

INTEGRITY AND
ACCOUNTABILITY

ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

2017 ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2017





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This 2017 Annual Report is issued by ANZ Staff Superannuation (Australia) Pty Limited ABN 92 006 680 664 AFSL 238268 RSEL L0000543, Trustee of the ANZ Australian Staff Superannuation Scheme ABN 83 810 127 567 RSE R1000863.

In this Annual Report, we refer to the ANZ Australian Staff Superannuation Scheme as either "the Scheme" or "ANZ Staff Super". Any references to other schemes or schemes in general appear in lower case. We also refer to Section A as the Employee Section, Section C as Employee Section C, the Retained Benefit Account (RBA) Section as the Personal Section, the Spouse Contribution Account (SCA) Section as Partner Section and Account Based Pension (ABP) Section as the Retirement Section as these names better describe the sections and are more easily understood. The information in this Annual Report is accurate to the best of our knowledge at the date of publication.

This Annual Report is not intended, and should not be construed, to constitute financial advice or take the place of a licensed financial adviser briefed on your individual circumstances. No person should act or not act solely on the information provided. This document doesn't take into account what you currently have or what you want and need for your financial future. It is important for you to consider these matters. Read your Product Disclosure Statement and consider consulting a licensed financial adviser before you make decisions in relation to your superannuation.

Formal legal documents ultimately govern the operation of the Scheme, including the Scheme's Trust Deed and Rules and relevant legislation. Should there be any discrepancies between the information in this Annual Report and the actual provisions in the Trust Deed and Rules, the Trust Deed and Rules will prevail. You may obtain a copy of the Trust Deed and Rules from ANZ Staff Super (see the back page for contact details) or by visiting www.anzstaffsuper.com.

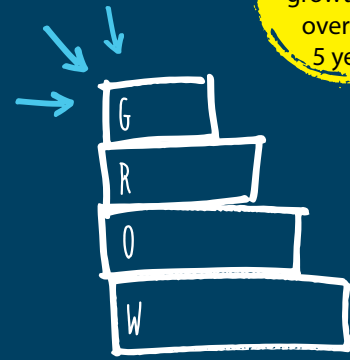
Published: June 2018

2017 YEAR IN REVIEW

\$4.6B
in assets as at
31 December 2017

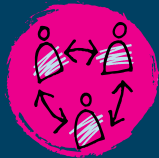
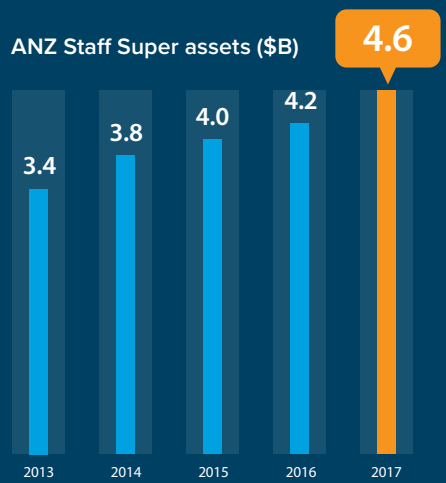
UPI! **11.5%**
in 2017

10.33%
growth p.a.
over last
5 years



#1

For lowest insurance premiums in Australia, 65% lower than average Death & TPD cover for Employee members as rated by Chant West



> 31,000 members

One of Australia's biggest corporate super funds



24,427 calls

91% resolved first time



\$82M of lost and other super found for **1,750 members** in ATO Super Search

\$464M

Investment revenue added to members' super in 2017

30%

Reduction in premiums for Personal and Partner Section members and more options re death & TPD cover in these sections



7/10

retiring members chose an ANZ Staff Super retirement income for a great life after work



Closing the gender gap Female voluntary contributions up from 15% to 16.7% Men (static) at 16.6%

CHAIRMAN'S MESSAGE



Welcome to the 2017 ANZ Staff Super Annual Report

While investors started 2017 in a cautious mood after the turbulence of 2016, by year close, global markets had delivered the highest levels of growth since 2010. At ANZ Staff Super, we continue to ensure our members' super savings grow through the sound returns delivered for the past year and the longer term. Over the year, as well as delivering positive investment performance, members have gained a new mobile-first website and have been supported through an Australian Taxation Office (ATO) search for other super and consolidation of multiple accounts. Personal and Partner Section members can also now access greater insurance options, at a considerably reduced cost.

INVESTMENT MARKETS DELIVER BETTER THAN EXPECTED RETURNS

The final market performance for the 2017 year was considerably stronger than expected in contrast to the more subdued indicators at the start of the year. The year presented significant challenges on many fronts; politically between North Korea and the US, tensions in Spain and the devastation of natural disasters. However, these were not enough to dampen underlying economic growth, which has continued at its strongest rates since 2010. The ANZ Staff Super growth-weighted investment options exceeded the 2016 performance, achieving double digit returns for the year with the Aggressive Growth option delivering 13.2% for the Employee, Personal and Partner Sections and 12.0% p.a. average over five years. Rated against our peers, this placed us in the top quartile for investment performance for one, three and five year periods. The Balanced Growth option for the Employee, Personal and Partner Sections produced a return of 10.9% for the year and 9.7% p.a. average over five years. The Retirement Section's Aggressive Growth option posted 13.6% for the year and 12.9% p.a. on average over five years and Balanced Growth returned 11.3% over the year and 10.5% p.a. on average over five years.

HELPING OUR MEMBERS FIND THEIR OTHER SUPER

ANZ Staff Super is committed to helping you make the most of your super. Through our consolidation campaign run midyear, a search of the ATO data bases revealed over 6,800 other super accounts for more than 1,700 members, totalling a whopping \$82 million. More than 500 members were assisted to consolidate their other accounts over the phone, saving members time and effort. Other monies held by the ATO were automatically rolled into the ANZ Staff Super accounts for over 300 members.

You can initiate your own ATO search at any time through the "Find my super" page in your ANZ Staff Super online account. Once you have received your results, you can request to roll over funds in just a few clicks. Importantly, having all your super in one account can save on fees. For help with the ATO search or rolling money into your ANZ Staff Super account, please call us on **1800 000 086**.

OUR NEW IMPROVED WEBSITE

In June 2017, we were delighted to unveil our 'next generation' website, giving you an optimal online experience offering new features such as: running a real-time ATO super search; retirement projections based on your current account balance and age; and easy-to-use benefit calculators. The new dashboard gives a whole-picture view of your account and benefits, with one click access to more detail. Being fully responsive, the site adjusts automatically to any device, allowing you to manage your super anywhere, anytime.

DELIVERING MORE VALUE FOR MONEY

Our Employee Section continues to be rated as one of the lowest cost funds in Australia by research company Chant West.

We are also rated #1 for low Death and Total and Permanent Disablement (TPD) insurance premiums for our Employee Section. From 1 October 2017, we reduced the Personal and Partner Section's premium rates for death and TPD cover by 30%. Also, from early 2018, insurance options for Personal Section and Partner Section members have been enhanced, allowing access to considerably higher levels of death and TPD cover than previously available. What's more, Employee Section members moving to the Personal Section on ceasing employment now automatically retain their existing levels of death and TPD cover.

Remember to share the benefits of ANZ Staff Super membership. Your significant other can enjoy the value-for-money features and services as you do as an ANZ Staff Super member. For more information or details about how to apply for membership, read the Partner Section Product Disclosure Statement and In Detail document on our website or call us on **1800 000 086**.

2016 FEDERAL BUDGET CHANGES TAKE EFFECT

July 2017 saw many of the changes from the 2016 Federal Budget take effect, including:

- the annual concessional (pre-tax) contributions cap is now \$25,000
- new \$1.6 million cap on transfers to account based pension accounts
- the annual non-concessional (post-tax) contributions cap is now \$100,000
- investment earnings of transition to retirement pension accounts (where the member is under age 65 and not retired) are now taxed up to 15%.

These changes mean that planning for your retirement is more important than ever to ensure you can afford the retirement you want. Lower contribution caps also impress the need to take action sooner rather than later. All ANZ Staff Super members can access general or limited personal financial advice about your super contribution strategy, investment choices or insurance options in ANZ Staff Super over the phone for no extra charge.

OUR ONGOING COMMITMENT TO YOU

ANZ Staff Super continues seeks ways to improve the features and services we provide.

We have invested in marketing-leading technology that will allow us to engage with our members more closely than ever before.

My sincere thanks to my fellow members of the Trustee Board and the ANZ Staff Super management team for their commitment and hard work over the past year, all of which has ensured we keep fees low and consistently deliver value for you.



Gary Newman
Chairman

SHARE THE BENEFITS SUPER FOR YOU AND YOUR PARTNER



If you have a spouse or partner, did you know they can become an ANZ Staff Super member too and enjoy similar benefits?



LOW FEES AND
VALUE FOR MONEY



RETIREMENT
INCOME OPTIONS



INVESTMENT PERFORMANCE
TRACK RECORD



ONLINE ACCESS
TO THEIR ACCOUNT



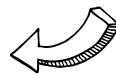
CHOOSE ANY COMBINATION OF
FOUR INVESTMENT OPTIONS



EDUCATION AND ADVICE



NEW
FLEXIBLE INSURANCE OPTIONS



Your partner's employer can even make contributions to their Partner Section account. And if you contribute to your partner's account and they earn less than \$40,000 in a financial year, you may be eligible for a tax rebate (or offset).



JOIN TODAY AND SHARE IN THE BENEFITS

To apply to become a member of the Partner Section, your partner should first read the Product Disclosure Statement (PDS). Then complete and return the *Application for Membership (Partner Section)* in the PDS. If you need help, give us a call on **1800 000 086**.

INVESTMENT UPDATE

2017 SNAPSHOT

It was a tumultuous year marked by natural disasters, geopolitical tensions, and deep political divisions in many countries.

On the economic front, however, 2017 ended on a high note, with GDP continuing to accelerate over much of the world in the broadest cyclical upswing since the start of the decade.

One notable aspect of last year's upswing is its breadth. Growth accelerated in about three quarters of all countries - the highest share since 2010. Even more importantly, some of the countries that had high unemployment for some time, for example, several in the euro area, are participating in the growth surge and experiencing strong employment growth. Some of the larger emerging market economies, such as Argentina, Brazil, and Russia, exited their recessions. Still, in per capita terms, growth in almost half of emerging market and developing economies—especially the smaller ones—lagged behind advanced economies, and almost a quarter saw declines.

Boosted by a recovery in investment, global trade growth rebounded from its slowest pace since 2001, other than during the recession of 2009. Weak capital spending in the energy sector had been an important contributor to the weakness in global investment in 2016.

Wage growth has remained puzzlingly tepid in advanced economies despite falling unemployment rates.

Continued slack in labour markets—in the form of still high unemployment in some countries or high levels of involuntary part time unemployment—along with weak productivity growth explain much of the sluggishness.

Equity valuations have continued their ascent and are near record highs, as central banks have maintained accommodative monetary policy settings amid weak inflation. This is part of a broader trend across global financial markets, where low interest rates, an improved economic outlook, and increased risk appetite boosted asset prices and suppressed volatility (as measured by the VIX, an index of volatility). While easier financial conditions bolstered growth momentum, they also pose risks if the search for yield extends too far.

Source: The IMF 2017

LOOKING AHEAD TO 2018

Experts expect this strength to continue in 2018, with most parts of the world experiencing healthy growth.

Consumer spending should remain well supported on the back of very low unemployment and slightly stronger wage growth, which has already boosted consumer confidence.

Again experts expect equities to rise modestly in 2018, largely on the back of continuing economic strength that should lead to another year of strong earnings growth in most economies. The outlook for earnings growth is a little more uncertain in Australia, but the local market will continue to be supported by a relatively high dividend yield.

It is anticipated that the Fed may look to raise interest rates three or four times over the year which is likely to lead to further rises in US bond yields. Government bond yields elsewhere are also expected to rise, even though central banks in Europe and Asia are likely to adopt a more cautious approach to withdrawing monetary stimulus.

The RBA is expected to start to raise the official interest rate by the end of 2018, but the total rise over the full cycle is likely to be relatively small by historical standards.

Source: Mercer Investment, December 2017 and March 2018

INVESTMENT RETURNS

INVESTMENT PERFORMANCE FOR SUPER MEMBERS AND, FROM 1 JULY 2017, TRANSITION TO RETIREMENT PENSIONS

ANZ Staff Super performed solidly in 2017 with positive returns across all investment options for Employee, Partner and Personal Section members, including double digit returns for the Aggressive and Balanced Growth options. From 1 July 2017, investment earnings of Transition to Retirement pensions are taxed at up to 15%, so these returns will also apply for Transition to Retirement pensions from that date.

Option	1 yr	QCP	3 yr (p.a.)	QCP	5 yr (p.a.)	QCP
Aggressive Growth	13.2%	1st	9.1%	2nd	12.0%	1st
Balanced Growth	10.9%	1st	7.6%	2nd	9.7%	2nd
Cautious	6.5%	2nd	5.0%	2nd	5.9%	2nd
Cash	1.4%	3rd	1.8%	2nd	2.2%	2nd

QCP: Quartile Comparative Performance as measured by Rainmaker Information Services

INVESTMENT PERFORMANCE FOR ACCOUNT BASED PENSIONS AND, PRIOR TO 1 JULY 2017, TRANSITION TO RETIREMENT PENSIONS

Members with account based pensions and, prior to 1 July 2017, Transition to retirement pensions had the following returns:

Option	1 yr	3 yr (p.a.)	5 yr (p.a.)
Aggressive Growth	13.6%	9.7%	12.9%
Balanced Growth	11.3%	8.1%	10.5%
Cautious	6.8%	5.5%	6.6%
Cash	1.6%	2.1%	2.5%

UNIT PRICES

Your account is recorded as a unit holding in one or more of the underlying investment options.

There are different types of units depending on the investment option(s) in which your account is invested. The unit price of a particular investment option is the value of its net assets divided by the number of units on issue. The "value of net assets" is the current market value of assets in an investment option, after deducting current liabilities such as accrued investment tax (where applicable) and investment related expenses.

Unit prices are set weekly or in certain circumstances more frequently as determined by the Trustee. As asset values fluctuate, unit prices will go up and down. The investment return for each investment option is calculated as the percentage change in unit prices for the year, to provide a measure of investment performance.

Unit prices are available by logging into your account at www.anzstaffsuper.com.

MEASURING INVESTMENT PERFORMANCE

With the exception of pensioner beneficiaries, the investment earnings for each member depend on the number, prices and types of investment units held, acquired or relinquished during the year.

The investment return for each investment option is calculated as the percentage change in unit prices for the year, to provide a measure of investment performance. The investment returns for each option are set out on pages 5 to 8, together with details of the investment returns of previous years. Remember, past investment returns are not necessarily indicative of future performance.

Until 30 June 2017, all investment income earned in the Retirement Section was exempt from tax. Therefore, the returns for each investment option were generally higher for Retirement Section members than for other members, though this was not always the case. From 1 July 2017, investment income earned on Transition to Retirement pensions is no longer exempt from tax. Where appropriate, investment returns and unit price information for account based pensions in the Retirement Section will be shown separately as the investment earnings for these pensions continue to be exempt from tax.

**ANZ STAFF SUPER'S INVESTMENT
OPTIONS PERFORMED WELL IN 2017 AND
OVER THE LAST FIVE YEARS.**

INVESTMENT OPTIONS

AGGRESSIVE GROWTH

OBJECTIVES

The investment objectives of the Aggressive Growth option are to:

- a. maximise returns over the long term whilst accepting a high degree of performance variability; and
- b. exceed inflation (CPI increases), on average, by at least 3.0% p.a. over rolling ten year periods.

SUITABILITY

Members who are seeking to maximise investment returns over the long term while accepting a high degree of performance variability.

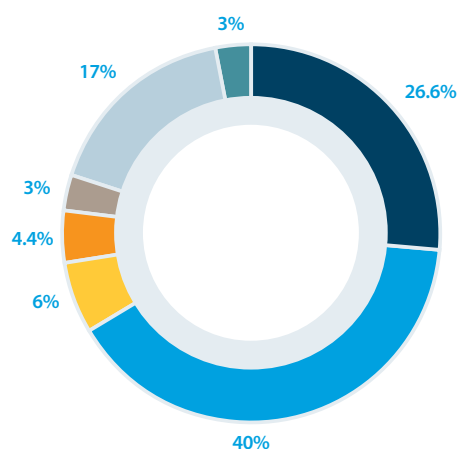
RISKS

The returns of the Aggressive Growth option are likely to be more volatile from year to year than the Balanced Growth option. Therefore if you are considering the Aggressive Growth option, you should be aware of the higher risks involved.

ASSET MIX

The majority of assets in the Aggressive Growth option are invested in shares with small allocations to property and alternative investments.

The pie chart is indicative of the investment mix for this option. Actual percentages may vary from time to time.



Growth Assets

- Australian equities (large caps)
- International equities
- Property
- Emerging market equities
- Australian equities (small caps)

Alternative Assets*

- Alternative Assets
 - Diversity
 - Global private equity
 - Global Infrastructure
 - Global credit

Defensive Assets

- Cash

* The Trustee will actively review the structure of the alternative assets and will adjust the structure on a strategic basis. Accordingly from time to time, allocations to alternative assets will not be fully invested and the uninvested allocations will be held in one or more of the non-alternative asset classes.

RETURNS

Year ended 31 December	Net return	Tax exempt return ¹	CPI increase ²
2017	13.2%	13.6%	1.9%
2016	9.3%	10.3%	1.5%
2015	5.0%	5.4%	1.7%
2014	10.0%	10.7%	1.7%
2013	23.4%	25.4%	2.7%
2012	12.4%	13.8%	2.2%
2011	-6.3%	-7.4%	3.1%
2010	4.4%	4.7%	2.7%
2009	26.6%	23.0%	2.1%
2008	-34.5%	-34.2%	3.7%

Notes

1. These returns are generally higher because tax is not payable on the investment earnings of an account based pension. From 1 July 2017, investment earnings for Transition to Retirement members under age 65 are taxed.
2. The increase in the Consumer Price Index (CPI) is a measure of inflation.

BALANCED GROWTH

OBJECTIVES

The investment objectives of the Balanced Growth option are to:

- a. maximise returns over the long term whilst accepting a moderate degree of performance variability; and
- b. exceed inflation (CPI increases), on average, by at least 2.5% p.a. over rolling ten year periods.

SUITABILITY

Members who are seeking to maximise investment returns over the long term while accepting a moderate degree of performance variability.

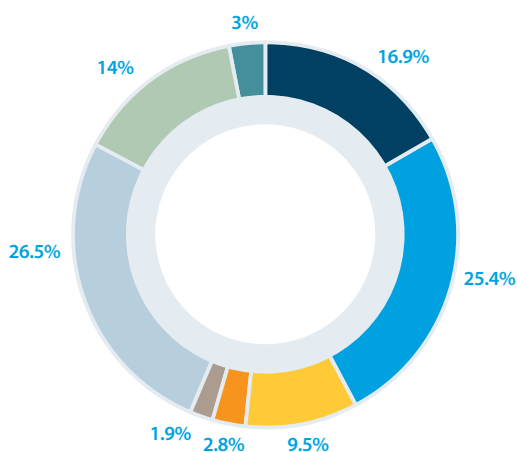
RISKS

The returns of the Balanced Growth option are likely to be more volatile from year to year than the Cautious option. Therefore, if you are considering the Balanced Growth option you should be aware that there will be fluctuations in returns from year to year.

ASSET MIX

Typically around 60% of the Balanced Growth option is invested in shares and property and around 20% is invested in alternative assets. The remainder is normally invested in fixed interest securities and cash.

The pie chart is indicative of the investment mix for this option. Actual percentages may vary from time to time.



Growth Assets

- Australian equities (large caps)
- International equities
- Property
- Emerging market equities
- Australian equities (small caps)

Alternative Assets*

- Alternative Assets
 - Diversity
 - Global private equity
 - Global Infrastructure
 - Global credit

Defensive Assets

- Fixed Interest securities
 - Australian
 - International
 - Inflation linked
- Cash

* The Trustee will actively review the structure of the alternative assets and will adjust the structure on a strategic basis. Accordingly from time to time, allocations to alternative assets will not be fully invested and the uninvested allocations will be held in one or more of the non-alternative asset classes.

RETURNS

Year ended 31 December	Net return	Tax exempt return ¹	CPI increase ²
2017	10.9%	11.3%	1.9%
2016	7.9%	8.7%	1.5%
2015	4.2%	4.5%	1.7%
2014	9.2%	10.0%	1.7%
2013	16.5%	18.3%	2.7%
2012	12.1%	13.8%	2.2%
2011	-0.5%	-0.7%	3.1%
2010	7.3%	8.4%	2.7%
2009	22.0%	18.7%	2.1%
2008	-27.5%	-26.8%	3.7%

Notes

1. These returns are generally higher because tax is not payable on the investment earnings of an account based pension. From 1 July 2017, investment earnings for Transition to Retirement members under age 65 are taxed.
2. The increase in the Consumer Price Index (CPI) is a measure of inflation.

CAUTIOUS

OBJECTIVES

The investment objectives of the Cautious option are to:

- a. achieve returns which exceed those available on cash investments over the long term whilst achieving reasonable stability in returns from year to year; and
- b. exceed inflation (CPI increases), on average, by at least 1.5% p.a. over rolling ten year periods.

SUITABILITY

Members who are seeking to achieve returns which exceed those available on cash investments over the long term whilst achieving reasonable stability in returns from year to year.

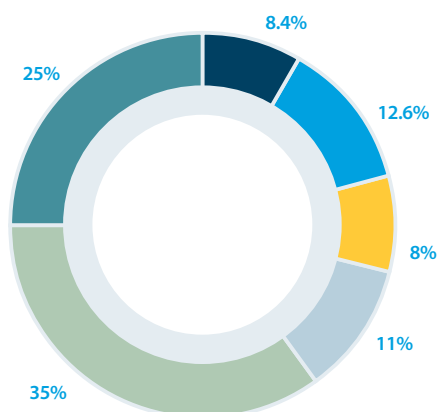
RISKS

The Cautious option is designed to reduce the chance of experiencing a negative return in any one year compared to the Aggressive or Balanced Growth options and to protect the capital value of your investment over a 12-month period.

ASSET MIX

Typically around 60% of the Cautious option is invested in diversified fixed interest securities and cash, with the remainder in shares, property and alternative assets.

The pie chart is indicative of the investment mix for this option. Actual percentages may vary from time to time.



Growth Assets

- Australian equities (large caps)
- International equities
- Property

Alternative Assets*

- Alternative Assets
 - Diversity
 - Global private equity
 - Global Infrastructure
 - Global credit

Defensive Assets

- Fixed Interest securities
 - Australian
 - International
 - Inflation linked
- Cash

* The Trustee will actively review the structure of the alternative assets and will adjust the structure on a strategic basis. Accordingly from time to time, allocations to alternative assets will not be fully invested and the uninvested allocations will be held in one or more of the non-alternative asset classes.

RETURNS

Year ended 31 December	Net return	Tax exempt return ¹	CPI increase ²
2017	6.5%	6.8%	1.9%
2016	5.2%	5.8%	1.5%
2015	3.4%	3.7%	1.7%
2014	7.2%	8.1%	1.7%
2013	7.6%	8.7%	2.7%
2012	8.1%	9.7%	2.2%
2011	4.5%	4.8%	3.1%
2010	7.6%	9.0%	2.7%
2009	16.0%	14.1%	2.1%
2008	-13.6%	-11.9%	3.7%

Notes

1. These returns are generally higher because tax is not payable on the investment earnings of an account based pension. From 1 July 2017, investment earnings for Transition to Retirement members under age 65 are taxed.
2. The increase in the Consumer Price Index (CPI) is a measure of inflation.

CASH

OBJECTIVES

The investment objective of the Cash option is to equal or exceed the RBA cash rate over rolling 1-year periods.

SUITABILITY

Members who are seeking to maintain capital stability over short time periods.

The Cash option is a conservative investment option that only invests in short-term money market securities and fixed interest securities with short durations.

It should provide lower returns than the other options over the long term and would not normally be selected as a long-term investment strategy for superannuation.

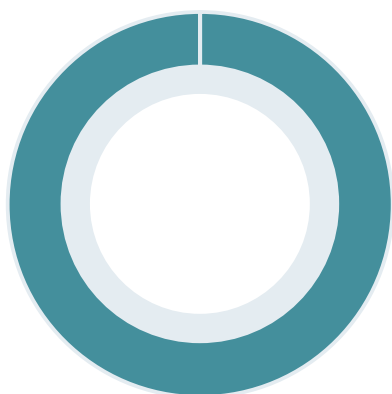
RISKS

The Cash option is designed for investors who seek to remove market risk in the short term for a specific reason and are prepared to forgo expected capital growth or higher returns.

ASSET MIX

All assets in this option are invested in ANZ cash-related products.

The pie chart is indicative of the investment mix for this option. Actual percentages may vary from time to time.



Defensive Assets

- Cash

RETURNS

Year ended 31 December	Net return	Tax exempt return ¹	CPI increase ²
2017	1.4%	1.6%	1.9%
2016	2.1%	2.5%	1.5%
2015	2.0%	2.3%	1.7%
2014	2.4%	2.8%	1.7%
2013	2.8%	3.3%	2.7%
2012	3.5%	4.2%	2.2%
2011	4.4%	5.1%	3.1%
2010	4.5%	4.7%	2.7%
2009	3.4%	3.5%	2.1%
2008	6.7%	7.0%	3.7%

Notes

1. These returns are generally higher because tax is not payable on the investment earnings of an account based pension. From 1 July 2017, investment earnings for Transition to Retirement members under age 65 are taxed.
2. The increase in the Consumer Price Index (CPI) is a measure of inflation.

INVESTMENT MANAGEMENT

ANZ Staff Super's assets held by each investment manager as at 31 December 2017 are shown in the table below. Invested assets at the end of 2017 were \$4,670 million.

	As at 31 December 2017	
	\$m	%
Australian Shares		
Macquarie Investment Management – core manager	677.9	14.5
Kinetic Investment Partners – satellite manager	109.4	2.3
Allan Gray (Australia) – satellite manager	133.2	2.9
Hyperion Asset Management – satellite manager	95.9	2.1
International Shares		
BlackRock Investment Management	1040.4	22.3
Realindex Investments	143.5	3.1
Vanguard Investments Australia	344.7	7.4
Australian Direct Property		
AMP Capital Investors	206.8	4.4
Barwon Investment Partners	17.3	0.4
Global Listed Real Estate		
Resolution Capital	112.4	2.4
Australian Fixed Income		
BlackRock Investment Management	295.5	6.3
Queensland Investment Corporation	35.8	0.8
International Fixed Income		
Colchester	100.9	2.2
Schroder Investment Management	72.2	1.6
Diversity		
Bridgewater All Weather Fund (Australia)	143.4	3.1
Schroders Investment Management Australia	233.3	5.0
Fulcrum	231.9	5.0
Private Equity		
Industry Funds Management	3.0	0.1
Global Infrastructure		
Maple Brown	63.5	1.4
North Haven Infrastructure Partners	10.4	0.2
Macquarie Specialised Asset Management	26.0	0.6
EQT Infrastructure	2.0	0.0
Palisade Diversified Infrastructure	89.9	2.0
Global Credit		
Colonial First State	36.9	0.8
Westbourne Capital	46.2	1.0
Intermediate Capital Group	36.0	0.8
Cash		
ANZ (cash deposits)	362.3	7.8
Total	4670.6	100%

The percentage figures don't add to 100% due to rounding.

INVESTMENT MANAGER CHANGES

In 2017:

- Vanguard's mandate to manage global listed property ceased;
- Colchester Global Investors was appointed to manage global fixed income holdings;
- Fulcrum was appointed to manage diversity holdings; and
- Intermediate Capital Group was appointed to manage global credit assets.

HEDGING POLICY

A portion of the investments in the Aggressive Growth, Balanced Growth and Cautious options is invested in international assets such as shares, fixed interest and property securities. The exposure to currency risk in these options can be managed by hedging, i.e. locking in future exchange rates using derivatives.

For international shares, the Trustee's policy is to have a partial currency hedge. This provides some protection against decreases in the value of foreign currencies in which the shares are held, but also allows some of the benefits of increases in these foreign currency values to flow through to investment returns.

The Trustee has adopted a hedging range for each investment option to allow flexibility to respond to changes in the Australian dollar's value from time to time. The hedging levels for the Scheme's investment options are:

Investment option	Hedging ratio	Range
Aggressive Growth	30% hedged to A\$	0% – 50%
Balanced Growth	40% hedged to A\$	25% – 75%
Cautious	50% hedged to A\$	50% – 100%

For international fixed interest and listed international property securities, the Trustee's policy is to have a full currency hedge so that investment returns relate solely to the performance of this asset class.

The Trustee's hedging policy is reviewed from time to time. Members will be advised of any future changes.

USE OF DERIVATIVES

The Trustee does not directly invest in any derivatives (such as futures and options) other than foreign exchange contracts used for hedging.

Investment managers may use derivatives in managing portfolios for the Trustee and in managing pooled investment vehicles in which the Trustee invests. Limits on the extent of derivative use are specified in the investment management agreements between the Trustee and the various investment managers.

FEES

Having very competitive fees is just one of the member benefits that set ANZ Staff Super apart from the rest. 2017 saw our Employee Sections again recognised for having low administration and investment management fees by research company Chant West.

ANZ Staff Super's Personal, Partner and Retirement Section options are very competitive compared to those of other super funds due to our strong focus on value for members.

Membership section	Account management fees for 2017 ^{1,2}	Indirect cost ratio ³			
		Aggressive Growth option	Balanced Growth option	Cautious option	Cash option
Employee Section	0.10% p.a. of first \$500,000 invested, nil thereafter	0.39% or \$3.90 per \$1,000 invested	0.55% or \$5.50 per \$1,000 invested	0.47% or \$4.70 per \$1,000 invested	0.02% or \$0.20 per \$1,000 invested
Employee Section C	0.10% ⁴ p.a. of first \$500,000 invested, nil thereafter				
Personal Section	0.20% p.a. of first \$500,000 invested, nil thereafter				
Partner Section	0.20% p.a. of first \$500,000 invested, nil thereafter				
Retirement Section – Retirement income	0.15% p.a. of first \$500,000 invested, nil thereafter				
Retirement Section – Transition to retirement	0.15% p.a. of first \$500,000 invested, nil thereafter				

Other fees and costs (such as insurance premiums) may apply. For details, refer to the Product Disclosure Statement for your section available from www.anzstaffsuper.com or by calling ANZ Staff Super on **1800 000 086**.

Notes

1. Account management fees are only charged on the first \$500,000 of assets in any account in Employee Sections, Personal, Partner and Retirement Sections (with Retirement Income). For 2017, there was a fee rebate of 0.05% p.a. of the first \$500,000 invested. The fees quoted allow for this rebate. The fee rebate is reviewed annually and also applies for 2018.
2. Calculated on a pro rata basis, deducted weekly by redeeming some of your units.
3. Indirect Cost Ratio (ICR) includes the costs of investment management such as investment manager fees and any performance fees that may be paid to investment managers, as well as other expenses that are not met from the fees deducted directly from member accounts. ICR fees are deducted from investment returns before returns are allocated to members through unit prices. ICR changes from year to year depending on actual costs incurred.
4. Account management fees are not payable by Employee Section C members who are classified as Choice members for legislative purposes.

FINANCIAL INFORMATION

The following information is taken from the audited accounts for the years ended 31 December 2017 and 2016. Copies of the full audited accounts and the auditor's report are available to members on request from ANZ Staff Super. See the back page for contact details.

STATEMENT OF FINANCIAL POSITION

Statement of financial position at 31 December	2017 \$'000	2016 \$'000
Assets		
Unlisted unit trusts	4,198,692	3,674,625
Listed Australian equities	105,113	90,713
Forward foreign exchange	17,036	-
Cash and cash equivalents	359,578	429,381
Receivables	22,761	39,227
Prepayments	56	53
Deferred tax asset	171	216
Total assets	4,703,434	4,234,215
Liabilities		
Benefits payable	540	-
Creditors and accruals	1,782	2,194
Forward foreign exchange	-	11,610
Income tax payable	3,342	8,475
Deferred tax liability	66,270	58,169
Total liabilities	71,934	80,448
Net assets available to pay benefits	4,631,500	4,153,767
Net assets available for member benefits		
Member Benefits		
Defined contribution member liabilities	4,499,399	4,002,368
Defined benefit member liabilities	19,702	20,836
Total member benefits liabilities	4,519,101	4,023,204
Equity		
Death and Disablement Reserve	49,679	49,294
Scheme Operating Reserve	24,370	22,099
Employer Funding Reserve	19,418	18,021
Defined benefit liabilities over/(under) funded	(501)	(1,630)
Unallocated	19,433	42,779
Total equity	112,399	130,563

INCOME STATEMENT

Income statement for the year ended 31 December	2017 \$'000	2016 \$'000
Revenue from superannuation activities		
Interest	7,480	8,350
Dividends	2,141	5,542
Trust distributions	234,817	288,187
Net remeasurement changes in assets measured at fair value	214,289	38,967
Other income	5,383	4,514
Total superannuation activities revenue	464,110	345,560
Expenses		
Investment expenses	18,163	18,609
Administration expenses	348	420
Total expenses	18,511	19,029
Net results from superannuation activities	445,599	326,531
Allocation to member benefits		
Less: net benefits allocated to defined contribution accounts	432,062	288,319
Less: net change in defined benefit liabilities	882	2,495
Total allocation to member benefits	432,944	290,814
Net results before income tax expense	12,655	35,717
Income tax expense	26,994	13,399
Net result after tax income expense	(14,339)	22,318

STATEMENT OF CHANGES IN MEMBER BENEFITS

Year ended 31 December	2017			2016		
	Defined contribution \$'000	Defined benefit \$'000	Total \$'000	Defined contribution \$'000	Defined benefit \$'000	Total \$'000
Opening balance of member benefits	4,002,368	20,836	4,023,204	3,673,917	21,067	3,694,984
Contribution revenue						
Employer contributions	224,157	700	224,857	224,742	-	224,742
Member contributions	40,634	-	40,634	29,809	-	29,809
Government co-contributions	140	-	140	215	-	215
Transfers in	76,289	-	76,289	51,425	-	51,425
Contributions surcharge refund	1	-	1	(16)	-	(16)
Income tax on contributions	(33,928)	(105)	(34,033)	(33,679)	-	(33,679)
Net after tax contributions	307,293	595	307,888	272,496	-	272,496
Benefits paid						
Benefits paid	(243,125)	(2,611)	(245,736)	(230,479)	(2,726)	(233,205)
Tax benefit from anti detriment	653	-	653	369	-	369
Net benefits paid	(242,472)	(2,611)	(245,083)	(230,110)	(2,726)	(232,826)
Insurance						
Insurance premiums charged to member accounts	(9,117)	-	(9,117)	(8,878)	-	(8,878)
Claims credited to member accounts	7,897	-	7,897	5,292	-	5,292
Tax benefit from insurance premiums	1,368	-	1,368	1,332	-	1,332
Net insurance (cost)/benefit	148	-	148	(2,254)	-	(2,254)
Benefits allocated to member accounts						
Comprising:						
New investment earnings allocated	437,487	-	437,487	293,140	-	293,140
Administration fees deducted	(5,425)	-	(5,425)	(4,821)	-	(4,821)
Net change in defined benefit member accrued benefits	-	882	882	-	2,495	2,495
Net income	432,062	882	432,944	288,319	2,495	290,814
Closing balance of member benefits	4,499,399	19,702	4,519,101	4,002,368	20,836	4,023,204

RESERVES AND ACCOUNTS

Five types of reserves or accounts are held within ANZ Staff Super for efficient financial management. They are:

1. The Scheme Operating Reserve (SOR). This is part of the financial management of ANZ Staff Super, and may be used in certain circumstances to address operational risk events or claims against ANZ Staff Super arising from operational risk events. Under APRA Prudential Standard SPS114 Operational Risk Financial Requirement, the Trustee is required to hold adequate financial resources to address losses arising from operational risks. These financial resources are held in the Scheme Operating Reserve and exceed the level required by the prudential standard.
2. The Death and Disablement Reserve (DDR) operates as a reserve to manage the cashflows relating to the death and Total and Permanent Disablement cover provided through ANZ Staff Super.
3. The Employer Funding Reserve (EFR) is also part of the financial management of ANZ Staff Super.
4. The Unallocated Transfer Reserve (UTR) relates to monies transferred from other ANZ staff superannuation schemes which were not allocated to transferring members. There is currently no money in the UTR.
5. The Pension Section Account (PSA) relates to assets transferred from the ANZGROUP (Australia) Staff Pension Scheme to finance the benefits paid to pensioner beneficiaries. As at 31 December 2017, there were 136 lifetime pensioners in ANZ Staff Super.

Reserve and account balances at 31 December

Year	SOR \$m	DDR \$m	EFR \$m	PSA \$m
2017	24.4	49.7	19.4	19.2
2016	22.1	49.3	18.0	19.2
2015	20.5	49.8	17.7	20.4
2014	19.7	54.3	18.0	22.2
2013	18.0	44.9	18.2	21.8

These reserves and accounts do not affect the pricing of units or the investment earnings on members' accounts.

GOVERNANCE

Your Trustee is ANZ Staff Superannuation (Australia) Pty Limited, which is responsible for the operation and management of ANZ Staff Super.

The Board of the Trustee has eight Directors, four elected by members and four appointed by ANZ.

The Board has an excellent mix of skills and experience to oversee the operations and management of ANZ Staff Super and represent member interests.

YOUR TRUSTEE DIRECTORS AT 31 DECEMBER 2017

ANZ REPRESENTATIVE DIRECTORS:



Gary Newman
Non-Executive Director



Sue Carter
Non-Executive Director



Kylie Rixon
Chief Risk Officer,
ANZ Wealth



Adrian Went
Global Head of Research
& Analysis,
Financial Institutions
Group – Institutional

MEMBER REPRESENTATIVE DIRECTORS:



Robert Sparrow
Head of Business Solutions



Geoffrey King
Non-Executive Director



Jo McKinstry
Customer Advocate



Adam Vise
Non-Executive Director

CHANGES IN 2017

On 27 November 2017, Adrian Went was appointed to replace Anthea Kane as an ANZ-appointed Director on the ANZ Staff Super board.

The Trustee and management thank Anthea for her valuable contribution and service to the Board.

BOARD MEETING ATTENDANCE FOR 2017

Trustee Director	Possible number of Board meetings*	Number of Board meetings attended**
Sue Carter	6	6
Anthea Kane	5	4
Geoffrey King	6	6
Jo McKinstry	6	6
Gary Newman	6	6
Kylie Rixon	6	6
Robert Sparrow	6	6
Adam Vise	6	6
Adrian Went	1	1

* Directors also attend committee meetings as required.

** Where a Director is unable to attend a Board meeting, his or her alternate Director usually attends the meeting.

CORPORATE GOVERNANCE

The Trustee is committed to maintaining the highest standards of corporate governance practice and ethical conduct in undertaking its responsibilities to manage ANZ Staff Super on behalf of its members.

The Trustee uses the collective skills and experience of its Directors to efficiently and soundly manage and monitor the operations and performance of ANZ Staff Super. The Trustee has a Governance and Audit Committee to assist the Board in identifying and addressing issues to maintain a best practice corporate governance framework for ANZ Staff Super and to ensure compliance with ANZ Staff Super's Trust Deed and Rules, all relevant legislation and prudential standards.

Key governance issues considered by the Trustee include:

- corporate structures, processes, policies and conduct;
- prudential measures such as security, fraud prevention, insurance and business continuity;
- monitoring of service providers including the administrator and investment managers;
- risk management;
- legislative and regulatory compliance; and
- communication with members and other stakeholders.

GROUP SUPERANNUATION'S ROLE

ANZ Group Superannuation is responsible for managing ANZ Staff Super's relationship with its service providers. ANZ Group Superannuation also supports the Trustee by overseeing member communication and education, compliance and governance, risk management, investment services and statutory requirements.

INDEMNITY INSURANCE

The Trustee has indemnity insurance to cover ANZ Staff Super and Directors in case of a loss due to a claim against the Trustee. The insurance is designed to cover a financial loss incurred as a result of an honest mistake that may occur in operating the Scheme.

It does not cover the Directors for fines or penalties that may be imposed by law, or for claims resulting from intentional or reckless neglect or dishonest conduct.

OTHER INFORMATION

ENQUIRIES

You can call ANZ Staff Super with any enquiry about your account or the Scheme on **1800 000 086**. You can also access your account information via our website at www.anzstaffsuper.com.

Most member enquiries can be easily answered by ANZ Staff Super service representatives over the phone. In some cases, you may be asked to put your enquiry in writing and provide contact details for a reply. Enquiries will generally be answered within a few days.

Our website includes a range of articles and educational material, including product dashboards, certain details about the Trustee and documents relating to ANZ Staff Super. For the product dashboards, go to www.anzstaffsuper.com, and select 'Documents' and for the Trustee details and Scheme documents go to www.anzstaffsuper.com and select 'Trustee Information'.

FINANCIAL PLANNING ADVICE

The Trustee has entered into an agreement with ANZ under which ANZ's financial advisers have been engaged to provide Scheme members with general or limited personal financial advice about options available within ANZ Staff Super over the phone for no extra charge. These financial planning services are provided by ANZ's financial advisers under AFSL 234527. Any advice provided by ANZ's financial advisers is not provided or endorsed by the Trustee. If you'd like to talk to a financial adviser, call us on **1800 000 086**.

If you require more complex personal advice, you'll be given the option of receiving comprehensive personal advice from an ANZ financial adviser and ANZ will charge you a fee for this advice which you may be able to have debited from your account in ANZ Staff Super. The Trustee's arrangement with ANZ Financial Planning gives eligible members the option to have fees for Scheme-related superannuation advice debited from their account in ANZ Staff Super. For more information about this facility, refer to the Financial Planning fact sheet available at www.anzstaffsuper.com.

COMPLAINTS

If you have an issue or concern regarding ANZ Staff Super you can outline your concerns in writing to the Trustee and the matter will be investigated in accordance with our inquiries and complaints handling procedure.

ANZ Staff Super
GPO Box 4303
Melbourne VIC 3001

The Trustee will advise you in writing of its decision.

If your complaint is not resolved to your satisfaction by our internal procedures within 90 days, you can contact the Superannuation Complaints Tribunal (SCT).

You can contact the SCT by phoning **1300 884 114** for the cost of a local call, or email info@sct.gov.au or by visiting its website at www.sct.gov.au.

ACCESS YOUR ACCOUNT INFORMATION AT WWW.ANZSTAFFSUPER.COM

ELIGIBLE ROLLOVER FUND

If you are a Personal Section member with a benefit less than \$7,500 and you do not provide payment instructions within 30 days, your benefit will automatically be transferred to the Scheme's Eligible Rollover Fund (ERF) selected by the Trustee.

AMP Eligible Rollover Fund
PO Box 300
Parramatta NSW 2124

Phone: 131 627

You will no longer be a member of ANZ Staff Super and any insurance cover you may have had through ANZ Staff Super will also cease. The ERF does not offer insurance in the event of death or disablement.

If your benefit is transferred to the ERF, ANZ Staff Super will provide it with your current contact details so the ERF can send you its current Product Disclosure Statement outlining the operational details of the ERF.

If your benefit is \$7,500 or more it will be transferred to the Personal Section (previously known as the RBA section) of ANZ Staff Super.

SERVICE PROVIDERS

The Trust Deed permits the Trustee to appoint independent specialists to assist with the management and operation of ANZ Staff Super. The Trustee has appointed the following professional firms to provide services to it:

Member Services	Mercer Outsourcing (Australia)
Actuary	Willis Towers Watson
Investment Adviser	Willis Towers Watson
Insurer	OnePath Life Limited
Legal Adviser	Lander and Rogers
Master Custodian	JP Morgan
Eligible Rollover Fund	AMP Eligible Rollover Fund
Auditor	KPMG
Accounting	Sharyn Long Chartered Accountants

CONTACT DETAILS



Write to
ANZ Staff Super
GPO Box 4303
Melbourne VIC 3001



Phone
1800 000 086
or +61 3 8687 1829 from overseas



Fax
03 9245 5827



Email
anzstaffsuper@superfacts.com



Website
www.anzstaffsuper.com

Superannuation Complaints Tribunal
1300 884 114

Australian Tax Office
Superannuation Help Line 13 10 20