

2018

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2018

COMMITTED TO EXCELLENCE





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This 2018 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: May 2019

2018 YEAR IN REVIEW



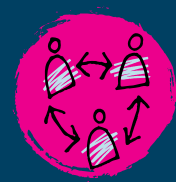
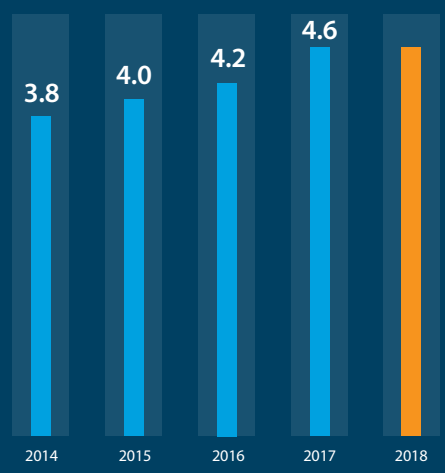
Our Employee, Personal and Retirement Sections were **3 of the 173** leading super products (from over 500 products) awarded **Rainmaker's** Selecting Super AAA Quality rating



#1 For lowest insurance premiums in Australia, 70% lower than average Death & TPD cover for Employee members as rated by Chant West*

From October to December 2018, **706 new ANZ Staff Super members** were welcomed through our new on-boarding journey

ANZ STAFF SUPER ASSETS (\$B) **4.6**



> 30,000 members
One of Australia's biggest corporate super funds



Over 3,000 calls from members to an ANZ Staff Super financial adviser over the last three years

40%



Rebate on standard insurance premiums for Employee Section and Personal and Partner Section members for death & TPD insurance cover from 1 January 2019



31% of new members rolled over their other super to ANZ Staff Super, totalling **\$12.6M**



1,200 members have viewed the first five educational videos featuring Kooki & Roo



13,900 former ANZ employees maintain their ANZ Staff Super membership after ceasing employment with ANZ

*Chant West Super Fund Insurance Premium Survey for January 2019

CHAIRMAN'S MESSAGE



WELCOME TO THE 2018 ANZ STAFF SUPER ANNUAL REPORT

The close of the 2018 year saw the end of one of the most challenging years for some super funds and financial services providers. While the Royal Commission spotlight shone brightly on some industry participants, I am pleased to say the ANZ Staff Super team was able to continue to focus on our key purpose of delivering the best value super benefits to our members.

To this end, from the start of 2019, we now deliver greater value to members by reducing the net account management fees and increasing the rebate on standard death and Total and Permanent Disablement (TPD) insurance premiums. This reinforces our place as the lowest cost super fund for death and TPD cover for employee members in Australia, as rated by Chant West¹, and a very competitive fund for Personal, Partner and Retirement Section members.

Remember, you can share the benefits of ANZ Staff Super membership. Your significant other can join ANZ Staff Super and enjoy ANZ Staff Super's value-for-money features and services. 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 www.anzstaffsuper.com or call us on **1800 000 086**.

AN UNSETTLED CLOSE TO 2018

The final months of 2018 were testing times for investors as volatility surged and global share markets fell. Familiar themes continued to make markets nervous – ongoing trade tensions, slowing global growth, falling oil prices and US interest rates. In global markets, a key catalyst for the sharemarket weakness was a statement by the US central bank that it might increase the pace and size of future interest rate increases. This amplified concerns that rates may be higher than had been anticipated, which in turn would lead to higher borrowing costs, hurting the corporate and consumer sectors and resulted in sharemarket declines. Superannuation funds recorded their lowest calendar year returns since 2011.

ANZ Staff Super continued to be among the best performing funds compared to its peers for long term returns over ten years to 2018, delivering 9.2% p.a., 8.7% p.a. and 6.7% p.a. for the Aggressive Growth, Balanced Growth and Cautious investments options respectively.

SUSTAINABILITY

ANZ Staff Super is mindful the transition to a low carbon global economy is likely to lead to both risks and opportunities in relation to our investments. In response, we along with our asset consultant, Willis Towers Watson are engaging with all managers regarding the integration of Environmental, Social and Governance (ESG) factors, as part of their decision making process that will ultimately allow sustainability and ESG to be embedded across all investments of the fund.

In addition, during 2018 ANZ Staff Super has:

- a. Refined our investment policy to reflect an increased sustainability focus;
- b. Refined our manager selection policy and increased the focus on the UN Principles for Responsible Investments;
- c. Undertaken a variety of climate modelling scenarios across all our portfolios and asset classes to understand the economic and capital market impacts that climate change could have on our assets and on our members.

In the year ahead, we will continue to look at ways of focussing our influence to improve sustainable investment practices across the fund's investments.

HELPING YOU MAKE THE MOST OF YOUR SUPER

We are dedicated to helping you make the most of your super. During 2018, we were delighted to launch our new onboarding process which, week by week, steps new members through a number of decisions about their super they might consider.

In conjunction with ANZ, we are also pleased to release of our Financial Wellbeing educational video series. Our starring characters, Kooki and Roo, help to make a range of super topics fun and easy to understand. All videos are available on the ANZ Staff Super website; go to www.anzstaffsuper.com/videos.

DELIVERING MORE VALUE FOR MONEY

ANZ Staff Super's Employee Section continues to be consistently rated amongst the lowest fees in Australia as rated by research company Chant West².

From 1 January 2019, we have reduced net account management fees so Employee Section members pay 0.08% p.a., Personal and Partner Section members pay 0.16% p.a., and Retirement Section members pay 0.12% p.a. of your account balance up to \$500,000.

We have also increased the rebate on standard death and Total and Permanent Disablement premiums from 30% to 40%. This is another way we are able to deliver great value to our members.

HELPING OUR MEMBERS FIND THEIR OTHER SUPER

We undertook another ATO Supermatch search campaign in 2018 to assist members who have other super accounts to combine them into their ANZ Staff Super account as easily as possible. We found \$34 million in other accounts for 867 members. Consolidating accounts in other super funds is a key priority for ANZ Staff Super and across the industry as members with multiple super accounts may be paying more in fees and insurance premiums than they need to.

You can initiate your own ATO search at any time through the "Find my super" page when you log into your ANZ Staff Super account at www.anzstaffsuper.com.

You can search, view the results, and request to roll over your other accounts in just a few simple clicks. The ATO still holds over \$17 billion in lost and unclaimed super. If any of these ATO-held lost accounts are matched to you during your search, they will be automatically rolled into your ANZ Staff Super account. It's super easy.

For help with the ATO search or rolling money into your ANZ Staff Super account, call us on **1800 000 086**.

LEGISLATIVE CHANGES TAKE EFFECT

From 1 July 2019, three reforms from previous Federal Budgets will take effect:

Annual contribution limits

While annual concessional contributions are limited to \$25,000 across the board, you may be entitled to contribute more than the standard concessional contribution limit if:

- you have not fully used your annual cap on concessional contributions in the previous five years (but not counting years before 1 July 2018), and
- the total balance of all your superannuation accounts is less than \$500,000 on 30 June of the previous financial year.

Work test exemption for recent retirees

Eligible recent retirees aged over 65 will be able to make contributions without having to meet the work test (i.e. work for at least 40 hours in a period of not more than 30 consecutive days in that financial year). To be eligible, the retiree must have had a total super balance of less than \$300,000 at the end of the previous financial year and met the work test in that financial year. This exemption can only be used in one year.

"Protecting your superannuation" package

The revised "Protecting your super" package was passed with changes, taking effect as follows:

- certain fees are capped at 3% for accounts with balances less than \$6,000
- super funds will be prohibited from charging exit fees
- super funds will be unable to continue to provide insurance cover to members with inactive accounts (i.e. no contributions or roll ins received for at least 16 months) unless the member elects to maintain the cover
- a new consolidation process will require super funds to transfer inactive accounts (i.e. no contributions or roll ins received for at least 16 months and no other activity such as making an investment switch, nominating a binding beneficiary or changing your insurance cover) with balances below \$6,000 to the ATO, and
- the ATO will be required to transfer these accounts to a person's active super account where the total balance would exceed \$6,000.

ANZ Staff Super's competitive fees are well below the 3% cap so it will not impact our members. We also don't charge exit fees.

The changes to the contribution arrangements mean that planning for your retirement is more important than ever to ensure you can afford the retirement you want. The ability to carry forward any unused concessional contribution limits is intended to help members who may have taken a career break or who may now be in a better financial position to save for their retirement.

All ANZ Staff Super members can receive general or limited personal financial advice about your super contribution strategy, investment choices or insurance in ANZ Staff Super over the phone for no extra charge by calling **1800 000 086**.

OUR ONGOING COMMITMENT TO YOU

My sincere thanks to my fellow members of the Trustee Board and the ANZ Staff Super team for their commitment and dedication over the past year, all of which has ensured we remained focused on consistently delivering exceptional value for you.



Gary Newman
Chairman

¹ Chant West Super Fund Insurance Premium Survey for January 2019

² Chant West Super Fund Fee Survey for December 2018

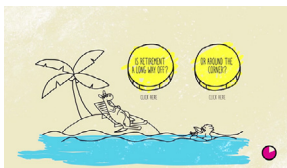
CREATING A BRIGHTER FUTURE FOR YOUR SUPER

ANZ Staff Super is here to help you understand how super works so you can make the most out of yours. That's why we've developed a series of online videos all about super.

With the help of our new recruits, Kooki and Roo, we've broken down important topics like changing jobs, growing your super and planning for retirement into short, easy to digest, bite-sized pieces.

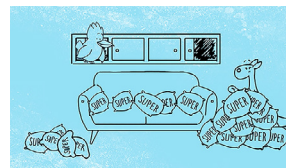
Visit anzstaffsuper.com/videos

Take the first step in expanding your super knowledge and creating the future you want in retirement.



RETIREMENT PLANNING

Start planning for the life you want in retirement.



CONSOLIDATING

Find the power of ONE super fund by consolidating your super into ANZ Staff Super.



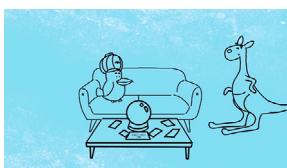
GROWING YOUR SUPER

Discover your options and how to make the most of the tax and government incentives on offer.



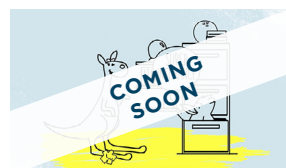
INVESTING

Learn about investment types and how that impacts your super.



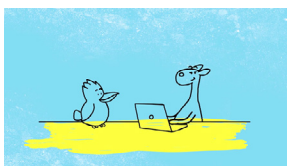
FINANCIAL PLANNING

Improve your super future, find out how to get a free super health check over the phone.



INSURANCE IN YOUR SUPER

Life can throw some unexpected curve balls. Find out about ANZ Staff Super insurance products.



WOMEN AND SUPER

Understand the super gap and what you can do to create your future and control your super.



PARTNER UP

Build your future together and take advantage of ANZ Staff Super's Partner Section.



CHANGING JOBS

Changing jobs doesn't have to mean changing super funds. Find out how you can stay with ANZ Staff Super.



NOMINATING BENEFICIARIES

Understand the different types of beneficiaries and how you can nominate with ANZ Staff Super.

ANZ Staff Super is here to help

We're for current and former ANZ employees and their partners – We're for you. Call us on **1800 000 086**.

INVESTMENT UPDATE

The final months of 2018 were testing times for investors as volatility surged and global share markets fell. Familiar themes continued to make markets nervous – ongoing trade tensions, slowing global growth, US interest rates and falling oil prices.

News in early 2019 that the US Federal Reserve would put its three-year interest rate rise campaign on hold, propelled world share markets to their best January on record. The MSCI World Index, which tracks share markets in 47 countries, was up more than 7% for the month, its best January performance since the index began in 1990.

2018 SNAPSHOT

The S&P 500 Index – one of the most common benchmarks for United States' share market performance – reached record highs in January 2018 following the passage of much anticipated personal and corporate tax cuts.

Volatility returned in following months due to fears of steep interest rate hikes in the United States and the Trump administration's controversial trade tariffs on China as well as close allies; Canada, Mexico and the European Union.

European markets were anxious as British and European Union leaders entered Brexit negotiations. Italy's weak economy and its new coalition government's spending plans created market concerns towards the end of June.

At home, sentiment took a turn for the worse in mid-2018 in response to the Royal Commission into Misconduct in Banking, Superannuation and Financial Services Industry disclosures of alleged misconduct by major Australian banks.

After six months of relative calm, share markets hit a rough patch in early October 2018. Global shares¹ fell 6.5% in less than two weeks. Australian shares² fared slightly better, only falling 5.2% in the same period.

The high-flying technology sector (which had seen massive gains since the Global Financial Crisis) was hit particularly badly. The tech-heavy NASDAQ Index dropped nearly 9% in the first 12 days of October.

Four days later, Wall Street surged more than 2%, its biggest one-day gain since March 2018. In the weeks that followed, equity prices recovered some of these losses³ (global shares +0.8%; Australian shares +1.7%; NASDAQ +1.6%).

It's almost impossible to pinpoint one reason for the sell-off over the last three months of 2018; instead a range of factors combined to make investors nervous – among them are ongoing trade tensions between the United States and China, rising oil prices, and more contractionary monetary policy in the United States.

Global shares fell by more than 13% over the final three months of 2018, including an 8% drop in December. The S&P 500 Index fell 7% over 2018 and the Australian share market recorded its worst yearly performance since 2011 with the S&P/ASX 200 Index falling almost 7%.

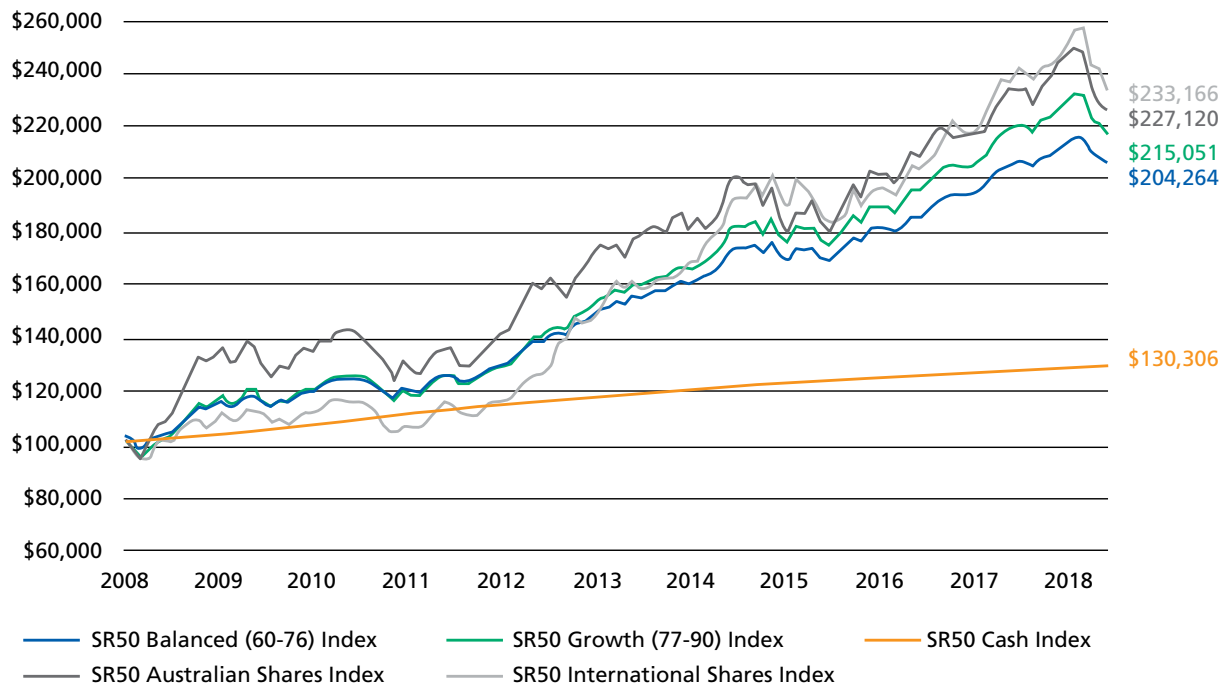
Superannuation funds recorded their lowest returns since 2011. The latest data from superannuation research house, SuperRatings, reveals major fund options all suffered declines in December 2018.

SuperRatings Executive Director Kirby Rappell says returns for “Balanced” investment options – with exposure to growth assets of between 60% and 76% – fell nearly 5% in the final three months of 2018.

“Volatility is likely to be a feature of markets over the coming months and members can expect ongoing fluctuation in returns,” Rappell says. “However, it’s important to keep a long-term perspective

and recognise that super returns have been overwhelmingly positive over the last decade.”

He says despite the declines, members remain well ahead over a ten-year period, with \$100,000 invested in the median “Balanced” option in December 2008 now worth \$204,264.



Source: SuperRatings

ANZ Staff Super continued to be among the stronger performing funds compared to its peers over ten years to 31 December 2018 for the Aggressive Growth, Balanced Growth and Cautious investment options delivering 9.2% p.a., 8.7% p.a. and 6.7% p.a. respectively.

TESTING TIMES AHEAD

Despite a strong start to 2019, you don’t have to look hard for political tensions that could spook markets this year.

In the United States, tense negotiations over border security – which has already led to the longest government shutdown in US history with threats of further shutdowns if president Trump fails to get funding for his border wall – as well as ongoing global trade negotiations, could spark turmoil on Wall Street.

In the United Kingdom, Brexit continues to loom as an issue for European markets. At home, a federal election and falling property prices are cause for concern.

GLOBAL ECONOMY TO GROW

The International Monetary Fund (IMF) expects the global economy to grow by 3.5% in 2019 and 3.6% in 2020, a touch below its October 2018 estimate of 3.7% for both years.

In its latest World Economic Outlook, the IMF warns risks to global growth include tightening interest rates, trade tensions between the United States and China, a possible “no deal” exit from the European Union by the United Kingdom, and a deeper than expected slowdown in China.

¹ Measured using the MSCI World Index

² Measured using the MSCI Australia Index

³ All returns as at Friday 19th October 2018

INVESTMENT RETURNS

INVESTMENT PERFORMANCE FOR SUPER MEMBERS AND TRANSITION TO RETIREMENT PENSIONS

Market volatility in the closing months of 2018 impacted the one year returns for the Aggressive Growth and Balanced Growth options resulting in negative returns for Employee, Partner and Personal members and Transition to Retirement pensions.

Option	1 yr	QCP	3 yr (p.a.)	QCP	5 yr (p.a.)	QCP
Aggressive Growth	-1.7%	3rd	6.8%	1st	7.0%	2nd
Balanced Growth	-0.9%	3rd	5.8%	2nd	6.2%	2nd
Cautious	1.4%	2nd	4.3%	2nd	4.6%	2nd
Cash	1.7%	2nd	1.7%	2nd	1.9%	2nd

QCP: Quartile Comparative Performance as measured by Rainmaker Information Services

INVESTMENT PERFORMANCE FOR ACCOUNT BASED PENSIONS

Members with account based pensions had the following returns:

Option	1 yr	3 yr (p.a.)	5 yr (p.a.)
Aggressive Growth	-1.9%	7.1%	7.5%
Balanced Growth	-1.1%	6.2%	6.6%
Cautious	1.6%	4.7%	5.2%
Cash	2.0%	2.0%	2.2%

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 8 to 11, together with details of the investment returns of previous years. Remember, past investment returns are not necessarily indicative of future performance.

All investment income earned by account based pensions in the Retirement Section is exempt from tax. Therefore returns for each investment option are generally higher for these members than other members, and these returns are shown separately. Investment earnings for Transition to Retirement pensions are shown with returns for Employee, Personal and Partner members as, since 1 July 2017, these are not exempt from tax.

ANZ STAFF SUPER'S INVESTMENT OPTIONS PERFORMED SOUNDLY OVER THE LAST THREE AND 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% 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.

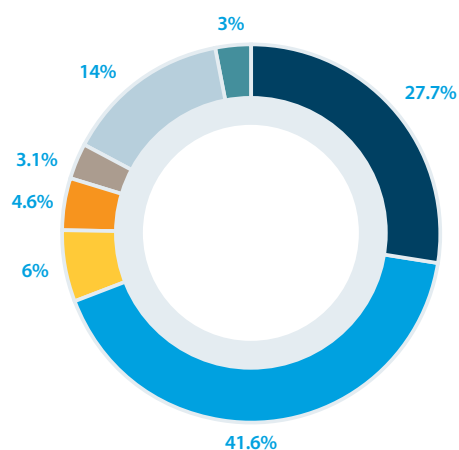
RISKS

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
2018	-1.7%	-1.9%	1.8%
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%

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 to high degree of performance variability.

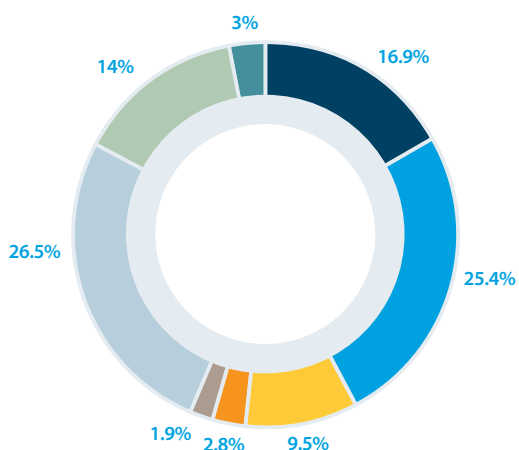
RISKS

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

RETURNS

Year ended 31 December	Net return	Tax exempt return ¹	CPI increase ²
2018	-0.9%	-1.1%	1.8%
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%

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.

* 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.

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.

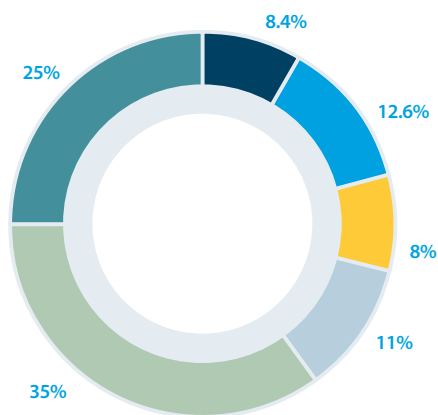
RISKS

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

RETURNS

Year ended 31 December	Net return	Tax exempt return ¹	CPI increase ²
2018	1.4%	1.6%	1.8%
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%

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.

* 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.

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.

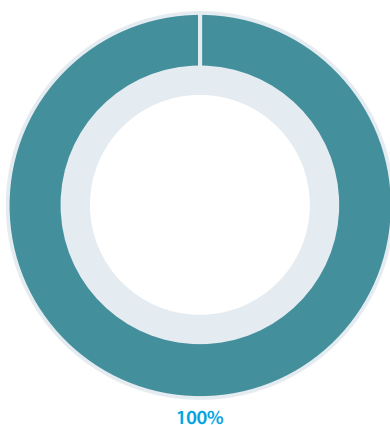
RISKS

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
2018	1.7%	2.0%	1.8%
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%

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 2018 are shown in the table below. Invested assets at the end of 2018 were \$4,701 million.

	As at 31 December 2018	
	\$m	%
Australian Shares		
Macquarie Investment Management – core manager	611.8	13.1
Kinetic Investment Partners – satellite manager	100.5	2.1
Allan Gray (Australia) – satellite manager	123.8	2.6
Hyperion Asset Management – satellite manager	96.4	2.1
International Shares		
BlackRock Investment Management	976.8	20.8
Realindex Investments	146.9	3.1
Vanguard Investments Australia	350.6	7.5
Australian Direct Property		
AMP Capital Investors	227.5	4.8
Barwon Investment Partners	44.0	0.9
Global Listed Real Estate		
Resolution Capital	107.3	2.3
Australian Fixed Income		
BlackRock Investment Management	392.0	8.3
Queensland Investment Corporation	36.0	0.8
International Fixed Income		
Colchester	103.2	2.2
Schroder Investment Management	72.9	1.5
Diversity		
Bridgewater All Weather Fund (Australia)	111.2	2.4
Schroders Investment Management Australia	183.3	3.9
Fulcrum	177.7	3.8
Blackrock Style Advantage	110.6	2.3
Private Equity		
Industry Funds Management	1.2	0.0
Global Infrastructure		
Maple Brown	59.4	1.3
North Haven Infrastructure Partners	8.3	0.2
Macquarie Specialised Asset Management	23.9	0.5
EQT Infrastructure	3.5	0.1
Palisade Diversified Infrastructure	107.5	2.3
ANCALA	0.4	0
Global Credit		
Westbourne Capital	49.7	1.0
Intermediate Capital Group	46.5	1.0
Cash		
ANZ (cash deposits)	428.2	9.1
Total	4,701.1	100%

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

INVESTMENT MANAGER CHANGES

In 2018:

- “BlackRock Style Advantage” was added as a diversity holding; and
- Colonial First State’s mandate to manage global credit ceased.

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	25% hedged to A\$	0% – 50%
Balanced Growth	30% 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.

From 1 January 2019, the account management fees and rebate have been updated, providing additional savings to members. ANZ Staff Super's Employee, Personal, Partner and Retirement Sections 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 2018 ^{1,2}	Indirect cost ratio ³			
		Aggressive Growth option	Balanced Growth option	Cautious option	Cash option
Employee Section	0.10% ¹ p.a. of first \$500,000 invested, nil thereafter	0.43% or \$3.90 per \$1,000 invested	0.57% or \$5.50 per \$1,000 invested	0.40% or \$4.70 per \$1,000 invested	0.02% or \$0.20 per \$1,000 invested
Employee Section C	0.10% ^{1,4} p.a. of first \$500,000 invested, nil thereafter				
Personal Section	0.20% ¹ p.a. of first \$500,000 invested, nil thereafter				
Partner Section	0.20% ¹ p.a. of first \$500,000 invested, nil thereafter				
Retirement Section – Retirement income	0.15% ¹ p.a. of first \$500,000 invested, nil thereafter				
Retirement Section – Transition to retirement	0.15% ¹ 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

- Account management fees are only charged on the first \$500,000 of assets in any account in Employee, Personal, Partner and Retirement Sections. For 2018, 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. From 1 January 2019, the account management fees and rebate have been updated. The account management fees for 2019 (after allowing for the rebate of 0.03% on the first \$500,000 invested) are:
 - Employee Section and Employee Section C 0.08% of the first \$500,000 invested, nil thereafter
 - Personal and Partner Section 0.16% of the first \$500,000 invested, nil thereafter
 - Retirement Section 0.13% of the first \$500,000 invested, nil thereafter..
- Calculated on a pro rata basis, deducted weekly by redeeming some of your units.
- 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.
- 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 2018 and 2017. 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	2018 \$'000	2017 \$'000
Assets		
Unlisted unit trusts	4,172,456	4,198,692
Listed Australian equities	95,131	105,113
Forward foreign exchange	-	17,036
Cash and cash equivalents	418,497	359,578
Receivables	13,839	22,761
Prepayments	124	56
Deferred tax asset	190	171
Current tax assets	1,597	-
Total assets	4,701,834	4,703,434
Liabilities		
Benefits payable	-	540
Creditors and accruals	2,016	1,782
Forward foreign exchange	14,127	-
Income tax payable	-	3,342
Deferred tax liability	40,940	66,270
Total liabilities	57,083	71,934
Net assets available to pay benefits	4,644,751	4,631,500
Net assets available for member benefits		
Member Benefits		
Defined contribution member liabilities	4,485,345	4,499,399
Defined benefit member liabilities	18,687	19,702
Total member benefits liabilities	4,504,032	4,519,101
Equity		
Death and Disablement Reserve	45,294	49,679
Scheme Operating Reserve	24,142	24,370
Employer Funding Reserve	18,901	19,418
Defined benefit liabilities over/(under) funded	(2,038)	(501)
Unallocated	54,420	19,433
Total equity	140,719	112,399

INCOME STATEMENT

Income statement for the year ended 31 December	2018 \$'000	2017 \$'000
Revenue from superannuation activities		
Interest	7,254	7,480
Dividends	2,915	2,141
Trust distributions	249,408	234,817
Net remeasurement changes in assets measured at fair value	(257,464)	214,289
Other income	5,515	5,383
Total superannuation activities revenue	6,628	464,110
Expenses		
Investment expenses	18,656	18,163
Administration expenses	467	348
Total expenses	19,123	18,511
Net results from superannuation activities	(12,495)	445,599
Allocation to member benefits		
Less: net benefits allocated to defined contribution accounts	(34,726)	432,062
Less: net change in defined benefit liabilities	1,509	882
Total allocation to member benefits	(33,217)	432,944
Net results before income tax expense	20,722	12,655
Income tax expense	(11,289)	26,994
Net result after tax income expense	32,011	(14,339)

STATEMENT OF CHANGES IN MEMBER BENEFITS

Year ended 31 December	2018			2017		
	Defined contribution \$'000	Defined benefit \$'000	Total \$'000	Defined contribution \$'000	Defined benefit \$'000	Total \$'000
Opening balance of member benefits	4,499,399	19,702	4,519,101	4,002,368	20,836	4,023,204
Contribution revenue						
Employer contributions	217,771	-	217,771	224,157	700	224,857
Member contributions	29,250	-	29,250	40,634	-	40,634
Government co-contributions	99	-	99	140	-	140
Transfers in	71,408	-	71,408	76,289	-	76,289
Contributions surcharge refund	-	-	-	1	-	1
Income tax on contributions	(33,713)	-	(33,713)	(33,928)	(105)	(34,033)
Net after tax contributions	284,815	-	284,815	307,293	595	307,888
Benefits paid						
Benefits paid	(267,434)	(2,524)	(269,958)	(243,125)	(2,611)	(245,736)
Tax benefit from anti detriment	287	-	287	653	-	653
Net benefits paid	(267,147)	(2,524)	(269,671)	(242,472)	(2,611)	(245,083)
Insurance						
Insurance premiums charged to member accounts	(8,814)	-	(8,814)	(9,117)	-	(9,117)
Claims credited to member accounts	10,496	-	10,496	7,897	-	7,897
Tax benefit from insurance premiums	1,322	-	1,322	1,368	-	1,368
Net insurance (cost)/benefit	3,004	-	3,004	148	-	148
Benefits allocated to member accounts						
Comprising:						
New investment earnings allocated	(28,677)	-	(28,677)	437,487	-	437,487
Administration fees deducted	(6,049)	-	(6,049)	(5,425)	-	(5,425)
Net change in defined benefit member accrued benefits	-	1,509	1,509	-	882	882
Net income	(34,726)	1,509	(33,217)	432,062	882	432,944
Closing balance of member benefits	4,485,345	18,687	4,504,032	4,499,399	19,702	4,519,101

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 2018, there were 115 lifetime pensioners in ANZ Staff Super.

Reserve and account balances at 31 December

Year	SOR \$m	DDR \$m	EFR \$m	PSA \$m
2018	24.1	45.3	18.9	16.6
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

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 2018

ANZ REPRESENTATIVE DIRECTORS:



Gary Newman
Non-Executive Director



Sue Carter
Non-Executive Director



Susan Hodgkinson
Group General Manager,
Lending Services



Adrian Went
Group Treasurer

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 2018

In December 2018, Susan Hodgkinson was appointed to replace Kylie Rixon as an ANZ-appointed Director on the ANZ Staff Super board.

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

BOARD MEETING ATTENDANCE FOR 2018

Trustee Director	Possible number of Board meetings*	Number of Board meetings attended**
Sue Carter	6	6
Anthea Kane	6	6
Geoffrey King	6	6
Jo McKinstry	6	6
Gary Newman	6	6
Kylie Rixon	3	3
Robert Sparrow	6	6
Adam Vise	6	6
Adrian Went	6	6

* 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 Australian Financial Complaints Authority (AFCA):

You can contact the AFCA by phoning **1800 931 678** (toll free), or email afca.org.au or by visiting its website at **www.afca.org.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	HWL Ebsworth
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

Australian Financial Complaints Authority
1800 931 678

Australian Tax Office
Superannuation Help Line 13 10 20