



Building value

ANNUAL REPORT
2014/15



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Reporting framework

Cbus is privileged to be the custodian of more than 720,000 Australians' deferred savings and more than 5,000 Australians' income needs. We understand that the work we do every day has a real impact on the amount of money our members will retire with – this is a role we undertake with appropriate diligence.

Over the past five years Cbus has increased its level of transparency and accountability through the Annual Report. This better allows stakeholders to understand the operation of the Fund. We aim to give members a real understanding of the work going on in their interest and for their benefit.

Cbus is pleased this work was recognised with a Gold Award from the Australasian Reporting Awards for 2013/2014.

Since 2013, Cbus has been part of the Global Pension Network for Integrated Reporting, sponsored by the Australian Institute of Superannuation Trustees (AIST). This year's report sees Cbus commence its journey towards integrated reporting, a journey we anticipate taking three years to complete.

Why we think integrated reporting is important

We believe it is important to tell our members and other stakeholders how we work to create value for them. This is central to integrated reporting.

This year's report also introduces the GRI G4 framework, which places materiality at the heart of sustainability reporting. This enables sustainability disclosures that are most important to our stakeholders.

The boundary of our GRI G4 report is the National Trustee Office, in Melbourne, excluding Cbus Property Pty Ltd.

This Annual Report incorporates many disclosures, while others are located on the Cbus website. For more information on the GRI G4 sustainability disclosures we reported against, go to www.cbussuper.com.au/sustainability

Crediting Rates

When we talk about returns throughout the Annual Report, we are using Crediting Rates. Crediting Rates are the return minus investment costs and taxes; the Trustee Operating Cost and reserves. Excludes administrative fees. Past performance is not a reliable indicator of future performance.

At Cbus we are committed to maximising members' retirement outcomes and ensuring members' needs come first.

Our transformation is focusing on building value for our members.

We work to be part of a sustainable industry and ensure that inclusion, transparency and accountability are inherent in the way we do business.

Guide to the icons

Integrated Reporting capitals are stocks of value that are affected or transformed by the activities and outputs of an organisation. Throughout this Report, capital icons are pictured when they represent value creation. The capitals include:



Financial capital

The pool of funds available to an organisation for use in the production of goods or the provision of services.



Manufactured capital

Manufactured physical objects, including buildings, equipment and infrastructure.



Human capital

Competencies, capabilities and experience of the people within the organisation.



Intellectual capital

Organisational, knowledge-based intangibles, including intellectual property, such as patents, copyright, software, rights and licences.



Social and relationship capital

Relationships within and between communities, stakeholders and other networks, plus intangibles associated with the brand and reputation of an organisation.



Natural capital

All renewable and non-renewable environmental resources that support the organisation.

About Cbus

Cbus is the leading industry superannuation fund for the building, construction and allied industries, while also being a public offer fund open to all Australians.

Cbus operates on a 'profits to members' basis. Cbus exists to create value for its members to maximise their quality of life in retirement. It does this by enabling greater financial independence for its members in their retirement and delivering related services including financial advice.

It is a lifetime relationship that transitions through work and post-work. Similarly, Cbus seeks to offer the right range of products and services and secure a strong long-term return to members so that employers and stakeholders can choose Cbus as their default fund as part of a broader employment offering.

Our members provide finance to Cbus through the superannuation contributions made on their behalf by their employers, their own money and rollovers/transfers from other super funds.

At Cbus we understand that our members are the foundation and future of our Fund, and are central to how we operate. We maintain our member focus by meeting members' needs and doing all we can to provide a positive member experience.

As at 30 June 2015, Cbus had more than \$31 billion of members' funds under management, with a history of strong investment performance over the long term.

Cbus' advantages include:

- no entry fees
- no commissions
- automatic insurance cover (subject to eligibility)
- access to premium discounts on health cover
- access to low-cost banking.

Cbus benefits from strong linkages with member and employer organisations in the building and construction sector, which form the basis of its social and relationship capital.

Cbus invests back into the building and construction industry through its \$2 billion property and development company, Cbus Property. This manufactured capital, as well as investment in Industry Super Property Trust (ISPT), AMP Australian Core Property and Fortius, provides strong long-term investment returns while also creating jobs within our industry by developing significant building projects across Australia.

During the financial year Cbus sold its share of administrator Superpartners. The new administrator, Australian Administration Services (AAS), will now provide administration services for Cbus and several other major industry funds. AAS has invested significantly in IT which will allow significant benefits for Cbus members, employers and the Trustee office.

Mission

At Cbus our members' best interests and maximising their retirement outcomes drives everything we do.

We actively support and contribute to a sustainable and growing industry and we are committed to inclusion, transparency and accountability in the way we work.

Cbus is open to all and is the leading super provider for people from all occupations in the building, construction and allied industries.

Driven by a core commitment to maximise returns to members, and not profits to shareholders, Cbus has a membership of more than 725,000 industry and general public superannuation and income stream members, and 96,000 employers.



Operating structure

Cbus is governed by a Trustee Board comprising a chair nominated by the Australian Council of Trade Unions and confirmed by at least two-thirds of the Board, an independent director and equal numbers of directors nominated by trade union and employer organisations from the building and construction industry. The Trustee has management and control of all matters related to Cbus, including a wholly owned subsidiary company, Cbus Property, which manages part of Cbus' direct property investment portfolio.

Under the guidance of the Trustee Board, the CEO, Executive and Fund staff are responsible for the day-to-day management of Cbus.

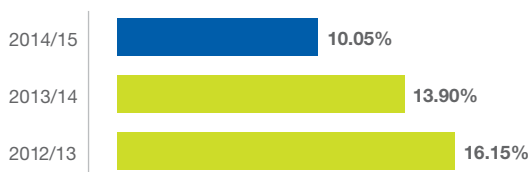
Performance highlights

In an increasingly challenging economic environment, Cbus again performed strongly over the financial year, achieving an above average return for its default product Growth (Cbus MySuper).*

- The Growth (Cbus MySuper) option returned 10.05 per cent.
- The Cbus Super Income Stream (Conservative Growth option) returned 8.79 per cent.
- Total funds under management with Cbus grew by 14.7 per cent to \$31.2 billion.
- Cbus membership grew by 0.5 per cent to 726,662.

Superannuation returns

Growth (Cbus MySuper) DEFAULT OPTION



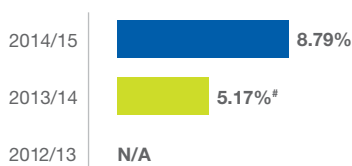
Funds Under Management

\$ billion



Cbus Super Income Stream returns

Conservative Growth DEFAULT OPTION



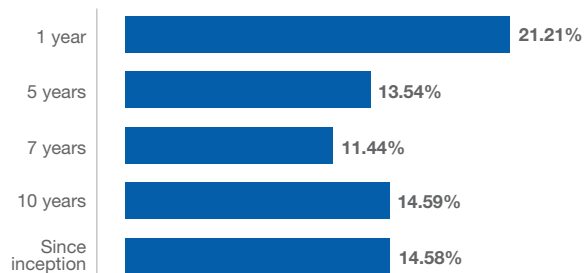
Total members

at 30 June



For the seven months since inception at December 2013.

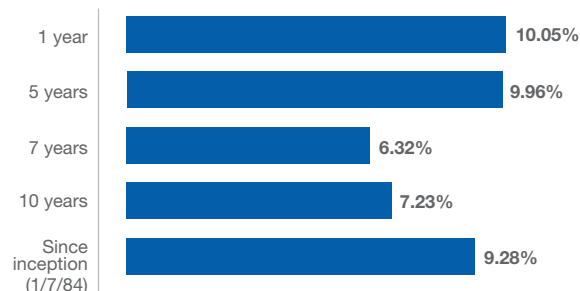
Cbus Property



Cbus Property forms part of the Growth (Cbus MySuper) investment option.

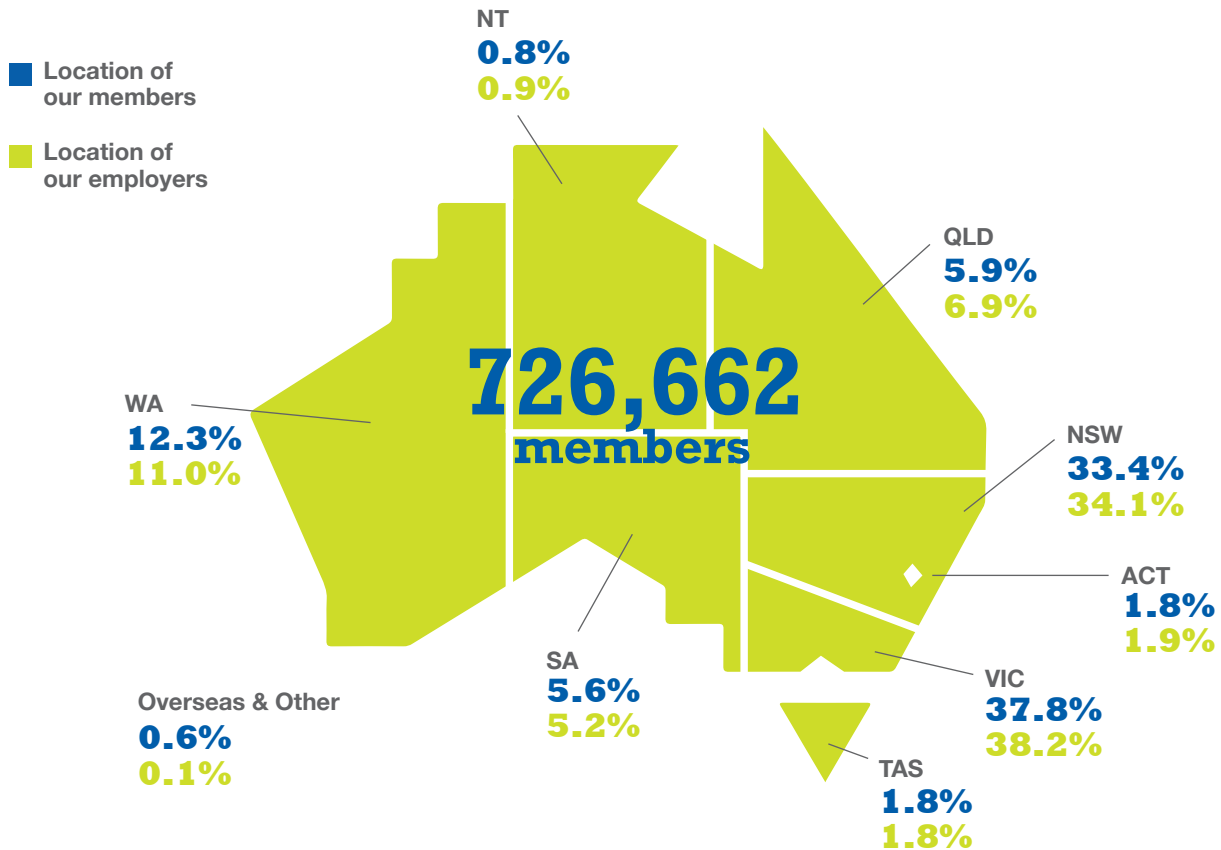
* SuperRatings SR50 Balanced Fund crediting rate survey, 30 June 2015.

Growth (Cbus MySuper)

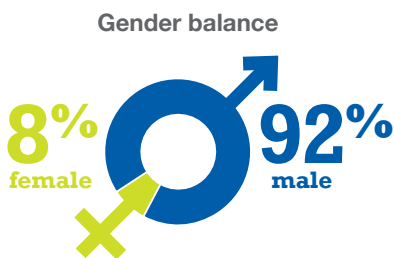


Who we are

Cbus has members, employers and coordinators in every Australian state and territory. During a period when other funds have had declining memberships, Cbus membership grew from 722,727 last financial year to 726,662 this year.



Our members



Average age



Average member super account balance



Average member income stream account balance



* Against 2013/14 results.

Our employers

96,461 employers

(increase of 8%)*



Cbus' stakeholder engagement and material issues

Engaging with stakeholders

Our key stakeholders are our members, employers and our staff. Other stakeholders include our sponsors, service providers, regulators, government, NGOs, industry groups and the companies in which we invest.

For this year's Annual Report we reviewed our engagements with stakeholders and prepared the materiality assessment.

Key findings of the engagement process can be found at www.cbussuper.com.au/sustainability

Material issues

The outcomes of our stakeholder engagement processes were analysed and discussed and the key material issues to Cbus were identified. These issues, which have influenced our strategic direction, are shown in the table below.

Material issues of Cbus' key stakeholders	Stakeholder
Adequacy and longevity <ul style="list-style-type: none"> Having enough in retirement for essentials, extras, medical costs and aged care, not to financially burden family and not to outlive savings 	Members, sponsors, media, rating agencies
Importance of understanding member needs <ul style="list-style-type: none"> Products that meet income needs Advice needs Digital/mobile applications for members 	Members, employers, sponsors
Government policy <ul style="list-style-type: none"> Delay in increasing Super Guarantee, concerns over the pension rate and means testing Pension access age: ability to work until 70, employers unlikely to employ older construction workers Desire to be informed about industry and legislation updates Uncertainty over changes recommended by the Financial Services Inquiry 	Members, employers, sponsors
Customer service and service to employers <ul style="list-style-type: none"> Resolving problems and queries More workplace visits and field staff Front counter presence Employer Account Manager relationships 	Members, employers
Lower fees and transparency	Members, regulators
Investing back into the industry; jobs	Members
Stable and reliable fund <ul style="list-style-type: none"> Integrity and competence of the Fund's governance Arrears compliance Privacy obligations 	Members, employers, regulators, staff, sponsors, media, rating agencies
Value in equal representation model	Sponsors, media, rating agencies
The culture of Cbus <ul style="list-style-type: none"> Collaborative member focus 	Staff

1

Business overview

2

Investment performance

3

Strategy and resources

4

Corporate governance

5

Financial overview

Strategy scorecard

Strategy	2014/15 Achievements
Maximise sustainable net investment returns	<ul style="list-style-type: none"> ✓ Increased Trustee Office resources with a stronger operations focus ✓ Completed investment risk system implementation ✓ Enhanced capacity to manage the portfolio in a more granular manner
Provide value for money	<ul style="list-style-type: none"> ✓ Implemented SuperStream compliant payment system to support employers' needs ✓ Reduced investment costs by 14 per cent
Help members make good financial decisions	<ul style="list-style-type: none"> ✓ Broadened the availability of financial planning advice ✓ Introduced retirement income estimates to enable members to better understand and plan for retirement
Deliver products and services that meet members' and employers' needs	<ul style="list-style-type: none"> ✓ Expanded Cbus Self Managed to include property and infrastructure investments (including Super Income Stream members) ✓ Delivered digital enabled services to members: online retirement seminar booking system, member online statements and Cbus mobile app ✓ Developed channel strategy to better understand the needs of members and employers ✓ Moved employers to the Clearing House for making contributions to multiple super accounts ✓ Negotiated new members' insurance offer for 2015 with product enhancements
Retain members and grow the Fund	<ul style="list-style-type: none"> ✓ Introduced strategies to engage white collar workers and employers and boost blue collar membership ✓ Implemented SuperStream project ✓ Improved members' engagement through Cbus targeted approaches (e.g. use of social media to target younger members) ✓ Enhanced members' and employers' experience through service improvement initiatives targeted for Cbus front line services
Enhance and protect our brand (including Cbus Property)	<ul style="list-style-type: none"> ✓ Grew the brand through Cbus Super Stadium, Queensland ✓ Optimised brand awareness by contributions to the The New Daily ✓ Coordinated data delivery and systems capability to comply with new APRA standards ✓ Facilitated an open forum for members and employers (i.e. Member Briefing) to communicate with the Fund to ensure relevance of services offered by Cbus ✓ Provided ongoing transparency to members through delivery of annual reports and member statements
Build our sponsoring organisation relationships and strategic partnerships	<ul style="list-style-type: none"> ✓ Delivered a range of member health initiatives ✓ Positioned Cbus as the leading fund for the wider building and construction industry including allied trades

2015/16 Priorities

- Extend our investment research capabilities and access to data to implement valuable insights into the investment portfolio
- Broaden our infrastructure investment opportunities

- Continue to drive down investment costs (targeting 0.10–0.15% decrease) over the next five years
- Review of Cbus' Australian office tenancy nationally

- Expand the range of investment options for Super Income Stream members
- Launch a mobile and tablet responsive website, to enhance user experience
- Enhancement of mobile app

- Deliver an online calculator for members to enable them to make appropriate retirement plans
- Implement the New Service Model capability uplift to increase employer engagement and improve compliance and complaints handling capabilities
- Introduce more personalised end-to-end members' and employers' interactions, enabled by Cbus digital platform
- Deliver Professional Insurance Scale and optional Total and Permanent Disablement cover to age 70 for members
- Provide seamless capability for members to transact on Cbus Self Managed and pre-mix options to enhance members' experience
- Enable members to transfer their Cbus Self Managed Investment option from superannuation phase to Super Income Stream without having to sell down assets and incur capital gain/loss implications
- Refreshing front counter strategy

- Continue to assist employers to become SuperStream compliant
- Implement strategies to retain young members
- Introduce enhanced Business Development function at the Fund
- Transition the Employer Relationship function to operate in-house from the Trustee office, to improve employers' experience

- Continue to develop and enhance governance, risk and compliance tools and frameworks
- Boost outbound marketing campaigns

- New employer marketing team to strengthen employer partnerships





Building value

With changes in the superannuation system and new challenges in the economy, Cbus is beginning a process of transformation. As part of this process Cbus is moving to adopt an integrated reporting approach for its Annual Report, in addition to following the GRI G4 standards.

As a leading industry fund, Cbus has excelled throughout the financial year, achieving 14.7 per cent growth in funds under management while managing the superannuation accounts of more than 726,000 Australians. Everything that Cbus does, and continues to do, derives from its mission to maximise members' retirement savings.

How Cbus creates value

Cbus creates value for its members and for other stakeholders through its use of and impact on financial capital, manufactured capital, human capital, intellectual capital, social and relationship capital and natural capital.

				
The six Integrated Reporting capitals	Financial capital	Manufactured capital	Human capital	Intellectual capital
Our strategy	Increasing funds	Investing in building and construction	Investing in our people	Maintaining systems and processes
Maximise sustainable net investment returns	<ul style="list-style-type: none"> Allocating capital to investment asset classes for long-term returns 	<ul style="list-style-type: none"> Investing in the building and construction industry through Cbus Property 	<ul style="list-style-type: none"> Increasing internal capacity and skills 	<ul style="list-style-type: none"> Building data storage capacity to enhance investment decisions
Provide value for money	<ul style="list-style-type: none"> Driving down investment costs 		<ul style="list-style-type: none"> Improving internal culture and employee satisfaction 	
Help members make good financial decisions	<ul style="list-style-type: none"> Developing and enhancing our products 		<ul style="list-style-type: none"> Financial Planning Association referral program 	<ul style="list-style-type: none"> Providing access to Retirement Income Estimates
Deliver products and services that meet members' and employers' needs	<ul style="list-style-type: none"> Providing competitive insurance products Offering the Cbus Self-Managed investment product 	<ul style="list-style-type: none"> Developing contemporary products for members through property investment 	<ul style="list-style-type: none"> Increasing internal capacity and skills 	<ul style="list-style-type: none"> Well-developed processes for: <ul style="list-style-type: none"> New Service Model Clearing House (for employers' superannuation payments) Enhancing digital engagement
Retain members and grow the Fund	<ul style="list-style-type: none"> Growing the Fund by attracting and retaining members 	<ul style="list-style-type: none"> Building property to support the industry 	<ul style="list-style-type: none"> Developing dedicated member and employer marketing and communication teams 	<ul style="list-style-type: none"> Initiating a young member retention strategy
Enhance and protect our brand (including Cbus Property)	<ul style="list-style-type: none"> Protecting the value of our Fund through an Environmental, Social and Governance approach to investments 		<ul style="list-style-type: none"> Enhancing leadership programs for staff 	<ul style="list-style-type: none"> Developing a well-defined brand strategy, including TV advertising program Maintaining governance and risk processes
Build our sponsoring organisation relationships and strategic partnerships	<ul style="list-style-type: none"> Growing the number of members through partnerships 		<ul style="list-style-type: none"> Building dedicated teams to strengthen partnerships 	

Creating value for members



Social and relationship capital



Natural capital

Stewardship: society, environment and community

- Developing Environmental, Social and Governance (ESG) practices in line with our ESG policy
- Assisting employers to comply with SuperStream legislation
- Providing retirement planning advice to members
- Providing volunteer leave for Cbus staff
- Maintaining strong links to the building and construction sector employer and employee organisations
- Delivering a range of member health initiatives

Cbus business model

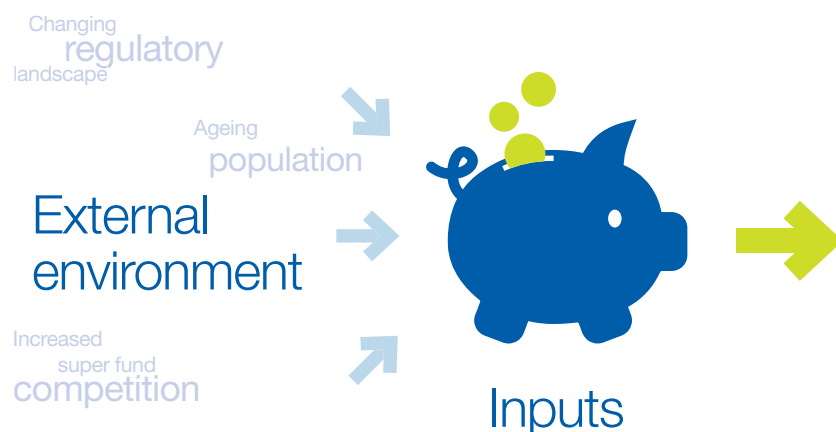
Cbus is transforming its business model, placing the customer – whether that be member or employer – at the heart of everything we do.

To do this, we are expanding member and employer facing services, developing new IT capabilities and expertise, enhanced business insights and research functions, and increased governance and risk management capacity, as well as a more sophisticated and efficient investment capability.

In a changing external environment for the superannuation sector, Cbus will continue to adapt and grow to create value for its members. It does this by investing superannuation contributions on behalf of its members to achieve the best possible retirement outcomes.

Cbus invests across a wide range of assets including Australian and international shares, infrastructure, property, fixed interest and cash. Cbus Property specifically invests in the Australian building and construction industry, contributing directly to the sector that employs Cbus members.

Cbus also provides insurance for members and financial planning assistance as they approach retirement. For members in retirement, Cbus delivers incomes based on past contributions and continues to provide other services such as financial advice.



External environment

- Legislated, compulsory superannuation based on 9.5% of wages, concessional tax
- Ageing population, with increasing longevity of Australians
- Increasing competition between superannuation funds
- Changing building and construction industry

Inputs

Contributions made on behalf of Cbus members for superannuation and insurance cover



Cbus

- Investment to maximise returns
- Risk management and governance
- Investment returns on member contributions
- Maximising incomes for members in retirement
- Investment in the economy
- Investment in the Australian building and construction sector

Outputs

- Developing products to meet member needs
- Member services
- Employer services
- Insurance cover and claims
- Financial advice services
- Improved company practices (through engagement with companies)

Outcomes

- Support for members as they move along the super horizon
- Adequate income for members in retirement
- Stronger economy
- More sustainable companies and assets



A message from the Chair and CEO

Building value in times of change

Transforming Cbus

Cbus' existing business model has supported our members, employers and partners – for 30 years.

Changes in the superannuation system, the building and construction sector and the economy in which we operate, mean that we need to change too.

To ensure we are best placed to overcome the challenges and take advantage of the opportunities that change presents, we are entering an unprecedented period of transformation that will impact on what we do and how we do it. Some changes will be more visible than others, but all will play a part in transforming Cbus.

Throughout this Annual Report you will see references to transformation. To us it means doing what we have always done well, even better. Using new systems, processes and technologies to improve how we work, how we communicate and how we support our members and employers.



At the centre of our transformation is a focus on our members' and employers' needs and how we can best meet them.



The year in review

With more than \$2 trillion in funds now under management in Australia's super system – one of the largest capital pools in the world – super funds are set to play an increasingly important role in our economy.

As competition between industry funds, retail funds and SMSFs increases, the conventional industry fund model is under challenge. For Cbus to continue to lead, we need to examine what we do and how we do it, and identify where transformation can create value for our members, employers and partners.

During 2014 it became apparent that an unauthorised disclosure of some members' personal information had occurred in 2013. Cbus acknowledges this serious privacy breach and is undertaking extensive action in response to this event (see page 33 for details).

Cbus operates to benefit our members. Our growth is strong – we are attracting new members, retaining existing ones and creating more new products and services for all of them.

This year, nearly 360,000 eligible Cbus members received a personalised retirement income estimate (RIE) to provide them with a better understanding of what they will need for a comfortable retirement and how Cbus can help meet their needs.

Follow-up indicated that 77 per cent of those members had read their retirement income statements, 17 per cent had already made additional contributions, 21 per cent have more faith in the super system after receiving their RIE and 36 per cent logged into their account to look at their super in detail.

Just as planning for retirement is a long-term undertaking, we seek to invest across the broader portfolio in a way that further enhances the reputation of Cbus and is more aligned to those that seek investment capital. We are able to build longer-term relationships with companies and other strategic partners and to invest in innovative capital structures that better align with our patient investment time horizon. In this way we believe we are contributing to making capital work for the community a reality in Australia.



As well as delivering strong financial returns for members, a Cbus strength has always been our people and culture, thanks to our focus on the spirit of the industry in which our members and employers operate.

Our traditional industry links remain strong. Recently we have widened our appeal to a range of allied building and construction occupations and this is already attracting more people to the Fund.

This year we have taken greater control over the customer experience; we now engage with members more often and more directly, reducing the reliance on third parties.

At the centre of our transformation is a focus on our members' and employers' needs and how we can best meet them.

We know that our members are likely to need us most when they are approaching or entering retirement. Financial advice is now an integral part of our Cbus service offerings and ensures that members make informed decisions about their financial future.

We are also catering to member demands by providing industry-leading products such as Cbus Self Managed that facilitates investment in property and infrastructure, as well as shares, fixed interest and cash.

As the custodian of our members' deferred income we look to integrate environment, social and governance ideals, since we believe that they also create better value for our members over the long term. Cbus understands the importance of its social licence to operate and supports regulatory changes that enhance governance and transparency.

We need to reach the same high reporting standards that we ask of companies in which we invest. Cbus embraces GRI G4 and this year commences a three-year journey towards Integrated Reporting. Our reporting approach facilitates our focus on creating value for our members and other stakeholders. We will increasingly seek these standards of reporting when making investments on behalf of our members.

Transformation is an exciting process and we look forward to sharing it with you.

David Atkin
CEO

Hon. Steve Bracks AC
Chair

Growing members' superannuation

Cbus investment options performed strongly over the 2015 financial year. Global share markets were a major contributor, largely arising from highly stimulative policies from central banks, including very low interest rates, and from a fall in the value of the Australian dollar. The Cash Savings option return was constrained by historically low official Australian interest rates, which were down to 2 per cent by the end of June 2015.

Looking forward

Over the short to medium term, we expect that economic growth will be moderate and that inflation and interest rates will remain low.

Our major underweight in the portfolio relative to our Long Term Strategic Asset Allocation remains to fixed interest, given our expectation that longer-term global interest rates will rise moderately from exceptionally low levels over the medium term, resulting in a low return from this asset class. The investment environment is never certain, and after three years of strong returns in share markets we may be moving into a less favourable earnings environment.

Over the long term we expect that returns for our investment options will be modestly lower, on average. The Growth (Cbus MySuper) option's objective will change from inflation (CPI) +3.5 per cent to inflation +3.25 per cent on average over a rolling 10-year period.

Investment options – changes to asset allocations and objectives

Each year Cbus reviews the investment objectives and strategy (the mix of investments) for our investment options to make sure they remain suitable, given our views on the long-term performance of investment markets. This year's review looked at the impacts of an ageing global population (which reduces global economic growth), on our future investment performance.

From this review, we've decided to adjust the Long Term Strategic Asset Allocations (LTSAA) and investment objectives from 1 November 2015. We're slightly lowering the investment return objectives by 0.25 per cent, rather than taking on additional risk in our investment options. We've also revised the likelihood of negative returns for the High Growth option to five in every 20 years, from four in 20 years previously. Reflecting the changes we've made to the LTSAA, we've changed the asset class ranges in each of our investment options. Updated figures are available on our website from 1 November 2015.

Note: These changes don't impact the Cbus Self Managed option.

Visit www.cbussuper.com.au/investments





Investment objectives

Cbus has an absolute return focus, meaning that our focus is on meeting the investment risk and return objectives without being constrained by what our peers are doing. The investment objective for each investment option incorporates:

- *a return target – a targeted return above the rate of inflation over a 10-year period*
- *a risk component – expected number of years with a negative return over a 20-year period.*

We target a return above inflation to reduce the risk of members' savings being eroded by inflation.

Driving investment costs down

One way we improve member return outcomes is through lowering costs. Cbus' investment costs have fallen over the past financial year across all investment options. The Growth (Cbus MySuper) option's investment cost has fallen to 0.63 per cent, from 0.77 per cent. In dollar terms this represents savings of over \$30 million. The cost reduction reflects lower performance fees and the renegotiation and restructuring of fees with our fund managers as well as the consolidation of manager relationships. We have also focused on driving greater cost efficiencies within the Fund.

Investment function

Investment costs Growth (Cbus MySuper)



To support the growth in the Fund, the Investment Team has appointed five people over the year to enhance our strategic decision making, risk management processes and operational activities. Cbus predominantly invests members' money through external investment managers. As the Fund grows, we will be able to access a range of investment strategies and opportunities that are not necessarily available to a smaller sized fund, for example, direct co-investment in infrastructure. This will assist in further lowering costs overall for the Fund.

Cbus is adding resources to enable it to build more detailed views around companies, including combining more information across different sources. We are also developing a stronger focus on company consultation, increasingly engaging more directly with corporates and using our size to its maximum value.

Cbus Self Managed

Cbus Self Managed was launched during the financial year. The individual member results for this option will vary depending on investment selection. Earnings on each investment will be reflected in the individual member account. More information can be found at www.cbussuper.com.au/cbusselfmanaged

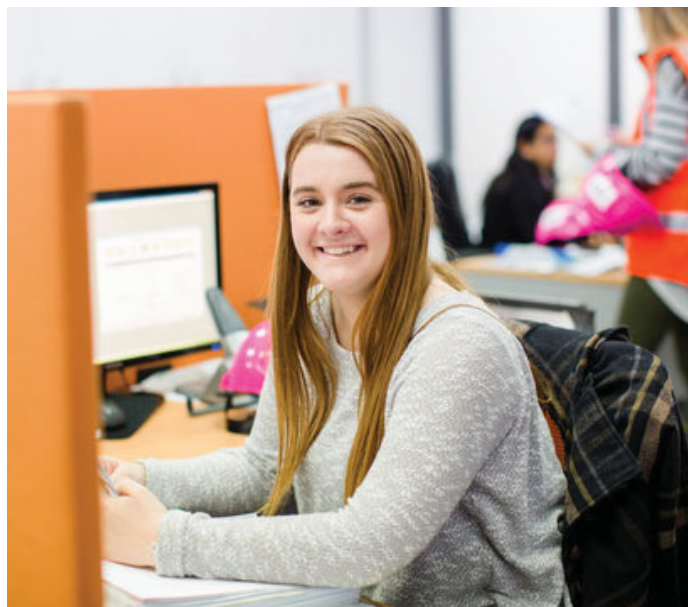
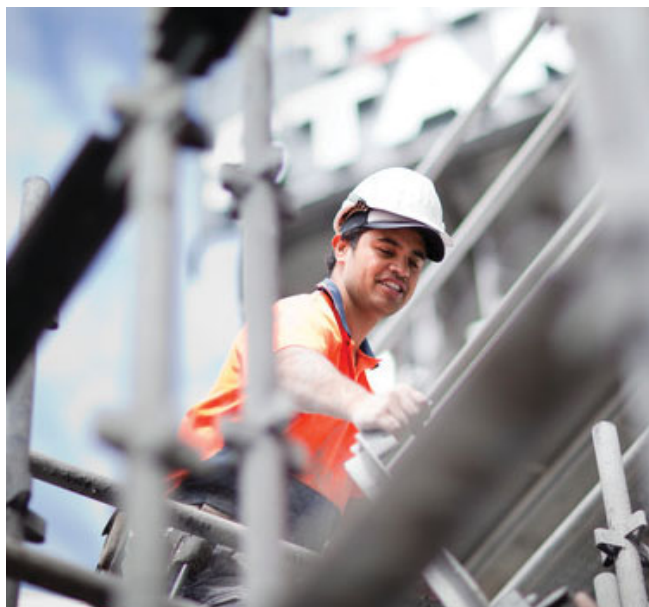
Fees and costs

Cbus returns all profits to members, after fees and costs have been deducted. We apply fees and costs in two ways:

1. Deducting the \$1.50 weekly administration fee (\$78 per year) for super options, or \$2.00 weekly administration fee (\$104 per year) plus 0.08% of the account balance (capped at \$640) per year for Super Income Stream. Other fee deductions may apply for individual account activities.
2. Deducting costs from the returns of investment options – these costs are part of the Indirect Cost Ratio (ICR). The return of the investment option after the ICR is deducted is the crediting rate that's applied to member accounts.

Incorporating all costs into the total cost

Unlike many superannuation funds, Cbus incorporates the fees of the underlying managers (selected by our investment managers) into our investment costs. We do this because we believe members should be informed of total investment management costs when these are identifiable and measurable.


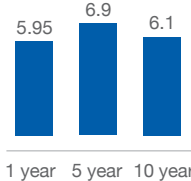
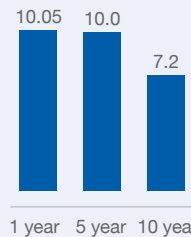


Investment options	High Growth		Growth		Conservative Growth ¹		Conservative		Cash Savings	
	2014/15 %	2013/14 %	2014/15 %	2013/14 %	2014/15 %	2013/14 %	2014/15 %	2013/14 %	2014/15 %	2013/14 %
Investment Costs by Option										
Base Fee	0.44	0.47	0.40	0.42	0.29	0.17	0.18	0.20	0.06	0.05
Performance Fee	0.08	0.14	0.06	0.11	0.04	0.04	0.03	0.04	0.00	0.00
<i>Direct Investment Manager Fees</i>	<i>0.52</i>	<i>0.61</i>	<i>0.46</i>	<i>0.53</i>	<i>0.33</i>	<i>0.21</i>	<i>0.21</i>	<i>0.24</i>	<i>0.06</i>	<i>0.05</i>
Underlying Fund of Funds Base Fee	0.12	0.17	0.10	0.13	0.02	0.02	0.00	0.01	0.00	0.00
Underlying Fund of Funds Performance Fee	0.05	0.07	0.03	0.05	0.01	0.01	0.00	0.00	0.00	0.00
<i>Underlying Fund of Fund Manager Fees</i>	<i>0.17</i>	<i>0.24</i>	<i>0.13</i>	<i>0.18</i>	<i>0.03</i>	<i>0.03</i>	<i>0.00</i>	<i>0.01</i>	<i>0.00</i>	<i>0.00</i>
<i>Other Investment Costs</i>	<i>0.04</i>	<i>0.06</i>	<i>0.04</i>	<i>0.06</i>	<i>0.04</i>	<i>0.04</i>	<i>0.04</i>	<i>0.06</i>	<i>0.04</i>	<i>0.06</i>
Total Investment Costs	0.73	0.92	0.63	0.77	0.40	0.28	0.25	0.31	0.10	0.11
Super Option Crediting Rates										
<i>Total Earnings²</i>	<i>12.08</i>	<i>17.97</i>	<i>10.86</i>	<i>14.84</i>			<i>6.38</i>	<i>8.50</i>	<i>2.38</i>	<i>2.57</i>
<i>Less: Indirect Cost Ratio</i>	<i>0.91</i>	<i>1.09</i>	<i>0.81</i>	<i>0.94</i>			<i>0.43</i>	<i>0.48</i>	<i>0.28</i>	<i>0.28</i>
Total Investment Costs	0.73	0.92	0.63	0.77			0.25	0.31	0.10	0.11
Trustee Operating Cost	0.10	0.09	0.10	0.09			0.10	0.09	0.10	0.09
Operational Risk Financial Requirement	0.08	0.08	0.08	0.08			0.08	0.08	0.08	0.08
= Final Crediting Rate:	11.17	16.88	10.05	13.90			5.95	8.02	2.10	2.29
Super Income Stream Option Crediting Rates										
<i>Total Earnings²</i>	<i>13.57</i>	<i>19.83</i>	<i>11.93</i>	<i>16.30</i>	<i>9.3</i>	<i>5.55</i>	<i>7.07</i>	<i>9.36</i>	<i>2.82</i>	<i>3.00</i>
<i>Less: Indirect Cost Ratio</i>	<i>0.84</i>	<i>1.03</i>	<i>0.74</i>	<i>0.88</i>	<i>0.51</i>	<i>0.38</i>	<i>0.36</i>	<i>0.42</i>	<i>0.21</i>	<i>0.22</i>
Total Investment Costs	0.73	0.92	0.63	0.77	0.40	0.28	0.25	0.31	0.10	0.11
Trustee Operating Cost	0.03	0.03	0.03	0.03	0.03	0.02	0.03	0.03	0.03	0.03
Operational Risk Financial Requirement	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08
= Final Crediting Rate:	12.73	18.80	11.19	15.42	8.79	5.17	6.71	8.94	2.61	2.78

1. The Super Income Stream's Conservative Growth option commenced in December 2013; the costs are not annualised for 2013/14.

2. Total earnings are gross of indirect costs and net of investment taxes.

Superannuation options

	Cash Savings	Conservative	Growth (Cbus MySuper) DEFAULT OPTION	High Growth
Investment option description				
Risk profiles	 Very low risk, very low growth	 Low risk, low growth	 Medium to high risk, medium to high growth	 High risk, high growth
Objective				
To deliver an after-tax and investment fees return, over 10-year rolling periods of at least: ¹	Inflation plus 1.0% p.a.	Inflation plus 2.0% p.a.	Inflation plus 3.5% p.a.	Inflation plus 4.0% p.a.
To limit the likelihood of negative annual returns to:	Negligible in 20 years	1 in 20 years	1 in 7 years	1 in 5 years
Actual performance²				
Actual negative annual crediting rates since inception	0 in 6 years	1 in 15 years	3 in 31 years	5 in 17 years
Average annual returns (%) ending 30 June 2015				
Asset allocation				
Asset allocation as at 30 June	 Actual allocation at 30/6/2015 %	 Actual allocation at 30/6/2015 %	 Actual allocation at 30/6/2015 %	 Actual allocation at 30/6/2015 %
Australian shares	–	11.0	27.9	41.5
International shares	–	9.5	21.6	32.5
Private equity	–	0.0	6.7	7.8
Opportunistic growth	–	0.0	3.5	4.1
Infrastructure	–	4.5	10.7	6.0
Property	–	6.5	10.6	8.1
Credit	–	9.0	6.6	0.0
Fixed interest	–	25.5	4.5	0.0
Cash	100.0	34.0	7.9	0.0




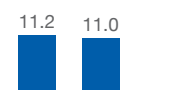

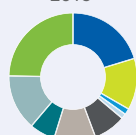

Notes:

1. Expected to be achieved over 10-year rolling periods at least 75% of the time.

2. Crediting rate, % (p.a.) after investment taxes, fees and Trustee operating cost. The inflation rate was 2.68% on average each year over 10 years.

Investment warning: investment returns can go up and down. Past performance is not necessarily indicative of future performance.

Super Income Stream options

Cash Savings	Conservative	Conservative Growth DEFAULT OPTION	Growth	High Growth
				
Very low risk, very low growth	Low risk, low growth	Medium risk, medium growth	Medium to high risk, medium to high growth	High risk, high growth
Inflation plus 1.5% p.a.	Inflation plus 2.5% p.a.	Inflation plus 3.25% p.a.	Inflation plus 3.75% p.a.	Inflation plus 4.0% p.a.
Negligible in 20 years	1 in 20 years	2 in 20 years	3 in 20 years	4 in 20 years
0 in 6 years	0 in 6 years	0 in 1 year	0 in 6 years	1 in 6 years
				
				
Actual allocation at 30/6/2015 %	Actual allocation at 30/6/2015 %	Actual allocation at 30/6/2015 %	Actual allocation at 30/6/2015 %	Actual allocation at 30/6/2015 %
–	12.0	20.5	29.0	44.5
–	8.5	13.5	19.5	29.5
–	0.0	1.3	6.5	7.8
–	0.0	0.7	3.5	4.2
–	4.5	8.5	10.0	6.0
–	6.5	10.5	11.0	8.0
–	9.0	6.5	6.5	0.0
–	25.5	14.0	4.5	0.0
100.0	34.0	24.5	9.5	0.0

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Investment managers

Investment managers managing 5% or above of the Fund's total assets

	At 30 June 2015 %	At 30 June 2014 %
Industry Funds Management	18.9	18.5
Colonial First State Asset Management	6.6	9.8
State Street Global Advisors	5.1	0.0
Cbus Property	4.7	6.5

No more than 5% of Cbus' assets are invested in a single investment.

Cbus invests around 97 per cent of the funds under management through the external investment managers listed below.

Cbus total investments	At 30 June 2015		At 30 June 2014	
Australian equities	\$m	%	\$m	%
<i>Industry Funds Management</i>	2,368.8	7.6	1,897.5	7.0
Paradise Investment Management	1,257.3	4.0	1,348.0	4.9
Perpetual Investment Management	925.7	3.0	893.4	3.3
Hyperion Asset Management	931.6	3.0	884.3	3.2
Ausbil Dexia	789.1	2.5	753.7	2.8
Ellerston Capital	742.2	2.4	697.4	2.6
Airlie Funds Management	684.3	2.2	646.7	2.4
Allan Gray Australia	534.6	1.7	525.1	1.9
Kinetic Investment Partners	151.2	0.5	160.2	0.6
Novaport Capital Pty Ltd	104.2	0.3	100.6	0.4
Other ¹	57.5	0.2	-3.9	-0.0
Total Australian equities	8,546.4	27.4	7,903.0	29.0

International equities				
BlackRock Investment Management Australia	1,281.5	4.1	889.8	3.3
MFS Institutional Advisors	822.3	2.6	652.2	2.4
Baillie Gifford Overseas	759.5	2.4	552.8	2.0
AQR Capital Management	672.4	2.2	544.9	2.0
Orbis Investment Management	669.0	2.1	448.9	1.6
Global Thematic Partners	725.0	2.3	424.5	1.6
Wellington Management Company	447.3	1.4	386.7	1.4
Walter Scott and Partners	1.2	0.0	360.4	1.3
Altrinsic Global Advisors	0.4	0.0	323.8	1.2
Realindex Investments	489.1	1.6	309.8	1.1
Trilogy Global Advisors	188.5	0.6	282.1	1.0
Genesis Emerging Markets Investment Company	262.3	0.8	233.5	0.9
First State Investment Management	139.2	0.4	118.6	0.4
Mesirow Financial Currency Management ²	-39.8	-0.1	29.6	0.1
Other ¹	198.2	0.6	1.8	0.0
Total international equities	6,616.0	21.2	5,559.2	20.4

Notes:

1. Other includes small holdings and outstanding fees on closed accounts, as well as Cbus Self Managed holdings in cash and Australian shares.

2. Mesirow Financial Currency Management manages the currency hedging for Cbus.

Figures may not sum precisely due to rounding.

Cbus total investments	At 30 June 2015		At 30 June 2014	
Property	\$m	%	\$m	%
<i>Cbus Property</i>	1,463.7	4.7	1,758.1	6.5
<i>ISPT</i>	994.4	3.2	885.7	3.3
AMP Capital Investors	470.7	1.5	500.4	1.8
Fortius Funds Management	129.9	0.4	107.4	0.4
MGPA	3.5	0.0	24.0	0.1
Franklin Templeton Investments Australia	6.0	0.0	5.7	0.0
Mesirow Financial Currency Management ²	-3.9	-0.0	1.1	0.0
Resolution Capital	106.5	0.3	–	–
Other ¹	0.1	0.0	–	–
Total property	3,170.9	10.2	3,282.5	12.0
Infrastructure				
<i>Industry Funds Management</i>	2,265.1	7.3	2,036.1	7.5
<i>Hastings Funds Management</i>	702.3	2.2	598.9	2.2
Rare Infrastructure Limited	175.1	0.6	–	–
Mesirow Financial Currency Management ²	-6.0	-0.0	–	–
Total infrastructure	3,136.6	10.0	2,635.1	9.7
Private equity				
<i>Industry Funds Management</i>	224.2	0.7	237.9	0.9
Macquarie Investment Management	317.3	1.0	243.2	0.9
Mesirow Financial Private Equity Advisors	232.9	0.7	212.8	0.8
Siguler Guff & Company	211.3	0.7	171.5	0.6
Quay Partners	94.4	0.3	108.6	0.4
<i>ME Bank</i>	169.7	0.5	153.2	0.6
LGT Capital Partners	97.7	0.3	102.3	0.4
Lexington Partners	65.3	0.2	81.7	0.3
ING Investment Management	53.9	0.2	67.3	0.2
Performance Equity Management	111.8	0.4	78.9	0.3
Adveq Management	78.8	0.3	64.3	0.2
<i>Industry Super Holdings Pty Ltd</i>	71.4	0.2	61.5	0.2
Greenspring Associates	81.1	0.3	55.0	0.2
Newbury Associates	105.7	0.3	62.6	0.2
VenCap International	73.6	0.2	47.0	0.2
<i>Superpartners³</i>	–	–	22.6	0.1
Weathergag Venture Capital	42.0	0.1	36.6	0.1
Wilshire Private Markets Group	21.2	0.1	21.5	0.1
<i>Frontier Investment Consulting</i>	1.5	0.0	1.5	0.0
Mesirow Financial Currency Management ²	-75.7	-0.2	31.4	0.1
Total private equity	1,978.0	6.3	1,861.6	6.8

Notes:

1. Other includes small holdings and outstanding fees on closed accounts, as well as Cbus Self Managed holdings in cash and Australian shares.

2. Mesirow Financial Currency Management manages the currency hedging for Cbus.

3. The ownership of Superpartners was transferred to Link Group in December 2014.

Figures may not sum precisely due to rounding.

Cbus total investments	At 30 June 2015		At 30 June 2014	
Opportunistic growth				
Bridgewater Associates	845.3	2.7	264.4	1.0
TPG Opportunities Partners II	108.2	0.3	90.8	0.3
Oaktree Capital Management	35.9	0.1	27.6	0.1
<i>Industry Funds Management</i>	62.3	0.2	18.9	0.1
Artwork	7.9	0.0	7.9	0.0
Mesirow Financial Currency Management ²	-13.1	-0.0	2.6	0.0
Total opportunistic growth	1,046.6	3.4	412.2	1.5
Fixed interest				
State Street Global Advisors, Australia	1,590.5	5.1	915.0	3.4
Other ¹	1.3	0.0	–	–
Total fixed interest	1,591.8	5.1	915.0	3.4
Credit				
<i>Industry Funds Management</i>	728.0	2.3	617.3	2.3
<i>ME Portfolio Management</i>	188.7	0.6	247.3	0.9
Hayfin Direct Lending	104.4	0.3	34.2	0.1
Babson Global Loan Fund	617.2	2.0	406.1	1.5
Goldman Sachs	319.0	1.0	–	–
Mesirow Financial Currency Management ²	-1.4	-0.0	1.7	0.0
Total credit	1,955.8	6.3	1,306.6	4.8
Cash				
Colonial First State Asset Management	1,937.6	6.2	2,578.1	9.5
<i>Industry Funds Management</i>	247.6	0.8	240.9	0.9
<i>ME Portfolio Management</i>	–	–	521.2	1.9
Internally managed	946.9	3.0	–	–
AMP Capital Investors	–	–	25.3	0.1
Other ¹	63.8	0.2	–	–
Total cash	3,195.9	10.2	3,365.6	12.4
Total investments	31,238.0	100.0	27,240.7	100.0

Notes:

1. Other includes small holdings and outstanding fees on closed accounts, as well as Cbus Self Managed holdings in cash and Australian shares.

2. Mesirow Financial Currency Management manages the currency hedging for Cbus.

Figures may not sum precisely due to rounding.



CEO Comment

In 2014/15, Cbus Property delivered a total return of 21.2%. Since its inception in 2005, Cbus Property has returned an annual average of 14.6%, returning in excess of \$1.0 billion of profits to members. We remain focused on delivering a superior ‘risk-adjusted’ total return for the Fund from investing in the commercial sector, residential projects and other sectors as deemed appropriate.

Adrian Pozzo
CEO Cbus Property

Major successes for 2014/15

Our major successes this financial year include:

- completion of 313 Spencer Street, Melbourne, with Victoria Police tenancing the building in March 2015
- pre-sale of 116 (of 123) apartments at 88 Alfred Street, Milsons Point, NSW
- sale of 130 Elizabeth Street, Sydney for \$121 million after purchasing the site in 2013 for \$58.4 million
- sale of the Harvest Retail Complex at Estate One, Dandenong, VIC, for \$54.3 million
- purchase of a full block in Collingwood, VIC, approval to be sought for an upmarket medium-rise building to construct approximately 200 apartments
- sale of two investment buildings in Melbourne – the CBW complex for \$608.1 million and 700 Bourke Street for \$433.5 million
- completion of 720 Bourke Street, Docklands, VIC, a 48,000 square metre office tower for Medibank Private
- purchase of Langston Place, Epping, NSW, for the development of more than 500 apartments over three towers of approximately 23 storeys
- pre-sale of 133 (of 138) apartments at Capel Street, North Melbourne, VIC
- purchase of 185 Wharf Street, Spring Hill, Brisbane, a proposed residential apartment development of approximately 280 apartments.

Property updates around Australia

Development opportunities for Cbus Property around Australia continue to be sourced.

In South Australia, the development at 50 Flinders Street, Adelaide, is nearing completion, with tenants moving into the building in November and December 2015. The office building will become the head office of People’s Choice Credit Union and will also be tenanted by Santos, a childcare centre and a café.

In Brisbane, 1 William Street is already transforming the CBD landscape. The 75,000 square metre commercial office building is due for practical completion in late 2016. The lift core is at Level 32 and floor slabs are completed to Level 26. On completion, the building will house the Queensland Government and various departments.

In Melbourne, 35 Spring Street, a 43-level residential tower consisting of 242 high-quality apartments (all pre-sold) is under construction. The building enjoys commanding views over Fitzroy Gardens and the amenity of some of Melbourne’s finest restaurants, a close proximity to the theatre scene and is located in the heart of Melbourne’s sports precinct.

A complete list of Cbus Property investments and developments can be found at www.cbusproperty.com.au

Environmental, social and governance

Cbus has a policy of active engagement with companies on environmental, social and governance (ESG) issues. We believe that companies that take ESG issues into consideration will perform better in the long term.

Our collaborative initiatives include being a signatory to the Principles of Responsible Investment and membership of the Investor Group on Climate Change.

Over the past 12 months, we have engaged with more than 100 companies in a number of ways: directly, through our membership with the Australia Council of Superannuation Investors (ACSI) and via our external fund managers.

ACSI had three areas of focus over the past year:

- Labour and human rights risk in the supply chains of consumer discretionary stocks
- Corporate governance
- Carbon asset risk.

Voting at company meetings

Through ownership of Australian shares on behalf of members, Cbus actively considers how it will vote at company meetings for the S&P/ASX300. These are the biggest 300 companies (by market capitalisation) on the Australian Stock Exchange (ASX). Cbus considers advice from ACSI and, at times, advice from fund managers before voting at company meetings.

For international shares, Cbus voted on our active developed markets international equities mandates, making up approximately 86 per cent of our international share portfolio. Cbus subscribes to a proxy voting service provided by Glass Lewis based on the ACSI guidelines. Cbus engagement and company voting reports are available on our website.

Mercer Climate Change Project

Cbus continues to enhance how it addresses climate risk within the portfolio.

Cbus indicated in last year's report that it would join the Mercer Climate Change Project. The project brings together major investors from around the world to examine possible climate change scenarios and their impact on investments.

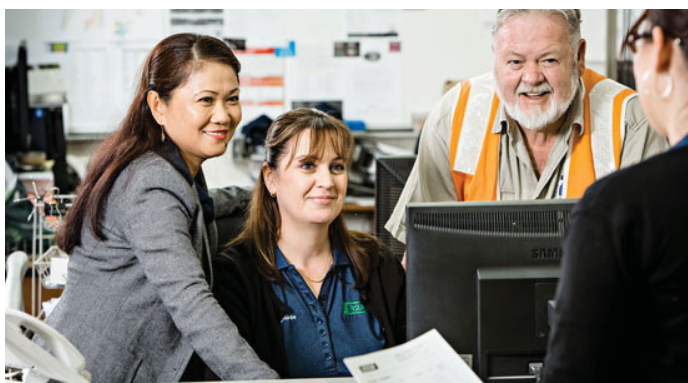
The first phase, conducted in 2011, identified the potential financial impacts of climate change on investors' portfolios through a series of scenarios playing out to 2030. These scenarios ranged from no mitigation beyond current efforts to strong, transparent and internationally co-ordinated action.

The second stage of the Mercer Climate Change Project, which Cbus joined in 2014, examined investment risk and return under climate change scenarios. We believe that our participation in this study has provided insight into the range of impacts that climate change may have on our investments, and enables us to better prepare for the climate change-related challenges ahead. We are reviewing the report, and considering how we may incorporate the report's suggestions into our investment strategy.

Cbus has commenced deeper analysis of the carbon footprint of its investment portfolio, starting with the equities sector. This analysis will be used as an input into the ongoing assessment of Cbus' exposure to climate change risk. We intend to release our carbon footprint data and analysis on the Cbus website during the 2016 financial year, and continue to enhance our engagement with companies and our investment managers on climate change issues.

Cbus also influences the direction of climate change regulation through public policy initiatives, often in collaboration with other investors. These initiatives enable us to build a better internal understanding around the impact and implications of these issues on our portfolio. Cbus works with the Investor Group on Climate Change (IGCC) and the ACSI to advocate that companies we invest in disclose to the Carbon Disclosure Project (CDP).

Visit www.cbussuper.com.au/investments



Investment risks

At a global level the problem of elevated debt levels remains unresolved and there is uncertainty about how investment markets will respond to the withdrawal of stimulatory policies by central banks. Such policies have generated only moderate growth but have boosted asset prices across shares, property and infrastructure. They have also brought forward returns so that, as central banks adopt a more normal policy stance, more moderate returns are expected over the next few years.

A risk for Cbus is the sustainability of returns over time. The past five years have seen very strong markets, but the investment environment has changed and it may be difficult to sustain these high levels of return without taking on more investment risk.

As Cbus grows larger, another risk is the decreasing ability to invest in some strategies due to size constraints. For example, Cbus is reaching some of our fund managers' capacity limits for new funding. With the support of our asset consultant, Frontier Advisors, Cbus is researching how it can invest more directly into some types of assets (for example, infrastructure) and is seeking different ways to access returns at lower levels of risk, where capacity constraints are not a barrier.

Policy uncertainty around environmental risk, such as climate change, is also making the assessment of value for some sectors of the economy more difficult.

Applying investment earnings

Cbus applies earnings to member accounts at 30 June each year for each of its standard options. Although earnings are applied to member accounts yearly, they are calculated from the day contributions are received.

The crediting rates for the investment options are reviewed on a weekly basis. If members switch investment options, roll money out of the Fund or receive a benefit payment during the year, a year-to-date crediting rate is used. This represents the accumulation of monthly crediting rates along with an interim rate for the period between monthly crediting rates.

The rates for the investment options may vary during the year and may be negative for some months. For more information on the investment strategy, asset classes and on how crediting rates are applied, visit www.cbussuper.com.au/investments

Investment opportunities

As a long-term investor, Cbus has a focus on unlisted assets such as infrastructure and property that deliver attractive long-term risk-adjusted returns. Cbus sees potential opportunities through participation in financially innovative activities that include:

- complementing bank financing, providing financing directly or as a group of funds to companies
- participating in meaningful co-investment in infrastructure, as projects become available
- promoting the 'inverted bid' model of infrastructure investment, which may enable Cbus to gain access to long-term infrastructure-related assets through the construction phase.

The 'inverted bid' model reverses the traditional bidding process, replacing it with a two-stage bid process in which the government appoints its preferred equity partner first, prior to competitive tenders for other project partners including construction, operation and debt. This presents an opportunity for Cbus to access long-term infrastructure-related assets through the construction phase with a bid sponsor, such as our wholly owned subsidiary company, Cbus Property, or our trusted partner, IFM Investors.

The Fund can leverage Cbus Property's significant property development management expertise, dedicating resources to pursue opportunities in this space. Investing our capabilities in this area will benefit the Fund and its sustainable investment objectives and has the capacity to appropriately scale with the Fund's asset growth. Monthly updates on investment performance and outlook is available on our website.

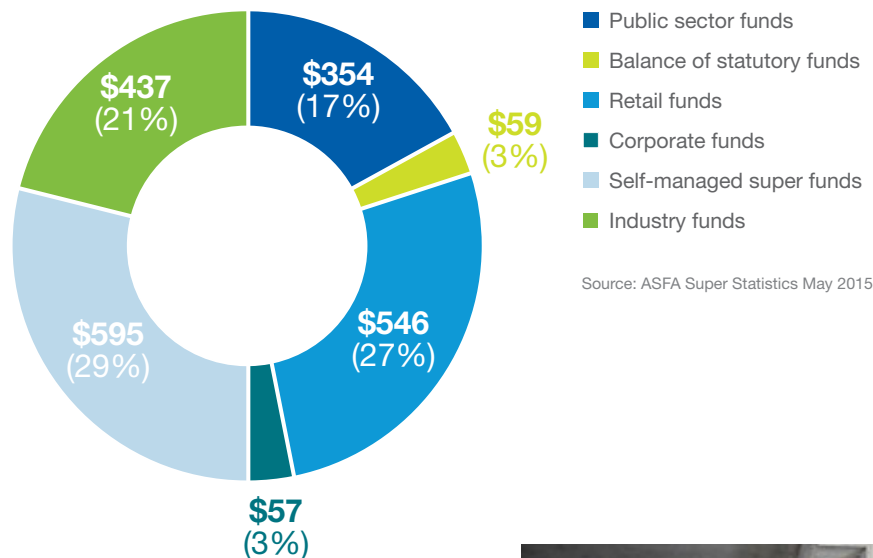
External environment

The superannuation sector is made up of industry funds, corporate funds, public sector schemes, retail funds and self-managed superannuation funds. Collectively, Australia's superannuation system has more than \$2 trillion in funds under management, more per capita than most comparable retirement income schemes in other developed countries.

Industry superannuation funds have been a key element of the Australian retirement incomes framework. The industry superannuation funds account for more than \$437 billion of the funds under management in Australia.

A diverse superannuation sector

Superannuation funds (\$b)





Cbus in context

Cbus currently holds about \$31.2 billion in funds under management on behalf of its members. While substantial, this represents only about 1.5 per cent of the total funds under management in the Australian superannuation sector.

A more competitive environment

The MySuper reforms to superannuation led to a proliferation of low-cost simple superannuation products. Changes to workplace arrangements towards greater choice and away from default industry superannuation funds has resulted in increasing competition from industry and retail funds offering other MySuper-compliant products. Added to this, and reflecting other sectors of the Australian economy with high levels of transparency, costs associated with switching funds are low, thereby placing additional pressure on superannuation funds.

Retail superannuation funds are often able to compete through related products such as banking and offer technology platforms as part of their service offerings.

Self-managed superannuation funds are the biggest and fastest growing part of the superannuation sector, with the largest average account balances often facilitated by other financial services providers. In many cases members switch to self-managed funds when they retire and enter the income stream phase. Industry superannuation funds will therefore increasingly need to compete with other funds on cost, information technology and performance.

How Cbus is responding

Cbus has a multi-pronged approach to responding to its changing external environment which include:

- advocating for its position as part of the process of public policy development and making submissions on public policy, industry and regulatory issues, directly and through industry associations including ISA, AIST and ASFA
- focusing on member retention and positioning Cbus as the leading fund for the wider building and construction industry. This will include providing a strong value proposition for members, enhancing and protecting the Cbus brand (including Cbus Property) and boosting relationships with sponsoring organisations and strategic partnerships
- maximising sustainable net investment returns for members, providing value for money, helping members to make sound financial decisions and providing products to meet members' and employers' needs
- implementing a digital strategy to better engage with and retain members as well as grow the Fund
- product response through Cbus Self Managed – providing members with greater control and investment choice, with the protection of being an APRA regulated fund.

As part of this response, Cbus is transforming the way it operates.

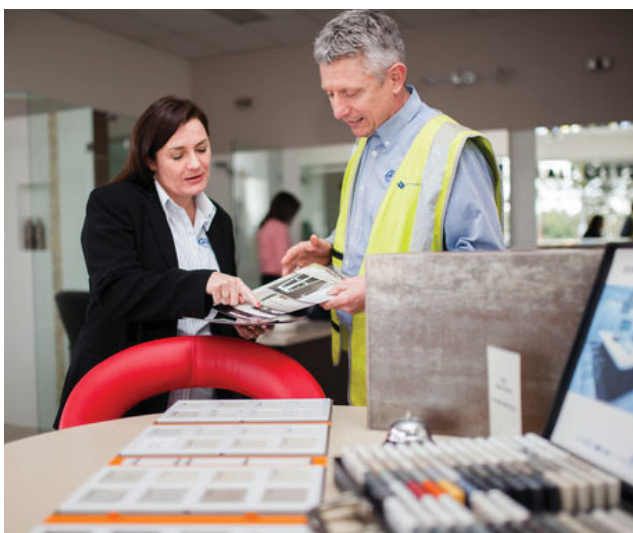
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The three horizons

Looking out over three horizons

The table below outlines Cbus' key strategies expressed as three horizons over the next six years. It is not intended to be exhaustive or prescriptive but aims to characterise Cbus' short to medium term strategic intentions.

Drivers

Key strategies	Organisational and employee capabilities	Business processes (internal and external)
<ul style="list-style-type: none"> Build member and employer-centric service and innovation processes Intensify member and employer acquisition and retention efforts Leverage the relationships with the sponsoring organisations to support the growth strategies 	<ul style="list-style-type: none"> Deliver the Business Insights information framework and data analytics capability Refine and implement the new organisation design, including the governance structures Build new skills and leadership capability Focus on performance outcomes 	<ul style="list-style-type: none"> Manage existing technology constraints to best serve the strategic direction Establish the employer experience function – create employer communities Implement stage #1 of the in-housing proposals Prepare, support and ensure the successful Cbus transition to the new administrator's platform Continue Product and Service innovation Thought leadership – socialise the White Paper initiatives into the strategic agenda of the Board and Fund strategic planning
<h2>Recalibration</h2> <p>(transition, 0–12 months)</p> <ul style="list-style-type: none"> Redefine the Cbus future state and brand positioning Validate and evolve the member and employer-centric service delivery model, anticipating increased digital convenience 	<ul style="list-style-type: none"> Drive a culture of agility, innovation and resilience Design and build people capability aligned with the future digital business model 	<ul style="list-style-type: none"> Establish a Transition and Retirement division – delivering to a new community of members Implement stage #2 of the New Service Model proposals including the Omni-channel service solution Advance our mobile digital service capability to effectively deliver our customer experience strategy Deliver further innovation throughout service delivery, including the advice delivery service (technology) Ensure service delivery approach supports the Brand promise and ultimately contributes to an improved net benefit to members
<h2>Momentum</h2> <p>(performance, 12–36 months)</p> <ul style="list-style-type: none"> Build strategic alliances with relevant, leading wealth management and wellbeing organisations 	<ul style="list-style-type: none"> Maximise organisational and employee capabilities, focusing on culture, leadership and teamwork 	<ul style="list-style-type: none"> Embed dynamic service strategies to maximise changes in mobile/ transaction technologies Deliver the holistic Cbus digital business model
<h2>Achievement</h2> <p>(strategic, 36–72 months)</p>		

Enablers		Outcomes
Sound strategic and financial management		
<ul style="list-style-type: none"> • Deliver the Investment structure changes to support its initiatives • Build on the risk management culture • Continue our pursuit of best practice governance • Embed the Enterprise Performance Management framework • Advance the maturity of the budgeting and financial management processes including tracking and delivery of business benefits 		<ul style="list-style-type: none"> • Recalibrated operating model and organisation fit for challenges presented by evolving member and employer needs • Increased maturity in the Business Performance management
<ul style="list-style-type: none"> • Deliver Governance innovation and improvements • Embed the risk management culture throughout the Fund/business • Foster investment innovation – create new, sustainable value. Innovate in the socio-economic contribution of Cbus investments – build the reputation of collaboration with government and planning agencies to support long term nation building programs 		<ul style="list-style-type: none"> • Leading multi-channel product and service platform • A prominent financial services brand that resonates deeply with members and employers
<ul style="list-style-type: none"> • Governance leadership and excellence • Achieve the extended Brand reach – a Fund for all connected within the building and construction industry • A true life cycle value proposition • Achieve the structural adjustment for the 'FUM shift' due to growing numbers of transitioning and retiring members 		<ul style="list-style-type: none"> • Recognised as a thought leader and influencer in the industry • Acknowledged investment leadership • Demonstrated capability as a product innovator/collaborator • Acknowledged as one of the 'great places to work' within the industry • Best practice governance model

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Member and employer experience

The need to engage with members and employers in tailored and accessible ways has driven Cbus to develop a range of new initiatives forming part of this transformation period.

New Service Model

Cbus will adopt a New Service Model to accommodate the growing and diverse member base, a major transformation milestone that will reshape how services are delivered and members and employers are engaged.

Traditionally, Cbus has operated with a small office with outsourcing arrangements. The New Service Model is designed to accommodate the future focused initiatives, realigning its business model towards the digital economy and enabling more tailored products and service offerings for members.

The New Service Model encompasses a combination of several major transitions within Cbus to support our member and employer centric focus. With a greater emphasis on strategic partnerships and better insights into member and employer needs, the New Service Model will invest in technology and capability uplift within the Cbus office. This will be offset by savings in the internal management of advice and complaints handling with the migration to a new administration platform.

Digital developments

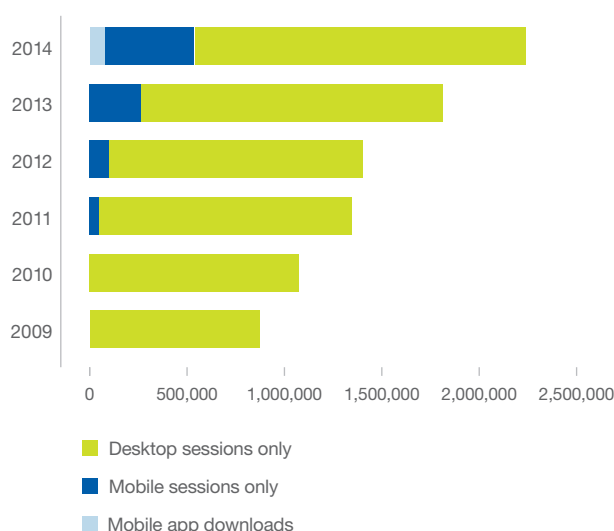
Cbus has developed digital initiatives to ensure fast, flexible and two-way communication with Cbus members. The Cbus app came online in September 2014 and has encouraged members to access fund and account information and regularly connect with the service centre. Since its introduction just over 41,000 members have downloaded the app for use. Further enhancements of the Cbus app will be undertaken in March 2016.

Cbus has also started using social media to communicate with members; there are over 9,700 followers of the Cbus Facebook page, receiving regular information on super related topics or activities at Cbus Property.

Next year Cbus will also implement a new website to increase interaction with members and employers. This new website will:

- be mobile optimised
- have improved navigation
- meet governance requirements
- allow for a more personalised experience for members and employers.

Digital engagement



Advice services

Cbus offers members financial advice over the phone, at no additional cost to their membership. Over the financial year more than 53,500 inbound and outbound conversations took place between Cbus and members. Of those surveyed, 93 per cent provided positive feedback and while these are pleasing results, Cbus recognises the constant need to improve and enhance member and employer experience.

After a trial period, the Financial Planning Advice program was approved in 2014. The program is a collaborative initiative between the Financial Planning Association of Australia (FPA) and Cbus. It offers the expertise of highly trained and accredited professionals right around Australia, giving Cbus members improved access to financial advice closer to their home.

Over 1,400 members have taken advantage of the partnership between Cbus and the FPA. On behalf of Cbus, the FPA offers Cbus members personal advice on all their financial and super matters, according to member needs, objectives and circumstances. Member satisfaction survey results for the program continue to exceed expectation with a 'positive experience' rating of 94 per cent for the period 1 July 2014 to 30 June 2015.



Cbus has introduced National Retirement Planning seminars throughout Australia. The seminars are designed to provide members with valuable information and guidance on retirement planning issues and increase awareness of Cbus and retirement products and services. The attendance of a FPA certified financial planner at each seminar allows members to consider and request referral if required.



Luciana was one of the first members to access the program when she was referred to a local financial planner in her home town of Darwin. Luciana said, *"Their advice was easy to follow and their guidance gave me belief that I would be just fine in retirement."* Luciana still receives regular visits from her financial planner.

Retirement Income Estimates

Nearly 360,000 Cbus members received a personalised Retirement Income Estimate (RIE) with their 2014 Annual Benefit Statement (accumulation). The RIE provided members with a preview of their retirement situation, including a calculated lump sum and retirement income (private pension) based on their current account balance, contributions and other government assumptions.

Member engagement with the RIE has been strong:

- 54 per cent of RIEs were read to some extent
- 23 per cent were read in great detail
- 21 per cent of active members have more faith in the super system after receiving the RIE
- 36 per cent of members logged onto their online account to look at their super in more detail
- 17 per cent of members have added extra contributions to their super as a result of the RIE
- 10 per cent changed or updated their insurance cover
- 10 per cent selected new investment options.

These figures demonstrate that the RIE initiative has been a valued shift in the way members can understand and plan for their retirement.

Worksite visits

Cbus members continue to enjoy a high level of face-to-face service from member coordinators located around Australia. Over the year more than 5,400 worksite visits were undertaken, assisting members with a variety of tasks and to help get their super and insurance cover in order.

Young members

Cbus has enjoyed the highest organic growth among 15 peer not-for-profit funds and, while Gen Y represents 54 per cent of the total workforce, appealing to young members remains a priority for expanding our member base. For this reason, Cbus continues to invest in and drive technological changes to appeal to young consumers while providing existing young members with the tools they need to understand and interact with their superannuation fund.

Employers

Cbus recognises the importance of attending to its employer relationships to fulfil its responsibilities and objectives. Employers entrust Cbus to manage their employees' superannuation. Cbus, as part of the transformation process, is building on the strength of its relationships by introducing a new structure and initiatives that allow employer engagement to adapt to the competitive market environment. This involves three new teams to assist in enhancing the relationship: a business relationships team, business development team and a marketing and communications team.

The new initiatives involve developing systems that simplify payment methods and the introduction of direct account relationship management as part of the New Service Model. Business development capabilities will assist with growing membership through the acquisition of new businesses as well as increasing penetration with existing Cbus businesses.

Partnerships and sponsorships

All sponsorships must align with the Cbus sponsorship policy.

Ensuring we maintain strong relationships with both member and employer associations is important for the Fund. These relationships allow for Cbus to promote its work and value to existing and potential customers. During the 2014/15 year sponsorship costs were \$1,108,929 (\$1,855,171 in 2013/14).

Cbus does not make any donations to political parties or politicians.

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Board



Back Row (L–R): Ged Kearney, Misha Zelinsky, Dave Noonan, Scott Beynon, Peter Kennedy, Frank O’Grady, Glenn Thompson, Ben Davidson (Alternate Director) and Anthony McDonald.
Front Row (L–R): Peter Smith, John Haskins, Rita Mallia, Wilhelm Harnisch, Steve Bracks (Chair), Earl Setches, Anne Milner, John Dawkins and Anne Donnellan (Alternate Director).

Board and Committee structure

The Trustee of Cbus is United Super Pty Ltd. The Board of the Trustee is responsible for the management of the Fund and delegates authority to management. The Board in delegating its authority has established four key committees to manage the Trustee business; Audit and Risk Management Committee, Member Services and Marketing Committee, Investment Committee and Remuneration Committee. The Trustee is governed by the Trust Deed and Articles of Association which are available on our website.

Governance structure

The Cbus governance framework is articulated in the Fund Governance Policy (FGP) located at www.cbussuper.com.au/governance. The FGP reflects the Fund’s vision and values while ensuring legal and regulatory requirements are adopted into policy and decision making processes. The FGP provides the Fund with a unified methodology and approach towards policy creation, management and governance and ensures the Fund’s vision and values are integrated into all aspects of the business while fulfilling its legal and regulatory requirements.

Strategy and regulatory requirements

A registrable superannuation entity (RSE) licence from the Australian Prudential Regulation Authority (APRA) and an Australian Financial Services Licence (AFSL) issued by the Australian Securities and Investments Commission (ASIC) are essential components to the compliance regime in which Cbus operates. Cbus recognises that to fulfil its strategic objective of maximising the retirement savings of its members, it needs to assume levels of risk while ensuring transparency and accountability is applied across the business systems and operations. Compliance with industry regulation, together with a commitment to Environment, Social and Governance (ESG), ensures that Cbus governance goes over and above legal requirements to deliver a safe and accountable fund.



Skills

The FGP details the skills required in the running and management of Cbus (investments, property, operational, audit and financial, governance and risk management, remuneration and people) and details the different tiers within these skilled areas. Cbus understands that to fulfil its strategic objectives it requires particular skills to manage a sustainable and profitable fund in the short, medium and long term.

Remuneration

Cbus does not pay a bonus or performance-based incentives to Directors. Full remuneration disclosures are available on our website.

Ethics

Accountability of the Trustee, its Board and committees is reiterated by a range of initiatives designed to reinforce the Cbus values while fulfilling its strategic objectives. The FGP is reviewed annually or as new legislation may require. It ensures all aspects of the business are open and transparent by virtue of a range of public reporting (i.e. Interest and Duties Register) and publication of internal policies that impact business operations and performance (i.e. online audit reports and information on the risk management systems).

The Code of Conduct and whistle blowing policy is detailed in the FGP and reflects the Cbus vision and values. The open and transparent way in which Cbus governance is structured ensures that the Trustee is held accountable for all aspects of management and the way in which it carries out business.

Governance review

In 2013 Cbus had a serious privacy breach after two staff released personal member information to a sponsoring organisation. The matter was uncovered as a result of both the Royal Commission into trade unions and an internal investigation undertaken by KPMG.

Decisive action was taken by the organisation, with both staff members dismissed.

The Board also ordered an independent investigation to look at privacy governance within the Fund. The investigation was carried out by Professor Graeme Samuel AC and Mr Robert Van Woerkom and reported back in March.

The review recognised the focus of the Board and Executive on the best interest of members, and that the breach at the hands of the two staff members was an 'isolated' incident. The review also recognised the Fund's important role in ensuring the payment of members' super entitlements and the difficulty created by a minority of employers in the construction industry who avoid their obligations.

The review made a series of recommendations that the Fund 'modernise' its arrears practice to 'allow for greater predictive and pro-active management of employers not paying their employees' superannuation whilst maintaining the privacy of personal information'. Each one of these recommendations is in the process of being implemented.

Next year's Annual Report will provide detailed implementation progress on each of the recommendations.

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Executive



L–R: Trish Donohue, Kristian Fok, Stephen Spiller, Michelle Boucher, David Atkin, Keith Wells-Jansz, Angela Thurstans and Johanna Neilsen.

As part of Cbus' transformation process, a new customer-centric organisational structure has been created around delivering distinctive member and employer experiences based on simple and clear segmentation. This means Cbus is changing the way we serve members and employers by delivering a tailored experience and listening to our members and employers.

The executive management team reports directly to the CEO and the organisational structure has been designed to simplify the lines of reporting while adapting to the transformative changes the Fund has developed. The Cbus organisational structure and biographies of the executive team are available on our website.

Executive staff are employed on ongoing contracts and are excluded from the Cbus industrial agreements. The executive management team require a minimum level of tier 1 skill set as set out in the Fund Governance Policy.

The CEO is required to give six months' notice while executives are required to provide six weeks' notice. No executive staff member, including the CEO, has any termination payments included in their contract on top of their accrued entitlements in the event of resignation.

Remuneration

Cbus does not currently pay a bonus or performance-based incentive to staff. Where performance measures are linked to the achievement of the Cbus strategy, executives might be entitled to receive salary increases. Full remuneration disclosures of the CEO and executive team are available on our website at www.cbussuper.com.au/remuneration

Visit www.cbussuper.com.au/about-cbus/who-runs-cbus/management and www.cbussuper.com.au/about-cbus/fund-governance

People



Our staff are vital to the creation of value by Cbus. Cbus provides an innovative, supportive and accountable work environment empowering staff to deliver their technical expertise to the best of their ability, to benefit the Fund and its members and employers.

It starts with our values and culture and our investment in our people. Without the expertise of our 143 staff, the work of the Fund would not be possible. We ensure we have the right people in the right roles with the ability to be creative and productive and achieve all that we need to achieve within the transformation process.

Great Place to Work® survey

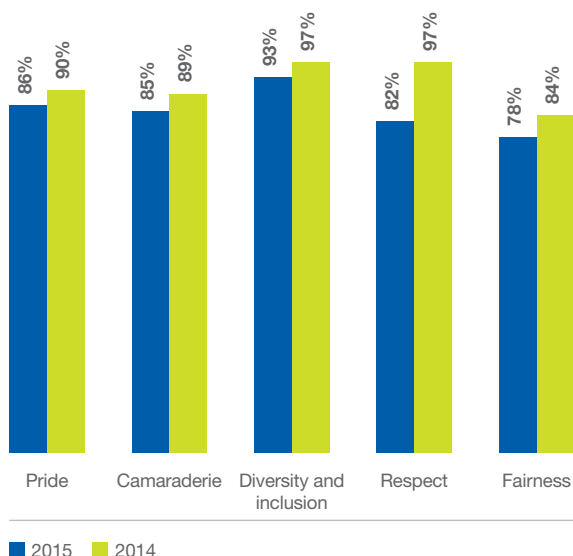
Cbus continues its involvement with the Great Place to Work® Institute's Best Places to Work Study.

When provided with the statement 'I'm proud to tell others I work at Cbus', [86] per cent of staff surveyed indicated that they agreed with the statement, reflecting a slight decrease from 2014 when it was [90] per cent. In a key measure of camaraderie, [85] per cent of staff surveyed

indicated that Cbus is 'a friendly place to work', also a slight decrease from 2014 where the result was [89] per cent. We are monitoring this softening of our strong results as we continue to grow as an organisation. We have a range of supporting programs in place that we believe will support our people through the coming year's growth.

Staff are briefed on the survey results and attend focus groups to provide additional feedback and input into the results. The results help identify areas of improvement at the organisational, manager and employee level. Staff, managers and executives are provided the opportunity to provide input into the improvement plan which will be endorsed by the Executive and implemented over the coming year. A 'pulse check' to assess the impact of improvement initiatives will be administered in December 2015 and reported on in the FY16 disclosures.

Cbus results in Great Place to Work® Institute's 50 Best Workplaces study



Employee comments:

"The passion staff share for members – always seeking to get the best outcome for our members rather than simply do what every other fund is doing"

"Collaborative and caring environment"

"Cbus People and Culture aspect is unique as the organisation genuinely cares about its people, it's not just a lip service. The culture of inclusiveness, empathy and honesty is very rare in the corporate world"

"Fund has only one focus, delivering for the members"

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Recognition programs

Cbus has two recognition programs – SHINE and Cbus Service Recognition.

SHINE encourages staff to nominate colleagues they believe have made an outstanding contribution within the values framework.

This year 38 staff were nominated and 16 were recognised. The influx of nominations and the Best Places to Work® survey results showed high levels of support for the program.

Cbus Service Recognition acknowledges tenure. In 2014/15, 36 staff were recognised for their first year of service and eight staff celebrated five years of service. One staff member completed their 10th year of service and three completed 15 years. Another staff member celebrated 25 years with Cbus.

Cbus employees are valued for their contribution and they are able to make representations to the highest levels of the organisation at staff forums including the annual Compass staff event.

Professional development

Cbus is committed to building staff capability to ensure that our people possess the skills to deliver the Cbus strategy now and into the future.

Before staff who are considered 'representatives' can provide information to our members, they must meet a minimum training standard of a Tier 1 training course as listed on the ASIC Training Register. A 30-hour annual minimum training requirement must also be met. An annual compliance audit, conducted by the AIST, must be completed.

Cbus encourages all other staff to complete at least seven hours of training each year.

All staff participate in regular performance and career-development discussions and reviews, and set annual performance, professional-development and training goals.

On average Cbus staff completed 25.1 hours of training in 2014/15 – a 30 per cent decrease on 2013/14 (from 35.9 hours). The increase in non-representative staff has contributed to this result, due to lower training requirements.

Over the past year, staff members were offered learning opportunities on technical superannuation content, as well as professional and personal capability-development courses.

OH&S

Cbus is committed to providing a safe and healthy place to work.

Incidents are reported to the quarterly meetings of the OH&S Committee (which covers all staff), the Executive Management Team and the Board. During 2014/15 Cbus did not record a lost-time incident.

To support continued mental and physical health, Cbus sponsors staff participation in health-related activities.

The OHS Calendar of Activities provides flu injections, health checks, skin checks and other health initiatives to encourage staff to stay well for work and family life.

Attraction and retention

The Cbus office has grown significantly during 2014/15 and the internal team managed more than 2,340 applications from potential staff. Of these applicants, a total of 33 per cent were women. Of the 44 roles recruited across contract and permanent positions in 2014/15, 16 (36 per cent) were filled by female candidates.

Cbus strives to ensure that it is able to attract and retain a diverse workforce and in FY14/15 we ran our first 'Building careers for all of US' program highlighting our talented female staff within our investment team. The video series is available on our website.

Cbus has lodged the 2014 and 2015 reports to the Workplace Gender Equality Agency (WGEA) which are both published online. These documents reflect the Cbus commitment to gender equality. Cbus remains committed to diversity at work and information regarding our programs is available on our website.

Cbus measures voluntary turnover on an annual basis. The current turnover rate of our people is in line with a healthy organisation and within current risk parameters.

	2012/13	2013/14	2014/15
Voluntary turnover rate	4.0%	3.0%	5.1%

Visit www.cbussuper.com.au/careers

Visit www.cbussuper.com.au/about-cbus

Remuneration

All Cbus staff (other than the executive team) are employed under one of two industrial instruments. Enterprise agreement increases for the 2014/15 year were 3.5 per cent. These increases were applied from 1 July 2014. Cbus does not pay a bonus or performance-based incentive to staff, however we realise that this approach may not continue to be one that meets the requirements of a growing organisation. Cbus continues to review its remuneration structure to ensure that we have a structure that is fit for purpose and appropriately reflects our philosophy and sector values.

As part of the collective agreements, staff have their superannuation guarantee payments paid into Cbus. A summary of the Cbus remuneration policy is available on our website at www.cbussuper.com.au/remuneration

Community

Staff work to support various charities and utilise volunteer leave to give back to the community.

Over the course of this year, Cbus staff have demonstrated their commitment to their local communities by the utilisation of the volunteer day policy. Cbus staff volunteered at specialised community care groups, local sporting organisations, schools, homeless support services and by donating blood.

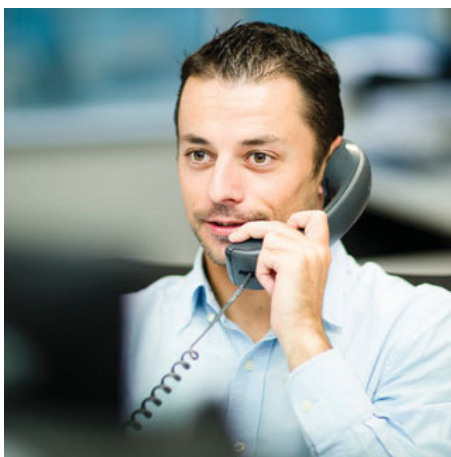
Cbus believes strongly in the value of supporting local communities both for the intrinsic value of supporting community services and for the benefits to staff satisfaction and engagement that flow from these activities. The plan for 2015/16 is to again increase our contribution to our local communities and meet our target of 20 days per year of volunteer leave utilisation.

Cbus staff continued their support for the Mother's Day Classic, with 59 staff and family members attending fun run events across the country and a total of \$13,000 raised by the team. Our CEO, David Atkin, participated in 'The CEO Challenge' and again raised in excess of \$10,000 for breast cancer research.

Staff in the Cbus office joined together to participate in The Smith Family Toy and Book Appeal in lieu of any internal staff gift giving as part of the Christmas season.

The appeal, run by The Smith Family, gave staff the opportunity to provide gifts for disadvantaged children whose families are unable to provide gifts at Christmas. Cbus staff donated over 70 gifts which were delivered to The Smith Family in December 2014.

Visit www.cbussuper.com.au/about-cbus/fund-governance



Risk management

Cbus is willing to accept risk in its activities as long as risk is understood, can be appropriately managed within the parameters of the risk management framework and is consistent with the Fund's overarching strategic objectives of focusing on our members' best interests and maximising members' retirement outcomes.

Cbus continues to integrate risk identification and assessment into strategy.

Over the year the following key risks have informed the Fund's strategic and business planning processes:

- managing major organisational change effectively, including the transfer of administration services
- intense competition in the superannuation landscape
- uncertainty in regulatory policy setting
- ensuring relevance and agility in serving and responding to members' evolving needs and behaviours
- members' changing demographics and post-retirement needs.

The Cbus Risk Management Strategy describes the Fund's strategy for managing risk and the key elements of the risk management framework that gives effect to this strategy. Our risk management objectives are to:

- fully integrate risk identification and assessment into our strategic planning process
- integrate risk management accountability with performance management
- strengthen internal control whilst still facilitating an entrepreneurial approach
- empower employees with skills to identify and manage risks with confidence
- ensure decision making across the organisation is consistent with our:
 - Risk Appetite Statement
 - strategy
 - organisational values and culture
 - duty to act in the best interests of our members.

To help deliver this strategy, we have adopted a multi-dimensional and whole-of-Fund approach to risk management encompassing our people and leadership, our processes, systems, and culture.





People

Our people are critical to our risk management strategy. Cbus provides support for training and development to ensure that all staff understand risk management principles and are able to apply the Trustee's risk appetite in day-to-day decision-making. Our Risk Management function provides input at all levels of the Fund and is routinely consulted in strategic and operational discussions.

Process

The Cbus risk management framework enables the Fund to develop and implement policies, procedures and controls to appropriately manage different types of risk.

Our risk management processes provide ongoing assurance to Management and the Board that each material risk to the Fund's business operations is being prudently and soundly managed. On an annual basis Cbus reviews the adequacy, appropriateness and effectiveness of its risk management framework which is supplemented by annual internal and external audit reviews.

Systems

Our risk management processes are supported by our integrated Governance, Risk and Compliance platform – Archer. Archer continued to be developed and implemented during the year and is a web-based solution that provides a single view of the Fund's risk profile and internal control environment. It strengthens our risk management processes by giving staff an integrated view of enterprise risk, automating their risk tasks and connecting these to the Fund's strategic objectives. As the central repository for our strategic objectives, risk registers, controls and vendor information, it provides users with a single and integrated view of the Fund's risk profile and other key governance and compliance information.

Culture and values

Our view of a strong risk culture, is one where employees demonstrate risk management behaviours in all facets of their work. We want to drive employee behaviours and attitudes so that they feel empowered to engage risk management as a strategic tool.

Behavioural dimensions of the Board-approved Cbus risk culture values include:

- Understanding
- Transparency
- Involvement
- Governance
- Responsiveness.

Cbus continues to develop methods of continuously measuring and monitoring its risk culture, including targeted reviews and enterprise-wide surveys.



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Insurance and complaints

Given the level of risk that workers are exposed to in our industry, insurance is regarded as a priority within Cbus' product offering and Cbus has worked to achieve a range of covers to suit different member needs. As part of the transformation of member services, insurance offerings are being reviewed.

Insurance cover for members

Insurance cover is provided to members on the key strategies of:

- cost effectiveness
- knowing our risk profile
- ensuring long-term sustainability
- maintaining accessibility to cover on reasonable terms.

Cbus provides varied categories of insurance cover to cater for the different type of work our members perform. In line with the transformation strategy, Cbus is developing another insurance category to ensure it provides insurance cover for all workers within the building, construction and allied industries.

Insurance review and negotiations

Cbus is reviewing its insurance offering for members, with a competitive tender process being undertaken in the first half of 2015. The key goals of the insurance review are to secure a sustainable offering for members, to preserve our valued existing terms and conditions, and also partner with an insurer who will assist the Fund in achieving its strategic goals, as well as deliver an enhanced service experience for members.

A new insurer and insurance arrangements are to be in place by 1 November 2015.

Insurance

Insurance claims paid	2014/2015		2013/14		2012/13	
Death	708	In excess of \$94m	655	In excess of \$86m	669	In excess of \$91m
TPD	1,393	In excess of \$101m	1,296	In excess of \$88m	1,010	In excess of \$60m
Terminal Illness	151	In excess of \$21m	152	In excess of \$19m	145	In excess of \$19m

Complaints

Complaint numbers	2014/2015	2013/14	2012/13
Total number of complaints	379, with 151 related to administration matters and 228 related to insurance and claims	443, with 121 related to administration matters and 327 related to Insurance and claims	469, with 211 related to administration matters and 258 related to Insurance and claims
Total number of SCT complaints lodged	32,* with five related to administration matters and 27 related to insurance and claims	59, with five related to administration matters and 54 related to Insurance and claims	30, with six related to administration matters and 24 related to Insurance and claims
Total number of SCT complaints conciliated	15#	33	24
Total number of SCT complaints resolved at conciliation	7 (47%)	21 (64%)	17 (71%)
Total number of SCT complaints awaiting SCT decision following conciliation	7 (47%)	12 (36%)	7 (29%)

* Of the 32 complaints received for the 14/15 year, 13 remain open with the SCT, awaiting carriage through their processes (investigation, conciliation or determination)

One complaint was withdrawn by the SCT after conciliation.



Cbus annual financial reports

The Cbus Annual Financial Report (Report) is based on the Fund's general ledger balances and Custodian investment and taxation reports, together with members' funds information sourced from Superpartners administration systems. The Report includes the Fund's Financial Statements, which comprise a Statement of Financial Position, Operating Statement and Statement of Cash Flows, and Notes to these Financial Statements. It also includes a Trustee Declaration, Auditor's Independence Declaration and Auditor's Report.

The Report is prepared in accordance with Australian Accounting Standards and other relevant requirements and is subjected to an independent audit by the Fund's external auditor. It is reviewed by the Audit and Risk Management Committee and then reviewed and endorsed by the Trustee Board. The Report will be available on our website from mid-October 2015. In this Annual Report the figures shown in the Statement of Financial Position and Operating Statement are abridged.

Financial Statement inputs

There are several different inputs that support the completeness and accuracy of the Financial Statements.

Existence and valuation of investments

An independent audit of the existence and valuation of the Fund's investments held under custody by the Custodian is completed by the Custodian's external auditor and the audit report is provided to the Fund. The investments audited are reflected in the Financial Statements and Notes to the Financial Statements.

Custodian administration controls

An independent audit of the internal controls and procedures the Custodian has over custody, investment administration, accounting and tax reporting, unit registry and related information technology services is completed by the Custodian's external auditor and the audit report is provided to the Fund. The internal controls and procedures audited support investment-related information reflected in the Financial Statements and Notes to the Financial Statements.

Administrator's controls

An independent audit of the internal controls and procedures the Administrator has over superannuation and pension member administration is completed by an independent accounting firm and the audit report is provided to the Fund. The internal controls and procedures audited support member-related information reflected in the Financial Statements and Notes to the Financial Statements.

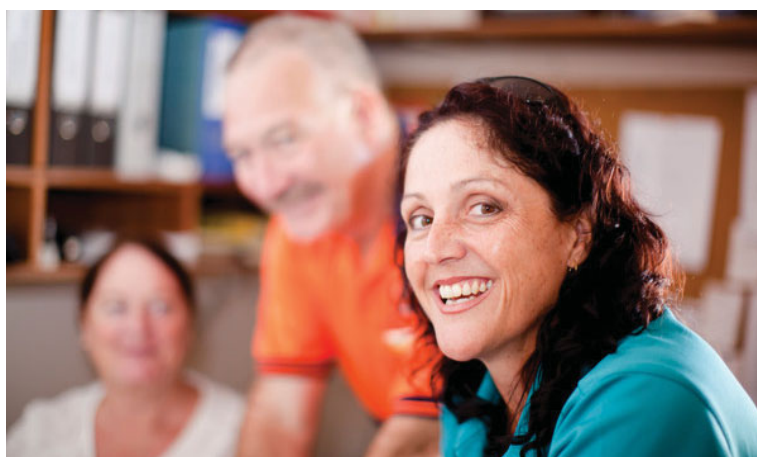
Tax review

A tax review of the key tax numbers in the Financial Statements and Notes to the Financial Statements is completed by the Fund's internal tax specialists in conjunction with its external auditor to provide assurance over these numbers. In-house tax expertise assists in maintaining comprehensive tax management and accuracy of tax expense within the Fund.

External audit

The Fund's external auditor (PwC) conducts an independent audit of the Financial Statements and the Notes to the Financial Statements to provide an opinion on whether the financial statements are presented fairly. The external auditor performs procedures in accordance with Australian Auditing Standards to enable it to form its opinion.

Visit www.cbussuper.com.au/about-cbus/annual-report



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Internal audit

The Fund's internal auditor (KPMG) completes reviews of internal controls and procedures over key Fund transactions that are represented in the Financial Statements and Notes to the Financial Statements.

The Fund's internal auditor attends all Audit and Risk Management Committee meetings and has unfettered access to the committee. The committee, in turn, must ensure that the internal and external auditors have access to all data, information and staff in respect of the Trustee's business operations that the auditors reasonably believe necessary to fulfil their role and responsibilities.

The internal audit function is responsible to the Board through the Audit and Risk Management Committee. Through the execution of an internal audit program, the internal audit function is responsible for:

- assessing the Fund's risk management framework
- reviewing the effectiveness of internal controls with particular focus on operational, financial and compliance risks and controls.

The internal audit program is ongoing and also covers the operations of Cbus Property.

Insurance

The Trustee holds indemnity insurance to protect the Fund from the costs involved in legal actions.

Management of derivatives

Cbus allows some of its investment managers to use derivatives to reduce risk and/or enhance efficiency. The managers must use derivatives within strict parameters, including that they are not used to gear the Fund and that there are sufficient cash assets to back the derivatives exposures at all times. The derivatives charge ratio (the percentage of the Fund being used as security for derivative investments) was less than 0.5 per cent during the financial year. The Derivative Management Plan and other investment related policies are located on the Cbus website.

Source of super contributions surcharge payments

The superannuation contributions surcharge applied to certain super contributions made after 20 August 1996 and before 1 July 2005. Although it was abolished from 2005, the surcharge is still paid for any outstanding or amending assessment by the ATO. Surcharge payments (if any) are deducted from members' accounts and paid to the ATO.

Eligible rollover fund

Cbus may transfer accounts to an eligible rollover fund if no contributions have been received for 12 months and the account balance is less than \$1,000. As a result, any insurance cover will cease and members may be charged fees by AUSfund (the ERF chosen by Cbus). During 2014/15, 3,984 Cbus accounts with a total of \$7,564,478 were transferred to AUSfund ABN 17 006 883 227.

To contact AUSfund:

Write to PO Box 2468 Kent Town SA 5071
or call 1300 361 798.

Temporary residents' benefits transferred to the ATO

If a former temporary resident employee has left Australia and their visa has expired or been cancelled, Cbus is required to pay their benefit to the ATO if it has not been claimed from the Fund within six months of departure. Visit www.ato.gov.au for more information about superannuation for temporary residents.

Cbus relies on ASIC's relief in that we are not obliged to notify or give an exit statement to a non-resident in the above circumstances. However, this information is available upon request.





Statement of financial position as at 30 June 2015	2015	2014
Assets	\$'000	\$'000
Investments (funds under management)	31,238,004	27,240,806
Current assets	260,060	247,781
Non-current assets	6,796	6,106
Total assets	31,504,860	27,494,693

Liabilities	\$'000	\$'000
Tax payable	587,775	433,380
Benefits payable	39,434	37,016
Other liabilities	131,771	98,582
Total liabilities	758,980	568,978
Net assets available to pay benefits	30,745,880	26,925,715

Represented by:

Members' funds	\$'000	\$'000
Growth (Cbus MySuper)	26,901,539	23,822,274
High Growth	1,258,243	1,036,223
Conservative	658,248	611,814
Cbus Super Income Stream	1,411,108	957,461
Cbus Self Managed	16,568	0
Cash Savings	409,073	420,233
Total members' funds	30,654,779	26,848,005
Operational risk reserve	57,649	33,657
Insurance reserve	14,088	14,057
General reserve account	19,364	29,996
Liability for accrued benefits	30,745,880	26,925,715

Operating statement for the year ended 30 June 2015	2015	2014
Revenue	\$'000	\$'000
Contributions by employers	2,378,107	2,220,164
Contributions by members	320,545	227,381
Transfers from other funds	668,981	592,501
Investment income (net of investment expenses)	2,879,892	3,351,190
Proceeds on insurance claims	212,998	190,211
Other revenue	1,533	1,713
Total revenue	6,462,056	6,583,160

Expenditure	\$'000	\$'000
Administration and management costs	126,528	108,321
Insurance costs	373,600	187,531
Taxation expense	433,517	531,578
Total expenditure	933,645	827,430
Benefits accrued after tax	5,528,411	5,755,730

Movement in liability for accrued benefits	\$'000	\$'000
Accrued benefits at the start of the year	26,925,715	22,654,650
Benefits accrued after tax	5,528,411	5,755,730
Benefits paid and payable	-1,708,246	-1,484,665
Accrued benefits at the end of the year	30,745,880	26,925,715

Members' funds and reserves



Members' funds

Members' funds represent benefits accrued to members at 30 June 2015.

General reserve account

The purpose of establishing and maintaining the general reserve account is to set aside monies to meet unexpected and unforeseen events other than operational risk events and to meet any other expenses which the Trustee deems ought to be met from the general reserve account rather than directly from member accounts.

The Trustee Board has determined that the general reserve account is to be maintained within a range of 0.05–0.25% of Fund net assets. The factors considered in setting this range include:

- the operational running costs of the Fund
- tax and other liabilities of the Fund
- the Fund's operating processes and internal control environment
- the Fund's business planning and budgeting process
- current business mix and complexity of the Fund.

The level of the general reserve account will be set annually as part of the Fund's annual financial statements and review process.

The investment strategy for the general reserve account is the strategy for the combined investment options. In practice, this is predominantly the investment strategy for the Growth Option, which is reviewed as part of the annual review of the Fund's investment strategy.

Members' funds and reserves

The table shows the general reserve balance for the past five years.

Year (as at 30 June)	\$'000	% of Fund assets
2011	28,932	0.17
2012	36,757	0.20
2013	55,739	0.25
2014	29,996	0.11
2015	19,364	0.06

The table below shows how net assets of the Fund are attributed across the Fund's investment choice and reserves.

Members' funds and reserves		
	At 30 June 2015 %	At 30 June 2014 %
Growth	87.50	88.47
High Growth	4.09	3.85
Conservative	2.14	2.27
Cbus Super Income Stream	4.59	3.56
Cbus Self Managed	0.05	0.00
Cash Savings	1.33	1.56
Operational risk reserve	0.19	0.12
Insurance reserve	0.05	0.05
General reserve account	0.06	0.11

Operational risk reserve

Under the new prudential standards, superannuation funds are required to establish, within three years, adequate reserves to cover potential operational losses. Cbus has determined it prudent to target an amount equal to 0.25 per cent of Fund net assets to meet this requirement. This reserve has been funded to date by a reduction in the crediting rate applied to members' accounts, including a 0.08% reduction in FY2015. The remaining 25 per cent of the target is expected to be funded via a reduction in crediting rates over the next financial year. Cbus believes this funding methodology is the most fair and equitable to members within the parameters of the prudential standard requirements. The investment strategy for the operational risk reserve is to invest 100 per cent in low risk cash or cash equivalents.

Insurance reserve*

All insurance premiums deducted from insured members plus any profit share rebate received from the insurer (Hannover) is paid into the insurance reserve. The Fund utilises this account to:

- pay the insurer its premiums
- pay for the operating and administration costs for insurance and claims
- provide premium price relief to insured members
- set aside monies for any claw-back facilities on profit sharing arrangements with the insurer
- fund its insurance claims reduction strategies aimed at generating a long-term improvement in the claims ratio
- fund development and implementation costs associated with the delivery of improved insurance offerings.

* Insurance reserve was formerly the group life account.

Awards and Ratings

Australasian Reporting Awards

- ARA 2015 Awards – Gold Award for Cbus Annual Report 2013/14

Chant West Apples Fund Rating

Cbus is in receipt of three awards from Chant West. Cbus has been recognised with 5 Apples for:

- Superannuation product
- Super Income Stream (Pension product)
- Corporate Super

The [Chant West 5 Apples award](#) recognises quality. Its judges assess the merits of a particular fund relative to the highest industry standards.

This accolade is judged on organisational strengths, investments, fees, insurance, administration and member services. We're pleased our products have been judged so highly.

SelectingSuper Awards and Ratings AAA

The AAA rating is only given after a detailed analysis of a super fund's operation and management. Each year, a group from the independent body [SelectingSuper](#) compares super funds from across our industry and awards those of the highest quality. Cbus was again chosen to join their list of exceptional quality super funds in 2015.

SuperRatings

- Infinity Recognised – recognises funds that practise genuine responsible investment principles
- Platinum Super 2015
- Platinum MySuper 2015
- Platinum Pensions 2015
- Seven year Platinum Performance 2008–2015
- 10 Year Platinum Performance 2005–2015

Glossary

ACSI	Australian Council of Superannuation Investors
AFSL	Australian Financial Services Licence
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
CSM	Cbus Self Managed
ESG	Environmental, Social and Governance
FGP	Fund Governance Policy
GRI	Global Reporting Initiative
<IR>	Integrated Reporting
LTSAA	Long Term Strategic Asset Allocation
MySuper	Default low-cost superannuation option
OH&S	Occupational Health and Safety
RSE	Registrable Superannuation Entity
SCT	Superannuation Complaints Tribunal
SMSF	Self Managed Super Fund

Thank you

Cbus wishes to thank our many members, employers, families and staff who kindly allowed their photos to be included in this Annual Report.

For more information:

Phone our Service Centre on 1300 361 784
from 8.00am to 8.00pm Monday to Friday (EST)

Visit www.cbussuper.com.au

Write to Locked Bag 999 Carlton South VIC 3053

Follow us on Facebook: www.facebook.com/cbussuperfund

Download the Cbus app: www.cbussuper.com.au/app

Cbus National Office is Level 28, 2 Lonsdale Street,
Melbourne VIC 3000



You can obtain a copy of the 2014/15 Cbus Annual Report
by visiting www.cbussuper.com.au/AnnualReport
or by phoning the Service Centre on 1300 361 784

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