

broadcast

MARCH 2019

Thinking long-term

While sharemarkets go up and down, it is important to maintain a long-term focus when considering superannuation.

PAGE 3

Building for the future

Cbus Property is leading the way in green building design.

PAGE 6

Business Insights report

We have launched our first Business Insights report on small businesses.

PAGE 8





FROM the CEO

Welcome to the employer newsletter for March 2019.

Being part of a strong, profit-to-member industry super fund can make all the difference when it comes to enjoying a comfortable retirement.

That has been made clear over the last twelve months as the Productivity Commission and Banking Royal Commission have undertaken comprehensive inspections of the superannuation system. These examinations have uncovered systemic poor performance and a culture of poor behaviour across the big banks and retail super funds.

For the last 35 years Cbus has been run only to profit members. Over that time the fund has weathered the ups and downs of global and domestic markets to provide some of the country's best investment returns. We have achieved this while investing back into the construction industry through Cbus Property, supporting work of our employers and members.

Our success is a result of our laser-like focus on outcomes for members. In 2019 we are continuing to innovate to ensure our strong track record continues.

We are bringing more investment management in-house.

By 2021 we expect a third of our funds under management to be managed internally, cutting out the middle-man and saving up to \$100 million a year in investment fees. Already we have seen our internal Global Equities Team outperform their benchmark during their first year of operation.

While markets go up and down, please rest assured that your super fund is focussed on delivering the best returns for you and your employees, both now and into the future.

You may also be aware that a new law has passed providing the ATO with more direction in relation to unpaid super contributions. The new rules give the ATO ability to issue directions to employers to pay unpaid superannuation guarantee (SG), undertake SG education courses and to disclose more information about SG non-compliance to affected employees. The new law will come into effect on 1 April 2019. Single Touch Payroll has also been extended to small businesses. The new law will likely commence from 1 July 2019. If you have any questions about the new arrangements please don't hesitate to contact Cbus.

David Atkin,
CEO, Cbus



Employer in focus: Multiplex

Number of employees: 7,274 globally
Cbus employer since: 1987
Industry: Construction

Multiplex is a premier global construction company, shaping skylines and delivering iconic projects for over 55 years. They are focused on achieving long term, steady growth while transcending industry standards in safety, efficiency and quality. Multiplex seek collaborative, consultative relationships with clients and stakeholders to achieve common goals and create enduring benefits for people, projects and the community. Coupled with their depth of experience, Multiplex has the unique ability to think like their clients, ensuring fully integrated whole-of-life cycle outcomes.

"As well as being our default super fund provider for our construction workers, we have partnered with Cbus to deliver some spectacular high-performance buildings, from the landmark 1 William Street in Brisbane to the current construction of Collins Arch in Melbourne. We look forward to continuing this rewarding partnership into the future." – Eamonn Morris, Chief Financial Officer, Multiplex Australasia

Sharemarkets - thinking long-term

Following strong returns in 2016 and 2017, global sharemarkets had mixed returns throughout 2018. After a volatile start to the year, markets appeared to recover throughout June to September before sharper falls in the last quarter.

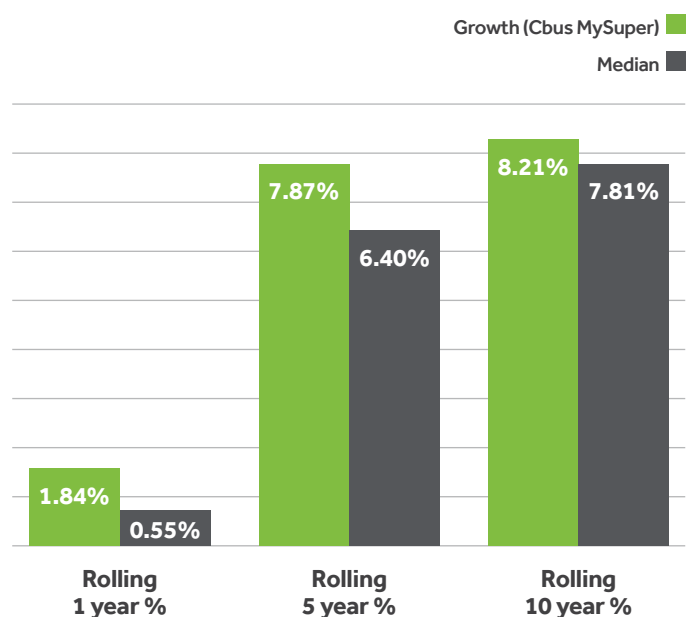
As the Growth (Cbus MySuper) option has around half its investments in shares, this has impacted the shorter term returns for this option and other Cbus investment options that have shares.

Several factors have contributed to the recent sharemarket falls, including higher interest rates in the US after many years of very low interest rates, slowing global economic growth, an escalation in the US/China trade tensions and uncertainty about whether the UK will successfully exit the European Union. The global economic outlook for 2019 and 2020 is now less positive, and strong returns from sharemarkets over the short to medium term seem unlikely.

The weaker returns from sharemarkets in 2018 follow a couple of years of strong returns which is reflected in Cbus' longer-term results. While the recent period of falling sharemarkets may have been a concern for members, it is important to maintain a longer-term focus when considering superannuation. Periods of negative returns will occur from time to time and Cbus' investment options are designed with this in mind. In particular, they include a range of asset classes (such as property and infrastructure) to provide more stable returns than investing in just shares.

In addition, the Investment Team assess the market outlook on a regular basis and may make changes to manage risk.

Growth (Cbus MySuper) Performance to 31 December 2018



The Growth (Cbus MySuper) return is based on the crediting rate, which is the return minus investment fees, the Trustee Operating Cost and taxes. Excludes account keeping administration fees. Past performance is not a reliable indicator of future performance. The average balanced fund return (median) is from the SuperRatings SR50 Balanced Survey, December 2018. Survey data as at 21 January 2019.



Latest developments on the Government's proposals to alter automatic insurance cover

As reported in our last edition of broadcast, the Government put forward proposals to alter automatic insurance cover from July 2019.



The Government's changes are based on the view that young people are less likely to need cover and shouldn't have insurance premiums deducted from their super. While this might be a valid view for office-based staff, many of our employers operate in industries that score among the highest for injury and workplace accidents, according to data from Safe Work Australia.

Cbus has continued to raise concerns with the proposed changes to insurance, highlighting the disastrous effects of removing default insurance for young workers in hazardous environments and for those with a low balance.

In recent weeks the bulk of the Government's Protecting Your Super package passed through the Senate, but was changed to allow automatic insurance to be provided to young and low balance members. This is great news for Cbus members. We were pleased that the work we did with the help of many of our employers and members has helped

preserve automatic insurance for members under 25 years of age and for those with account balances less than \$6,000. Young workers will retain these important protections.

However, the Senate did pass legislation to alter automatic insurance cover from 1 July 2019, by preventing trustees from continuing automatic insurance to* all inactive accounts (no contributions received for 16 months including the time before 1 July 2019, unless a member has directed otherwise).

We understand that the Government may make further amendments to the legislation in 2019. Cbus will continue to make representations to ensure that the reforms are effective and in the best interest of our members.

We will continue to keep you updated about this important legislation.

*Members with Choice or MySuper products

Benefits just for you

Cbus is focused on supporting businesses in the building, construction and allied industries.

That's why we've partnered with providers such as hipages, QuickBooks and Square to bring you special offers to help you manage and promote your business.*

*Terms and conditions apply. Visit www.cbussuper.com.au/employer-benefits for more information.



Visit www.cbussuper.com.au/employer-benefits to find out more.

 **intuit quickbooks.**

 **Square**

 **hipages**

Forth Ports: an attractive direct investment in offshore infrastructure

Cbus has made its first direct international infrastructure investment, partnering with four other like-minded global pension funds to take ownership of Forth Ports.

Forth Ports is an owner and operator of eight commercial ports across the United Kingdom. With seven ports in Scotland and one in London, they benefit from locations close to the North Sea oil and gas reserves, and access to the English Channel.

Forth Ports has many characteristics that make it an attractive investment for Cbus including:

- the ports are freehold properties with strong market positions and growth opportunities
- their diversified, stable cash flow has demonstrated how the business can navigate periods of low economic performance without major impact to revenue
- partners are aligned to deliver on Cbus' responsible investment priorities and values which we believe is integral to delivering sustainable long-term value creation for our members.



The Port of Tilbury in London has acquired an additional 152 acres to expand the terminal.

It will be operational by mid-2020 and is already at capacity with customer contracts in place that will create long term income. Given the geographical advantage Tilbury has, the port is forecast to generate around 20% of the Forth Ports total revenue over the next decade.

Infrastructure assets like Forth Ports will help Cbus to deliver stable, long-term returns to members into the future.



Building for the **future**

Imagine...



Buildings that capture energy from the wind and sun through their external walls, to be stored in on-site batteries...

Exteriors that open to allow drone deliveries, bring in fresh air and reduce the use of air conditioning...

Technology that enables a building to achieve net positive carbon emissions by using less energy than it produces...

While the technology to deliver this is not available right now, developers like Cbus Property* are leading the way in green building design.

In large scale developments like Collins Arch in Melbourne, work spaces are being created to enhance the wellness of the people who will work there. Examples include improved energy consumption through reduced air flow and lighting sensors that determine when spaces are not being used and incorporating greenery as part of an urban forestry strategy to reduce the heat island impact that occurs in large cities. These are important aspects of green building design. It's also about future-proofing buildings to enable retrofitting as technology changes such as converting traditional plant rooms into battery storage.

Cbus will own many of these finished buildings as longer-term assets. Developing buildings with WELL ratings, functional and flexible work place spaces and human-centric design will help us attract the best tenants over the entire lifecycle of the building and in turn maximise returns for members.

*Construction underway at "Collins Arch"
447 Collins St, Melbourne*



"Collins Arch"
447 Collins St, Melbourne (artist's impression)
A Cbus Property commercial development



Want valuable insights for your business?

We conducted a survey in December 2018, asking businesses to comment on current and future conditions as well as any key issues affecting their business.

Initial insights have identified small building and construction businesses appear to be doing well, despite headwinds in the residential construction sector, with more businesses reporting that conditions are improving. Despite this, small businesses face some challenges including finding new work and skilled staff.



To read the full publication visit
www.cbussuper.com.au/smallbusinessreport



Your employees will soon benefit from a better online experience



We are making enhancements to the secure member login area of our website.

Your employees will benefit from a fresh new design and enhanced features as part of a better online experience. We are also improving security and members will need their mobile number to unlock the new service by going to www.cbussuper.com.au/login.

When the new experience is ready, registered members will receive an email letting them know more about the changes.

Cbus is here to help

Find us on



Call our Service Centre on **1300 361 784**
Monday – Friday 8am – 8pm (EST)



www.cbussuper.com.au
cbusenq@cbussuper.com.au



Write to
Locked Bag 5056
Parramatta NSW 2124

This information is about Cbus. It doesn't take into account your specific needs, so you should look at your own financial position, objectives and requirements before making any financial decisions. Read the relevant Cbus Product Disclosure Statement and related documents to decide whether Cbus is right for you. Contact **1300 361 784** or visit www.cbussuper.com.au for a copy.

Cbus' Trustee: United Super Pty Ltd ABN 46 006 261 623 AFSL 233792 Cbus ABN 75 493 363 262.

The information is current at the date of printing.