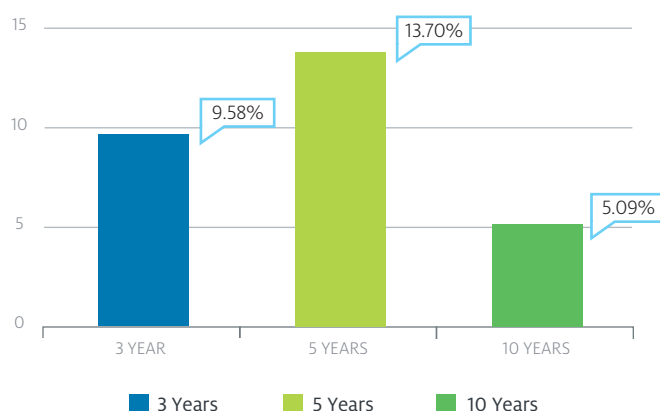


One year return

ASSET CLASS	ALLOCATION
Australian shares	48%
Overseas shares	47%
Property	0%
Infrastructure	3%
Growth alternatives	2%
Fixed interest	0%
Defensive alternatives	0%
Cash	0%

Risk level

High

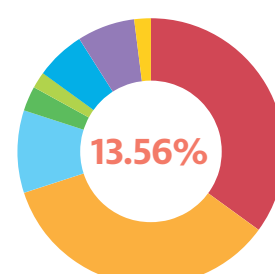


Note that past performance is no indication of future performance.

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.

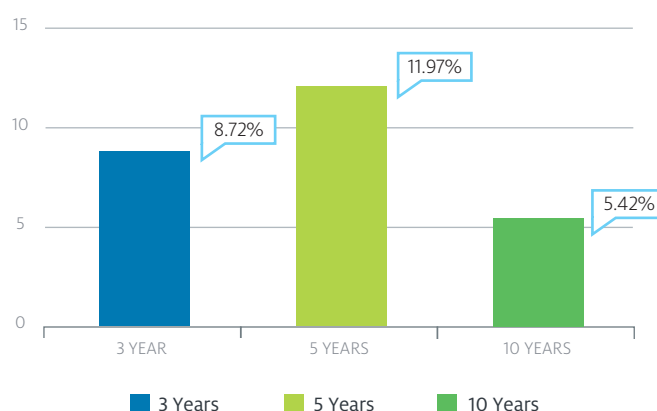


One year return

ASSET CLASS	ALLOCATION
Australian shares	35%
Overseas shares	35%
Property	10%
Infrastructure	3%
Growth alternatives	2%
Fixed interest	6%
Defensive alternatives	7%
Cash	2%

Risk level

Medium to High

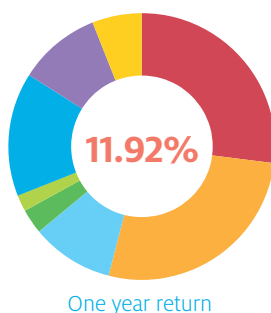


Note that past performance is no indication of future performance.

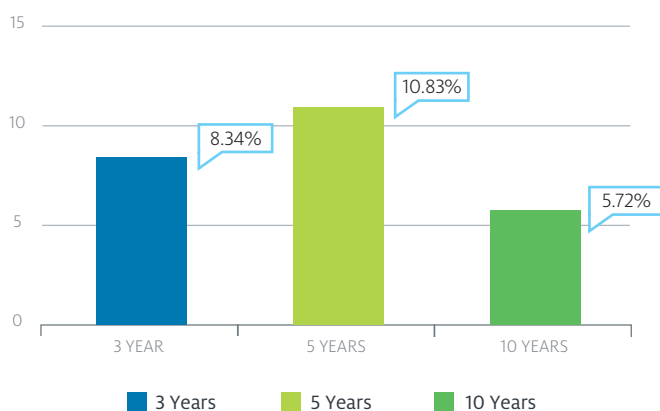
BALANCED GROWTH

Investment objective

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



ASSET CLASS	ALLOCATION
Australian shares	27.5%
Overseas shares	27.5%
Property	10%
Infrastructure	3%
Growth alternatives	2%
Fixed interest	15%
Defensive alternatives	10%
Cash	5%

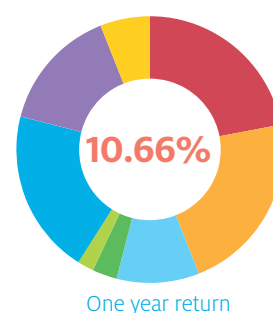


Note that past performance is no indication of future performance.

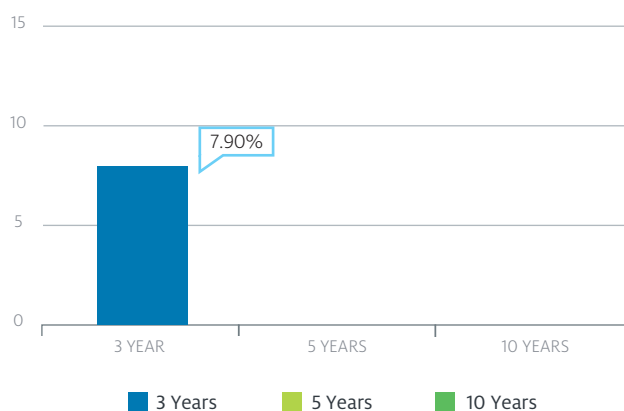
EQUIP MYSUPER

Investment objective

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



ASSET CLASS	ALLOCATION
Australian shares	22.5%
Overseas shares	22.5%
Property	10%
Infrastructure	3%
Growth alternatives	2%
Fixed interest	20%
Defensive alternatives	15%
Cash	5%



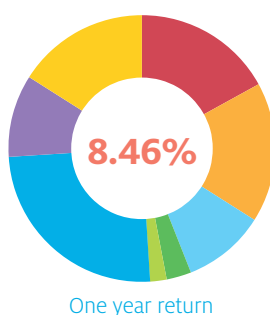
Note that past performance is no indication of future performance.

Diversified options

BALANCED

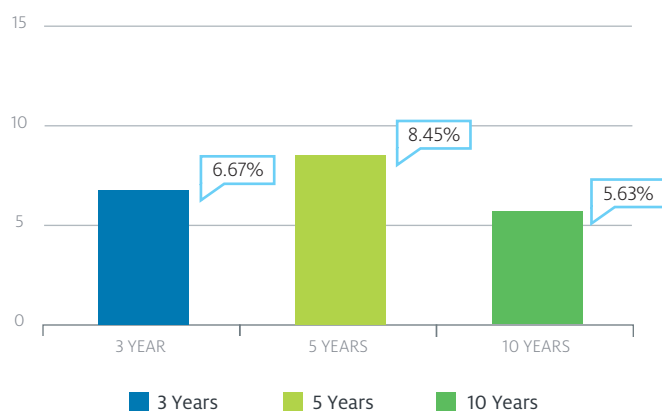
Investment objective

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



ASSET CLASS	ALLOCATION
Australian shares	17.5%
Overseas shares	17.5%
Property	10%
Infrastructure	3%
Growth alternatives	2%
Fixed interest	25%
Defensive alternatives	10%
Cash	15%

Risk level Low to Medium

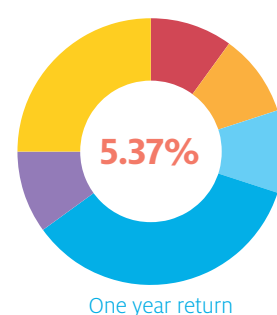


Note that past performance is no indication of future performance.

CONSERVATIVE

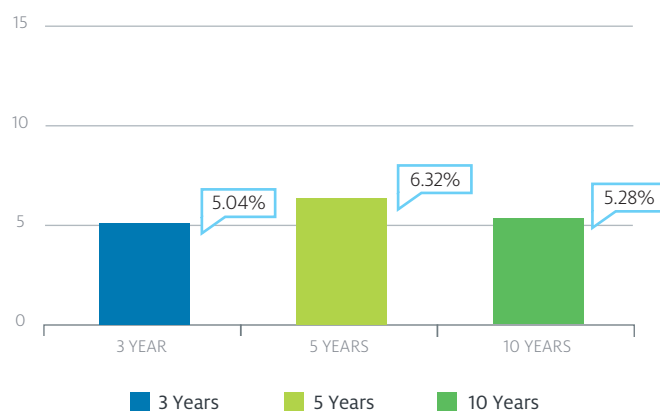
Investment objective

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



ASSET CLASS	ALLOCATION
Australian shares	10%
Overseas shares	10%
Property	10%
Infrastructure	0%
Growth alternatives	0%
Fixed interest	35%
Defensive alternatives	10%
Cash	25%

Risk level Low

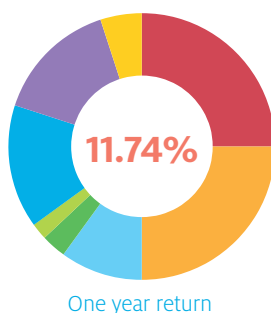


Note that past performance is no indication of future performance.

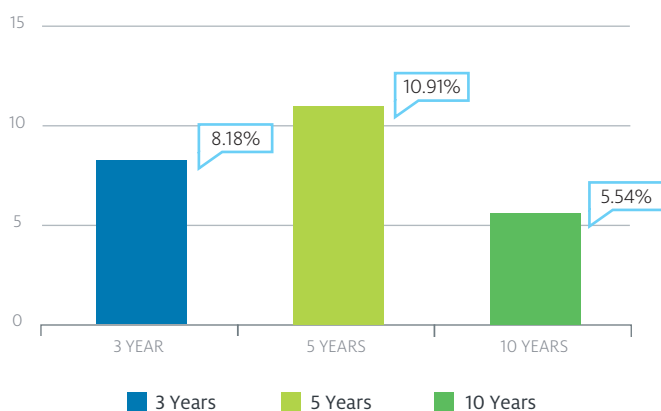
DEFINED BENEFIT

Investment objective

We aim to achieve a long-term net return of a least 3.5% p.a. above the inflation rate. Inflation is measured by the Consumer price index (CPI) published by the Australian Bureau of Statistics (ABS), which indicates the average change in prices paid for a selection of goods and services.



ASSET CLASS	ALLOCATION
■ Australian shares	25%
■ Overseas shares	25%
■ Property	10%
■ Infrastructure	3%
■ Growth alternatives	2%
■ Fixed interest	15%
■ Defensive alternatives	15%
■ Cash	5%

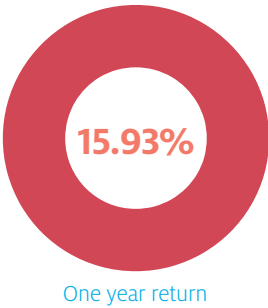


Note that past performance is no indication of future performance.

AUSTRALIAN SHARES

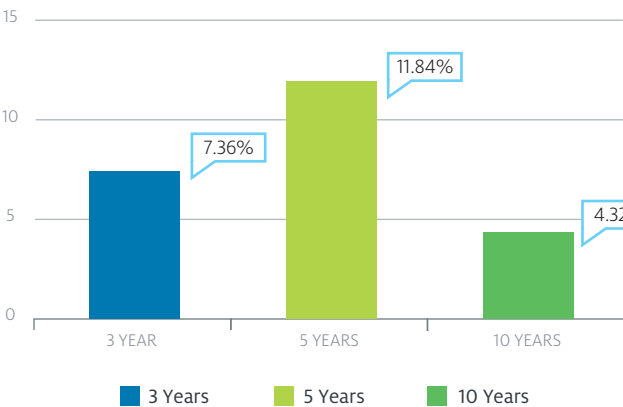
Investment objective

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



One year return

ASSET CLASS	ALLOCATION
<div><div></div> Australian shares</div>	100%

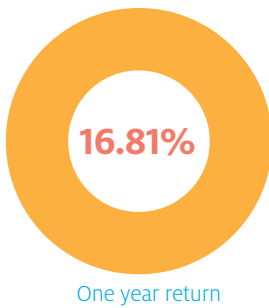


Note that past performance is no indication of future performance.

OVERSEAS SHARES

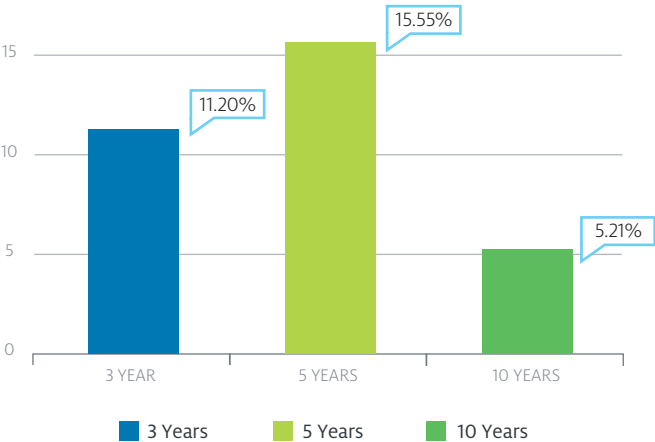
Investment objective

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



One year return

ASSET CLASS	ALLOCATION
<div><div></div> Overseas shares</div>	35%

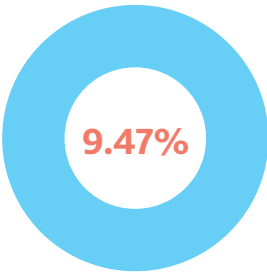


Note that past performance is no indication of future performance.

PROPERTY

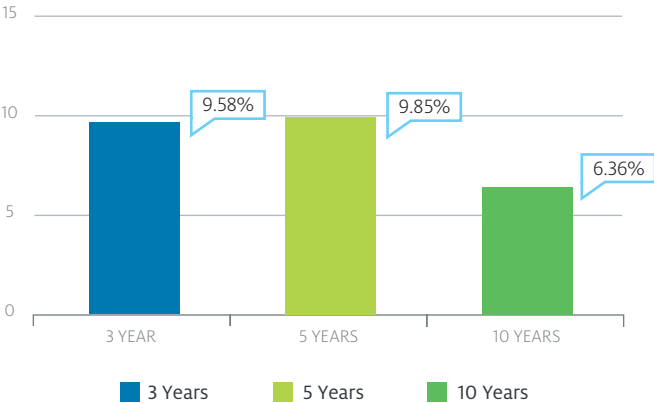
Investment objective

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.



One year return

ASSET CLASS	ALLOCATION
■ Property	100%

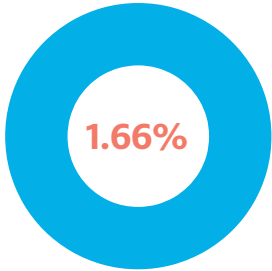


Note that past performance is no indication of future performance.

FIXED INTEREST

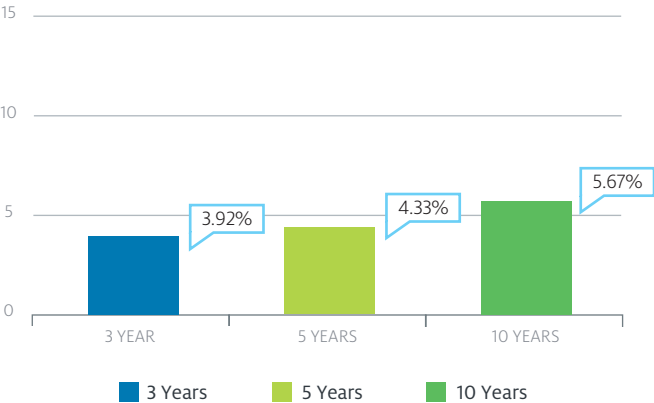
Investment objective

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.



One year return

ASSET CLASS	ALLOCATION
■ Fixed interest	35%

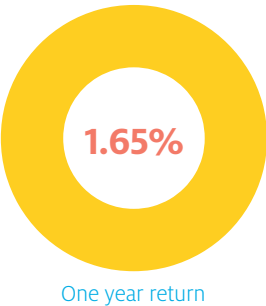


Note that past performance is no indication of future performance.

CASH

Investment objective

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



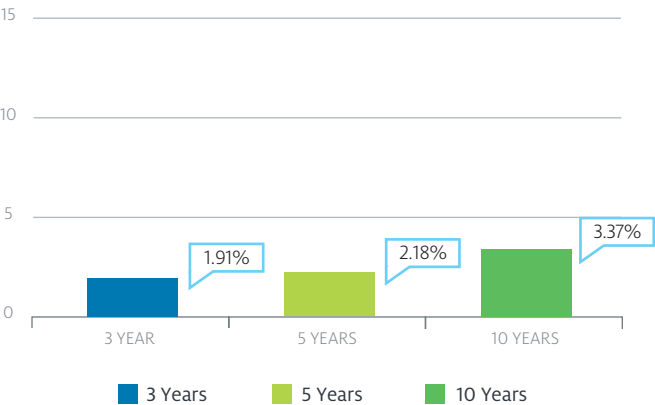
ASSET CLASS

Cash

ALLOCATION

100%

Risk level Very Low

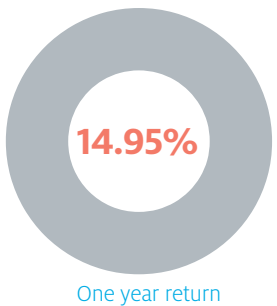


Note that past performance is no indication of future performance.

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.



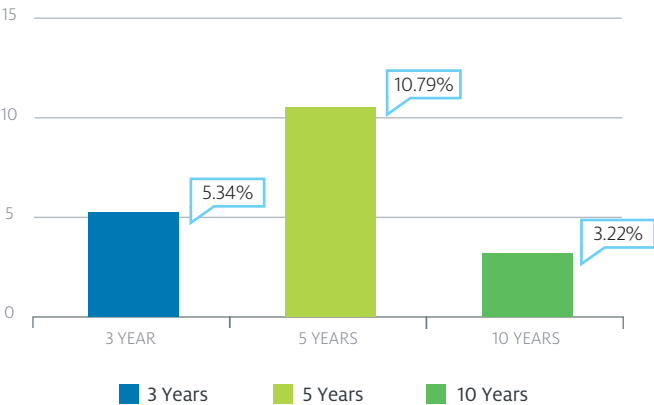
ASSET CLASS

Sustainable responsible investments

ALLOCATION

35%

Risk level High



Note that past performance is no indication of future performance.

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 2016/2017 financial year, the number of complaints received was:

Number of complaints to the Fund:
25 (2016/17), 62 (2015/16)

Number of complaints to the SCT:
1 (2016/17), 2 (2015/16)

Number of complaints unresolved at 30 June 2017:
8 (2016/17), 3 (2015/16)

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

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 – Administration Manager

By writing: Locked bag 5132,
Parramatta, NSW, 2124
Email: admin@ausfund.com.au
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 you entered Australia on any temporary visa which has expired or cancelled, you are eligible to access your benefit from your super fund under the Departing Australia Superannuation Payment (DASP) condition of release within six months of leaving Australia. You will receive an exit statement providing details about your payment.

Generally, any benefits not claimed within six months of departure will be transferred to the ATO as unclaimed monies. The Trustee is not required to provide an exit statement to you when your benefit is transferred to the ATO (and it relies on regulatory relief from ASIC for this purpose). We will, however, provide information about your benefit if you enquire about it in the future. You can then apply to the ATO for your benefit, less DASP tax of up to 65%.

Your benefit will not be sent to the ATO if you have not claimed it after six months if you are:

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

HOW UNIT PRICES WORK

Net earnings are allocated to members' accounts by way of unitisation.

Unitisation works as follows.

You are assigned a number of units, according to your account balance in one or more of the fund's investment options. The value of your units can go up and down on any given day depending on the performance of the applicable investment option, reflecting financial market movements.

Equip awards

SuperRatings MySuper of the Year 2018

Finalist



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 2017

Best Integrated Campaign -
Retirement Ready (finalist)

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)

AIST Awards 2017

Best Member Facing Project
– Hazelwood (finalist)

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 2017

Product of the Year
Equip MyFuture Personal
(Finalist)

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 publish our annual reports as a PDF for download from our website 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 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 Equipsuper 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

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

Equipsuper Pty Ltd

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RSE R1000177

MySuper Authorisation Number:

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Email: www.equipsuper.com.au/contact

www.equipsuper.com.au