2017

ANNUAL REPORT

HEIDELBERG

HEIDELBERG AUSTRALIA SUPERANNUATION FUND

2016/17 IN REVIEW

Welcome to the *Annual Report* for members of the Heidelberg Australia Superannuation Fund (ABN 75 071 229 817). It was a positive year for the Fund, with overall favourable market conditions contributing to solid investment performance.

The Trustee has continued to monitor our investment objectives and strategies to ensure they remain appropriate. Some revisions were made during the year to reflect the changing investment environment. This saw changes to some investment options' objectives and asset allocations. Read page 10 for more information.

We remain focused on helping members prepare for the future. Should you have any questions about your superannuation you can contact the Fund Administrator on **1800 127 953**.

Read more:

Issued by Towers Watson Superannuation Pty Ltd (ABN 56 098 527 256, AFSL 236049), as Trustee of the Heidelberg Australia Superannuation Fund (ABN 75 071 229 817). Preparation of this *Annual Report* was completed on 13 September 2017.

FINANCIAL STRENGTH

The Fund assets at 30 June 2017 were $28.25 million

FIND WHAT YOU NEED

http://heidaustsf.com

FOCUSED ON YOU

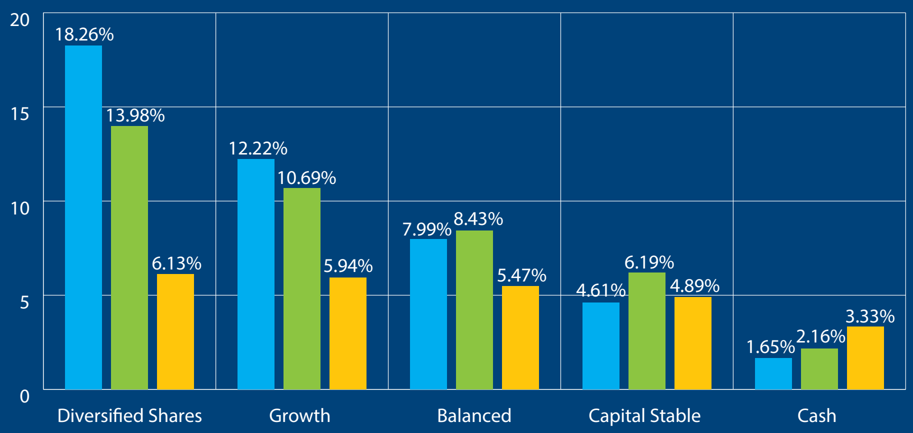
We are helping 110 members save for the future.

WORKING FOR THE FUTURE

Use the Fund's features to build for tomorrow.
See page 2.

A YEAR OF GROWTH

Past performance is not necessarily a reliable indicator of future performance.



Note: Investment returns are net of tax, investment fees and an allowance of 0.10% per year between 1 July 2013 and 30 November 2015 to build up the Operational Risk Financial Requirement (ORFR) reserve. No allowance for the ORFR reserve has been made from the investments returns as they apply to defined benefit accounts. For more information see page 4.

1 If you are a Defined Benefit member, see page 5 to learn how investment performance affects your benefits in the Fund.

MARKETS PERFORMED WELL CONTRIBUTING TO SOLID GROWTH FOR YOUR SUPER

- 2016/17
- Five-year compound average return (per year) to 30 June 2017
- 10-year compound average return (per year) to 30 June 2017

FEATURE

BUILDING A SECURE FUTURE

It takes effort to build something of substance. The Fund has a number of features that can help you build a secure future.

Getting the foundations right

A number of simple steps can set you up for the future.

01 Get the lay of the land

Have a good look at your superannuation landscape. Looking at your latest *Benefit Statement* can tell you some important things:

- How much you have saved;
- Whether you are contributing;
- What options you are invested in;
- How much insurance you have; and
- Who you have nominated as the beneficiary for your death benefit.

02 Survey your investment choice

Your super will grow over time with the net investment earnings of your chosen investment option. You can see how your super is invested by looking at your Statement.

Are your investments a good fit for your life stage and attitude to risk? Remember that each of the Fund's five investment options has a different potential risk and return. It's a trade-off – generally, the higher the potential return in the long term, the higher the risk of short term loss.

See pages 8 to 9 to learn more about the investment choices. If you want to change your investment choice you can do so by completing an *Application and Change Request form*, available from the HR Department, the Fund's website or by calling the Fund Administrator on **1800 127 953**.

03 Gather your materials

Do you have superannuation in a number of different funds due to changing jobs in the past? If you have superannuation in other funds, consider rolling it into one account. You could save yourself extra fees and paperwork. Before rolling over, it's important to check whether you will be charged exit fees or will lose any valuable benefits, such as insurance cover, if you withdraw your benefit from your other fund.

You can build your super stash by completing the Fund's *Super Rollover form* available from the Fund's website. It should only take a few minutes.

04 Keep building

Can you boost your retirement savings by contributing extra? The earlier you start to save – even small amounts – means that you get more benefit from compounding earnings. Over your working life these savings add up and set you up for the future.

As long as you stay within the Government's contribution caps, your contributions will be eligible for tax concessions (see page 11 for more details on the limits).

To top up your contributions, complete an *Application and Change Request form*, available from the HR Department, the Fund's website or by calling the Fund Administrator on **1800 127 953**.

Super provides your support structure

Super provides support for you throughout your working life, not just in retirement.

Insurance for the unexpected

The Fund offers you cover for death and total and permanent disablement (TPD), which is paid in addition to your account balance. It is provided under an insurance policy owned by the Trustee. This insurance is paid for by the Company. You cannot change or opt out of this cover while you are an employee of the Company.

Being adequately insured is an important part of your financial security. The Fund also offers you the option to automatically continue your insurance in the Retained Benefits Division of the Fund when you leave Heidelberg.

To learn more about insurance, including the terms and conditions, refer to the *Insurance Guide*, available from **http://heidaustsf.com** or by contacting the Fund Administrator on **1800 127 953**.

Nominate your beneficiaries

Making a nomination of beneficiaries and keeping it up to date keeps the Trustee aware of how you would like your super paid out if you die.

The Trustee encourages all members to have an up-to-date beneficiary nomination recorded with the Fund. In the event of your death, the Trustee is required to investigate your personal circumstances at the time of your death and act in the best interests of your dependants when paying your death benefit.

To make a nomination, simply complete the *Nomination of Preferred Dependants form*, available at **http://heidaustsf.com** and return the form as directed.

Tools for the future

Use the MoneySmart Retirement planner to see what retirement income you and your partner might have.

The tool is interactive, so you can try out different scenarios to see how you might be able to improve your retirement income, such as by:

- increasing your contributions;
- changing your investment strategy; or
- delaying your retirement.

Go to **www.moneysmart.gov.au** under “Calculators & resources”, “Calculators and apps” and select the **Retirement planner**.

Getting advice

If you need some guidance to help you plan for your future, consider speaking with a licensed financial adviser. Towers Watson Australia Pty Ltd offers financial planning services through qualified financial planners: call (03) 9655 5222. Alternatively, you can contact the Financial Planning Association of Australia at **www.fpa.com.au** or by calling 1300 337 301.

You can also find information about working with a financial adviser in the Government’s guide, *Financial advice and you*, from www.moneysmart.gov.au. Follow these steps:

- Hover over the “Calculators & resources” tab, then go to “Publications”.
- Scroll down to the “Investing” category.

REVIEW OUR PERFORMANCE

The table on the right shows the Fund's investment returns. Your super performance will fluctuate each year depending on how investment markets perform. Super returns can be either positive or negative. In most cases though, super is a long-term investment. For instance, returns earned over a period of 10 years, instead of one or two years, are likely to better indicate your super's performance.

Detailed returns are also provided on your *Benefit Statement*.

A snapshot of the Fund's returns

Past performance is not necessarily a reliable indicator of future performance.

Investment option	2017	2016	2015	2014	2013	Five-year compound average net return (per year)	10-year compound average net return (per year)
Diversified Shares	18.26%	-1.66%	10.12%	18.85%	26.41%	13.98%	6.13%
Growth	12.22%	1.80%	8.27%	13.79%	18.07%	10.69%	5.94%
Balanced	7.99%	3.74%	7.32%	10.72%	12.60%	8.43%	5.47%
Capital Stable	4.61%	3.81%	5.71%	7.51%	9.40%	6.19%	4.89%
Cash	1.65%	1.90%	2.15%	2.24%	2.88%	2.16%	3.33%
Defined Benefit[1]	12.22%	1.85%	8.38%	13.91%	18.07%	10.75%	5.97%
Consumer Price Index	1.9%	1.0%	1.5%	3.0%	2.4%	2.0%	2.4%

Note: Investment returns are net of tax, investment fees and an allowance of 0.10% per year between 1 July 2013 to 30 November 2015 and build up the ORFR reserve. No allowance for the ORFR reserve has been made from the investments returns as they apply to defined benefit accounts. For more information on the ORFR reserve see page 7. Returns are for periods to 30 June.

1 If you are a Defined Benefit member, see below to learn how investment performance affects your benefits in the Fund.

Returns on your super

Accumulation members

Your accounts receive the actual investment return for your chosen options after allowing for tax and investment fees. A deduction of 0.10% per year applied between 1 July 2013 and 30 November 2015 to build up the Fund's ORFR reserve. See page 7 for more information on the ORFR reserve.

Investment returns can be positive or negative.

Defined Benefit members

Your retirement benefit is generally not affected by investment returns. This benefit is instead linked to your salary.

For Defined Benefit members who joined the Fund before 1 April 1997, your benefit is subject to a minimum based on contributions accumulated with the investment earnings of the Fund's Defined Benefit investments. This is effectively the Fund's Growth option but without the allowance for the build-up of the ORFR reserve. Where these earnings are positive, your benefit will increase. If earnings are negative, it is possible that your benefit will fall. See page 7 for more information on the ORFR reserve. See the table above for investment returns for your defined benefit.

Investment returns are applied to your additional voluntary contribution and rollover accounts. Your accounts receive the actual investment return for your chosen option after allowing for tax and investment fees.

Note: Surcharge payments (if any) are deducted from members' benefits.

If you leave during the year

Investment returns are calculated each month. If your super needs to be paid out before monthly investment returns have been calculated, or if you switch investment options, an interim earning rate will be used. This will cover the period from the date that investment returns were last calculated until the date your benefit is paid from the Fund.

The interim earning rate is based on an estimate of the option's net investment return for the month.

For Defined Benefit members, the "defined" portion of your benefit will be invested in the Fund's Cash option after you leave Heidelberg Australia. It will remain in this option until you instruct the Trustee, via the Fund Administrator, to switch your defined benefit to another of the Fund's investment options. Your additional accumulation accounts will continue to be invested in your chosen investment option after you leave Heidelberg Australia.

Investment market update

Despite significant political uncertainty, returns for shares over 2016/17 were strong and volatility remained subdued. Global trade and investment regained momentum, driven by strengthening investment in advanced economies, increased trade flows with China, and improved demand from commodity-exporting economies. Strong share market returns were experienced with all but one of the MSCI developed market country indices delivering double digit returns. The UK was the exception and delivered the weakest return for the year, returning 9.9%. As share markets went from strength to strength, bond market returns were relatively flat, with increasing global growth and inflation leading to rising bond yields in key markets.

In the US, investors responded favourably to the election victory of Republican candidate Donald Trump, ushering in a period of growth in share markets. Despite finishing the financial year with some mixed economic data, the US experience was largely positive for the year.

In Europe, the political environment was generally improved by the end of the financial year when compared to its rocky start immediately post Brexit. The French rallied behind centrist candidate Emmanuel Macron, denying the nationalist candidate, Marine Le Pen, who campaigned on a protectionist agenda which threatened to erode the relationship between France and the EU. Over the financial year the Euro Stoxx 50 Index returned 20.1% (in local currency terms), more than regaining losses experienced over the previous year.

In its September 2016 meeting the Bank of Japan launched a new form of monetary easing where it set a cap of 0% on the 10-year bond yield and vowed to overshoot its 2% inflation target. It also maintained its extensive Japanese Government Bond repurchasing program and held the interest rate at -0.1%. Despite remaining significantly below the 2% inflation target, the measures were effective at returning the nation to positive inflation territory.

In China, it was a solid and largely uneventful financial year from an economic perspective, with annualised growth coming in at 6.9% year on year (as at March 2017), a marginal increase over the 6.7% expansion the year prior. One of the most notable developments for Chinese financial markets was the decision from the MSCI to include some China A-Shares in their share market indices, signalling a positive further step towards the opening up of the Chinese share market and its global integration.

Australian economic indicators were largely positive for the financial year. However, while political uncertainty reigned at home and abroad, markets were largely unmoved. The Australian share market had its least volatile year in 16 years. The Australian economy outperformed its forecast and delivered annualised GDP growth of 1.7% for the year (as at March 2017), marking 103 quarters without two consecutive negative periods, generally regarded as the longest stretch of positive growth of any developed nation.

The Reserve Bank of Australia (RBA) decided to cut the official cash rate in August 2016 to a record low of 1.5%, stating that the reduced rate was adequate to generate sustainable economic growth and to maintain inflation in its target range. The RBA maintained rates at 1.5% for the rest of the financial year, citing mixed domestic economic signals, particularly concerns around the labour and housing markets.

Australian shares, as measured by the S&P/ASX 300 Index, returned 13.8%, compared to 0.9% and 5.6% for the previous two financial years, respectively. The main detractor from performance was Telecommunication Services, which was the only sector to experience a negative annual return.

The Australian dollar experienced its lowest volatility in 27 years relative to the US dollar. The Australian dollar rose over the year, despite the US dollar's strength following the Presidential election, to end at 76.89 US cents (up from 74.26 US cents). Over the same period the Australian dollar also strengthened against the currencies of its major trading partners, with the Trade Weighted Index ending the year at 65.5 (up from 62.5 from last year).

Both Australian and international bond yields climbed over the course of the financial year, with significant upward shifts occurring in October 2016 and June 2017. The Australian 10 Year Government bond yield finished 0.6% higher than in June last year at 2.6%, while the US 10 Year Government bond yield climbed 0.8% (to 2.3%) over the same period.

Australian cash, as measured by the Bloomberg AusBond Bank Bill Index, returned 1.8% for the year, down from 2.2% last year. Australian bond markets delivered almost flat performance for the year, with the Bloomberg AusBond Composite Index returning 0.2%, compared to 7.0% for the last financial year. Global fixed interest performance was marginally above Australian fixed interest, with the Barclays Global Aggregate Index (hedged to AUD) returning 0.5% for the financial year, down significantly from 9.3% for the previous year.

Note: This investment commentary does not constitute advice. All investment figures quoted relate to before-tax performance of the relevant industry benchmark.

HOW WE INVEST YOUR SUPER

The Fund has five investment options for you to choose from, each with a different investment objective and strategy. The five investment options are **Diversified Shares**, **Growth**, **Balanced**, **Capital Stable** and **Cash**.

If you are **Accumulation member**, you have a choice of how your entire super balance is invested. The option in which your super is invested is included on your *Benefit Statement*.

If you are a **Defined Benefit member**, you have investment choice for your additional voluntary contributions and rollover accounts only.

We know that it is crucial for you to find the most appropriate investment choice for your circumstances. If you wish to change how the Trustee invests your super, you should complete an *Application and Change Request form* (available from the Fund's website) and return it to the Fund Administrator.

Our investment objectives

Investment objectives are specific goals that the Trustee sets for the performance of the Fund and each investment option. They are not intended as forecasts or guarantees of future investment returns.

In general, the Trustee aims to:

- Invest the Fund's assets prudently as permitted by the Trust Deed and by superannuation law;
- Invest across a diverse range of assets;
- Ensure that the Fund is able to make benefit payments to members when they are due; and
- Monitor the performance of the Fund's investment managers to ensure they exercise integrity, prudence and professional skill in fulfilling the investment tasks delegated to them.

See pages 8 to 9 to learn more about the specific investment objectives for each investment option.

Our investment strategy

An investment strategy is the plan the Trustee follows to achieve the objectives of an investment option. Each investment option has its own investment strategy. For the details of each option's investment strategy, see pages 8 to 9.

Investment managers

The Trustee appoints professional investment managers to manage the Fund's investments. These managers and their products may be changed from time to time without prior notice to, or consent from, members.

The Fund's investment managers at 30 June 2017 are listed below.

Australian shares

- Macquarie Investment Management Limited (through the Macquarie Australian Enhanced Plus Equities Fund)
- Schroder Investment Management (through the Schroder Australian Equity Fund)

International shares

- BNP Paribas Investment Partners (Australia) Limited (through the MFS Global Equity Trust)
- Realindex Investments Pty Limited (through the Realindex Global Share Hedge Fund – Class A)

Property

- DEXUS Wholesale Property Limited (through the DEXUS Wholesale Property Fund)
- State Street Global Advisors (SSgA) (through the Australian Listed Property Index Trust)

Fixed interest

- BlackRock (through the Global Bond Index Fund)
- SSgA (through the Australian Fixed Income Index Trust)

Cash

- SSgA (through the Australian Cash Trust)

Super bytes

Trust Deed: This legal document sets out the rules relating to the establishment and operation of the Fund.

Investment objective: This is a fund's investment goals. A fund's investment objectives are usually set in terms of risk and return. For example, the Fund might aim to achieve returns that exceed the rate of inflation by a set amount.

Asset allocation: The distribution of investments across various asset classes (such as shares, property, fixed interest and cash).

Asset allocation

Each of the Fund's investment options is invested in various asset classes. The Trustee places limits or ranges on the Fund's exposure to each asset class and nominates a neutral or benchmark position for each option. The asset allocation ranges for each investment option are shown below.

The Fund's defined benefit assets are invested in the Growth option.

Diversified Shares

Australian shares	48% to 52%
International shares	48% to 52%

Growth

Australian shares	30% to 34%
International shares	30% to 34%
Australian property	6% to 10%
Australian fixed interest	8% to 12%
International fixed interest	8% to 12%
Cash	6% to 10%

Balanced

Australian shares	19% to 23%
International shares	18% to 22%
Australian property	8% to 12%
Australian fixed interest	15% to 20%
International fixed interest	15% to 20%
Cash	12% to 16%

Capital Stable

Australian shares	11% to 15%
International shares	9% to 13%
Australian property	4% to 8%
Australian fixed interest	13% to 17%
International fixed interest	13% to 17%
Cash	38% to 42%

Cash

Cash	100%

Other investment information

Derivatives

The Trustee does not invest directly in derivatives. The Fund's investment managers may use derivatives for risk control purposes or to more efficiently change asset allocations. Derivatives are not used in a speculative manner.

Investment managers are required to have risk management processes in place in relation to the use of derivatives and the purposes for which they are used. Each year, the Trustee obtains confirmation from the managers that they have complied with their processes.

Deferred tax assets

Super funds normally pay tax on any capital gains. If the Fund experiences capital losses (which can arise, for example, due to falls on share markets), super funds are allowed to accumulate the tax benefits associated with those losses and use them to offset the tax on future capital gains.

Australian Accounting Standards require that future tax benefits will be recognised only to the extent that it is likely that future taxable gains will be available to utilise the capital losses. In order to prudently manage the Fund's tax position, the Trustee has imposed a limit on the level of taxation benefits arising from these capital losses. At 30 June 2017, the level of the Fund's tax losses was within the limit set by the Trustee. The Trustee is therefore recognising the whole of the Fund's tax losses as a Fund asset.

Actuarial review

The Fund's financial position is reviewed by the actuary at least every three years. The actuary then makes a recommendation to the Company on the appropriate level of future contributions needed to maintain members' benefits.

The review for 30 June 2016 was completed in December 2016. The Fund was in a satisfactory financial position and remains in a satisfactory financial position. The Company continues to contribute in line with the actuary's recommendations.

Reserves

The Trustee does not maintain investment reserves. However, from 1 July 2013, super funds have been required to set aside financial resources to address the Fund's operational risks. This is known as the Operational Risk Financial Requirement (ORFR) reserve.

A reserve of 0.30% of the aggregate of members' vested benefits was systematically built up. The reserve was funded in two ways. For accumulation-based benefits, the reserve was funded by setting aside a small portion of the Fund's investment earnings at a rate of 0.10% per year (these deductions from investment earnings ceased from 30 November 2015). For defined benefits, the reserve was funded by setting aside amounts from the Fund's defined benefit assets.

The Trustee invests the ORFR reserve in the Fund's Growth option. Now that the desired level of 0.30% has been reached, the Trustee periodically monitors the reserve to ensure that it remains close to this level. Should the reserve fall below a predetermined shortfall limit, the Trustee will enact a plan for its replenishment. Details of the reserve are provided in the table below.

Level of reserves

As at 30 June	ORFR reserve (% of vested benefits)
2017	0.35% ($89,217)
2016	0.30% ($76,936)
2015	0.18% ($50,041)

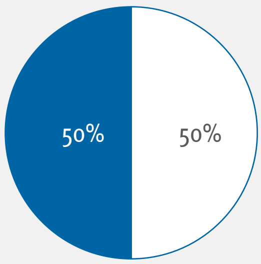
Your investment options

	Diversified Shares	Growth
What are the investment objectives for this option?	› To achieve a return (net of tax and investment fees) that exceeds the increase in the Consumer Price Index (CPI) by at least 4.0% p.a. over moving seven-year periods. › To limit the probability of achieving a negative return over moving one-year periods to approximately 1 year in 4.	› To achieve a return (net of tax and investment fees) that exceeds the increase in the Consumer Price Index (CPI) by at least 3.0% p.a. over moving seven-year periods. *(previously CPI + 3.5%)* › To limit the probability of achieving a negative return over moving one-year periods to approximately 1 year in 5.
What investment strategy does this option use?	To invest totally in shares with 50% in Australian shares and 50% in international shares.	To invest largely in shares and property (about 70%), with the balance (about 30%) in fixed interest and cash investments.
Likelihood of a negative return in any 20 year period*	4 to 6 years out of every 20	4 to 6 years out of every 20
Volatility level*	High	High

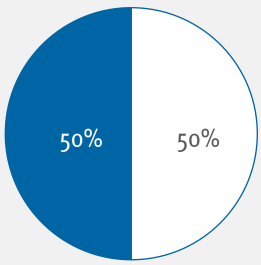
How is this option invested at 30 June?

Diversified Shares

2017

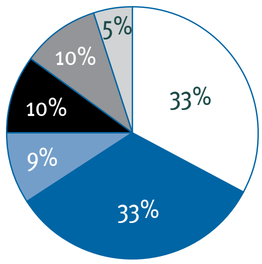


2016



Growth

2017



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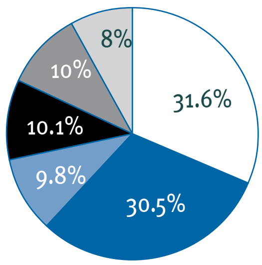
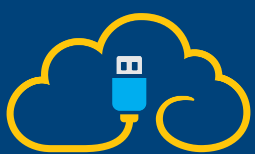




Super bytes

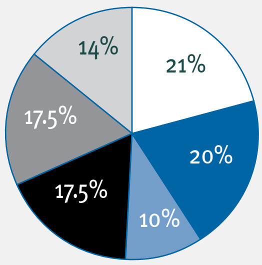
Asset classes: These are different types of investments e.g. shares, property, fixed interest and cash.

Income assets: These assets include cash, corporate debt and fixed interest. Their market value can also fluctuate, but usually with less volatility than is the case with growth assets.

Growth assets: Returns from growth assets come from the change in the asset's value (such as an increase in share prices) and the income from the investment (such as dividends). Shares, property, infrastructure and hedge funds are common examples of growth assets. Returns are generally higher than other assets over the longer term but can also be negative from time to time.

Balanced	Capital Stable	Cash
› To achieve a return (net of tax and investment fees) that exceeds the increase in the Consumer Price Index (CPI) by at least 2.5% p.a. over moving five-year periods. › To limit the probability of achieving a negative return over moving one-year periods to approximately 1 year in 6. *(previously 1 year in 7)*	› To achieve a return (net of tax and investment fees) that exceeds the increase in the Consumer Price Index (CPI) by at least 1.5% p.a. over moving three-year periods. › To limit the probability of achieving a negative return over moving one-year periods to approximately 1 year in 9. *(previously 1 year in 12)*	› To achieve a return that matches the Bloomberg AusBond Bank Bill Index (net of tax). *(previously the objective was to exceed CPI by at least 0.5% p.a. over moving three-year periods)* › To prevent any negative returns over moving one-year periods.
To invest about 50% in shares and property, and 50% in fixed interest and cash investments.	To invest largely in fixed interest and cash investments (about 70%), with the balance (about 30%) in shares and property.	To invest only in secure fixed interest investments, such as bank deposits, bills, mortgages and short-term bonds.
3 or 4 years out of every 20 *(previously 2 or 3 years out of every 20)*	2 or 3 years out of every 20 *(previously 1 or 2 years out of every 20)*	Nil
Medium to High *(previously Medium)*	Medium *(previously Low to Medium)*	Very low

2017



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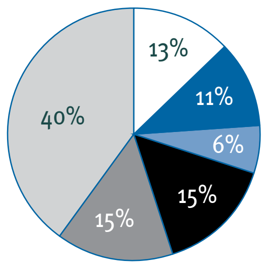

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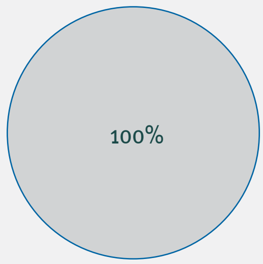

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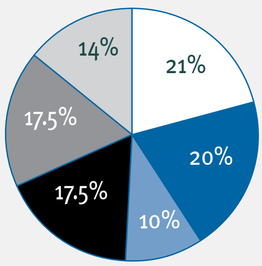

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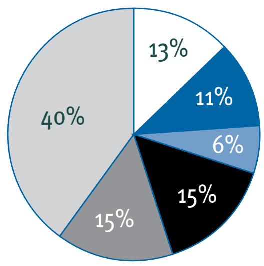

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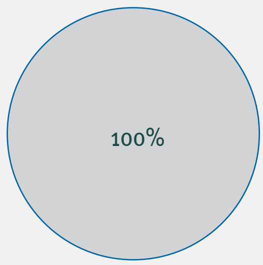


* The volatility level shown is based on industry guidance to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period. It is based on the Standard Risk Measure developed by the industry and is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than a member may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return. Members should still ensure they are comfortable with the range of risks and potential losses and gains associated with their chosen investment option.

Australian shares | International shares | Australian property | Australian fixed interest | International fixed interest | Cash

FEATURE
SUPER DEVELOPMENTS

Changes to the Fund's investment options

After a recent review, the Trustee changed the investment return objective, expected frequency of negative returns and volatility levels for some options. The revised objectives reflect the expectation that returns from most asset classes are likely to be lower on average over the medium term.

There are no changes to how the investment options' assets are managed or the investment strategy.

Of course, the objectives are not guarantees and actual outcomes may be different. The Trustee will continue to monitor the appropriateness of the Fund's investment objectives and strategy.

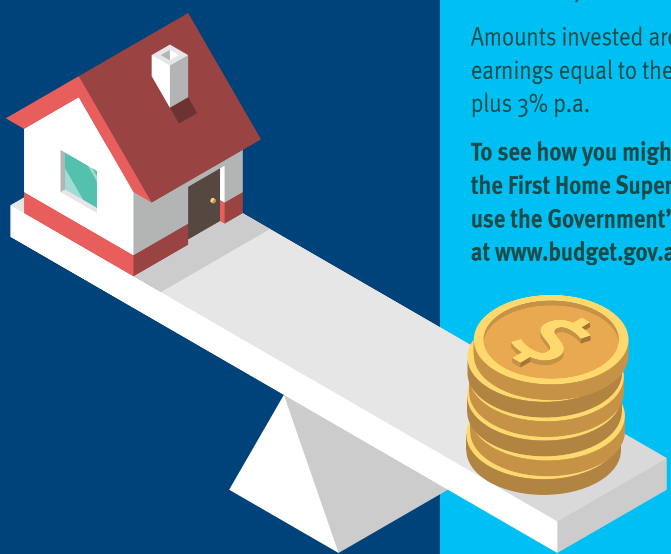
Please see the tables on pages 8 and 9 for details.

Budget 2017 snapshot

There were two proposals in this year's Federal Budget aimed at improving housing affordability that also involve superannuation:

- **A First Home Super Saver Scheme** which lets first home buyers use the superannuation system as a way to save extra money for a deposit on a first home; and
- **Encouraging over 65's to downsize their home** and put some of the proceeds into superannuation. This is intended to free up larger homes for younger families.

The following provides more details. It is important to remember that these are currently proposals and must be passed by Parliament before they become law. Additional conditions may also apply.



First Home Super Saver Scheme

When is the Scheme scheduled to start?

Starting from 1 July 2017, it is proposed that you can make voluntary contributions to your super fund and be able to access your savings starting from 1 July 2018.

Super contributions are usually preserved in the superannuation system until you reach your preservation age or satisfy another condition of release.

Members wanting to take advantage of this Scheme should check that it is legislated before making contributions, to avoid losing early access to savings should the Scheme not proceed.

How much can be saved?

You can save up to **$15,000 per year**. The maximum savings is limited to **$30,000** of voluntary contributions in total.

Amounts invested are deemed to receive earnings equal to the 90 day Bank Bill rate plus 3% p.a.

To see how you might benefit from the First Home Super Saver Scheme, use the Government's online estimator at www.budget.gov.au/estimator.

What type of contributions can be made?

You can make contributions from:

- Before-tax salary; or
- After-tax salary.

How do these contributions work?

Before-tax contributions

- Tax at 15% is deducted from your contribution when it is paid into the superannuation fund.
- Amounts you contribute count toward your concessional contributions cap. This cap is $25,000 per year for everyone. Amounts above the cap will attract higher tax. The cap includes your employer's contributions (and your notional contributions if you are a Defined Benefit member).
- Withdrawals from super under this Scheme are taxed at marginal rates less a 30% tax offset.

After-tax contributions

- There is no tax on these contributions when you pay them into the super fund or when they are withdrawn.
- These contributions count towards your non-concessional contributions cap. From 1 July 2017, the cap is $100,000 per year with the ability to bring forward up to two future years of limits.

Contributing money from home sale to super

What does this proposal involve?

This measure, proposed to start from 1 July 2018, will allow eligible people to contribute up to $300,000 from the sale of a home into super. Couples can put in $300,000 each.

Who is able to participate in this?

You need to be over age 65 and selling your principal place of residence. You must have owned the home for at least ten years.

What is the advantage of this proposal?

People over age 65 normally face a number of restrictions to putting money into superannuation. Generally you need to be between age 65 and 74 and able to satisfy a work test. Over age 75, you are not eligible to contribute. The Government proposes to remove the restrictions so those over age 65 who downsize their home are able to make these specific contributions to their super.

Also, under new rules from 1 July 2017, non-concessional contributions can generally only be made if your total superannuation balance is less than $1.6 million. However, it is proposed that this rule will not apply to downsizing contributions.

Will sale proceeds contributed to super count towards the Age Pension assets test?

Yes, any change in your superannuation balance will count towards the assets test for the Age Pension.

Do these contributions count toward any caps?

- Contributions from downsizing will not count toward your annual non-concessional contributions cap.
- Contributions will count towards the new $1.6 million cap on the amount that can be held in pensions where earnings are exempt from tax.

Lower limits on contributions from 1 July 2017

In the May 2017 issue of *Super Update*, we advised you that the Government has reduced the amount of contributions each year that can receive concessional tax treatment. If you go over these limits, higher tax applies.

Concessional contributions

Concessional contributions to superannuation such as before-tax salary sacrifice and employer contributions (including your notional contributions if you are a Defined Benefit member) will be limited to $25,000 per year regardless of age.

Non-concessional contributions

Non-concessional contributions (generally after-tax contributions) to superannuation will be limited to $100,000 per year.

Members under age 65 may be able to bring forward up to two future years of limits. This accommodates members who want to make larger non-concessional contributions. Contact your financial adviser if you are thinking of doing this as conditions apply.

RUNNING THE FUND

The Trustee, with input from the Policy Committee, manages the Fund and uses several advisers who provide their services to the Fund.

Who is your Trustee?

A Trustee company, Towers Watson Superannuation Pty Ltd (ABN 56 098 527 256, AFSL 236049), is responsible for managing the Fund. It has been licensed to act as a Trustee by the Australian Prudential Regulation Authority (APRA), the prudential regulator of super funds in Australia.

Towers Watson Superannuation Pty Ltd is a subsidiary of Towers Watson Australia Pty Ltd (ABN 45 002 415 349, AFSL 229921) who also acts as Administrator (via an outsourced arrangement), actuary and secretary to the Fund. See under “Who advises the Fund?” to the right for more information.

What is a Policy Committee?

A Policy Committee ensures that the interests of members and the Company are represented in the management of the Fund. The Committee comprises two members – one appointed by the Company and one elected periodically by Fund members. The next Policy Committee election will be held in November 2018.

At 30 June 2017, the Policy Committee members were:

Company-appointed	Member-elected
Con Xanthos	GK Ng

Ashad Perera resigned as the member-elected representative on the Policy Committee during the year and was replaced by GK Ng.

Indemnity insurance

The Trustee is currently covered by a Trustee Professional Indemnity insurance policy that protects the Fund’s assets from a legal liability to the extent allowed by law and the policy conditions.

Who advises the Fund?

The following organisations provide specialist services to the Trustee.

Consultant and actuary	Towers Watson Australia Pty Ltd
Administrator	Towers Watson Australia Pty Ltd (outsourced to Link Super Pty Limited (ABN 68 146 993 660) a Corporate Authorised Representative (No. 401938) of Pacific Custodians Pty Limited (ABN 66 009 682 866, AFSL 295142))
Investment consultant	Towers Watson Australia Pty Ltd
External auditors	Crowe Horwath, Deloitte
Insurer	AMP

How can you resolve any problems or concerns?

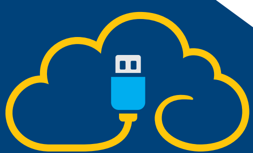
Although our aim is to ensure that the Fund’s level of service meets your expectations, sometimes problems may arise. If you have an enquiry or complaint, including privacy-related enquiries, you should contact the Fund Administrator (see page 13 for contact details).

The Trustee has a formal process for reviewing enquiries and complaints if you are not satisfied with the response you receive. To make a formal enquiry or complaint, please obtain an *Enquiries and Complaint Form* from the Fund Administrator or from the Fund’s website. The Trustee will respond to you within 90 days. You can request the Trustee’s reasons for its decision on your complaint.

If you are not happy with how the Trustee handles your enquiry or complaint, you may contact the Superannuation Complaints Tribunal, an independent body set up by the Federal Government to settle your concerns in such cases. The Tribunal can be contacted by phone on **1300 884 114** or by email at **info@sct.gov.au**.

The Tribunal, however, cannot consider some complaints, for instance, those that concern the management of the Fund as a whole. Time limits also apply to certain complaints that are related to total and permanent disability claims as well as to complaints about objections to the payment of death benefits. If your complaint is regarding any of these issues, please contact the Fund Administrator or refer to the Tribunal’s website on **www.sct.gov.au** as soon as possible for further information.

You can direct complaints about your privacy that have not been resolved to your satisfaction to the Office of the Australian Information Commissioner (OAIC). The OAIC can be contacted at **1300 363 992** or **enquiries@oaic.gov.au**.



Super bytes

Product Disclosure Statement (PDS):
The PDS is the main disclosure document for new members of superannuation funds. A copy is available from the Fund’s website.

What will happen when I leave?

When you leave employment with Heidelberg Australia or choose another super fund and you have more than $2,000 in your super account, you will automatically become a member of the Fund's Retained Benefits Division. Your super will remain in the Retained Benefits Division until you provide the Fund Administrator with payment or transfer instructions.

If you're a Defined Benefit member and you leave Heidelberg Australia, your super will also be transferred to the Retained Benefits Division where it will become an accumulation benefit. The "defined" portion of your benefit will be invested in the Cash investment option until you provide the Fund Administrator with alternative investment instructions.

On transfer to the Retained Benefits Division, the amount of insurance cover for death and total and permanent disablement that you had at the time you ceased employment will continue in the Retained Benefits Division.

The cost of this insurance cover is deducted from your Fund account. See the Fund's Product Disclosure Statement for further details.

If you have less than $2,000 in your account when you leave Heidelberg Australia, you will not be transferred to the Retained Benefits Division and your insurance cover will cease. If you do not provide the Fund Administrator with instructions within 90 days of receiving details of your benefit, the Trustee may roll over your benefit to an Eligible Rollover Fund (ERF). The ERF nominated by the Trustee to receive member benefits is:

AMP Eligible Rollover Fund
PO Box 300
Parramatta NSW 2124
Phone: 131 267
Website: www.amp.com.au/erf
Contact: The Administrator

Once your benefit is transferred to the ERF, your membership of the Fund ceases along with your membership rights.

You will then need to contact the ERF directly about your benefit. You can also obtain the ERF's Product Disclosure Statement using the contact details above.

The investment and crediting rate policy of the ERF will be different to those that applied in the Fund. Further, the ERF may not offer any insurance cover. You should seek advice from a licensed financial adviser about whether the ERF is a suitable investment for you.

Do you need to provide proof of identity?

Before you withdraw a benefit from the Fund, you will need to establish your identity by providing certified copies of certain documents. The Trustee may also require additional identification information to verify your identity from time to time.

In some cases, the Trustee may have to disclose information about you to the Australian Transaction Reports and Analysis Centre (AUSTRAC). Due to the sensitive nature of the information, the Trustee is not permitted to inform you when this happens.

Need to know more?

A range of other information is available to keep you informed. This includes information about your benefits, such as your choices for contributions and investments, and your insurance. Refer to your Product Disclosure Statement, *Guide to your super*. Members, former members and their dependants are also able to view or request copies of the Trust Deed and various Trustee policies by visiting the website at **http://heidaustsf.com** or contacting the Fund Administrator on **1800 127 953**.

Contact Details

Fund Administrator

Heidelberg Australia
Superannuation Fund
PO Box 1442
Parramatta NSW 2124

1800 127 953

(02) 8571 6222

heidelbergsuperadmin@linksuper.com

http://heidaustsf.com

Policy Committee

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Heidelberg Australia
Superannuation Fund
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(03) 9263 3360

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Human Resources Department

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Heidelberg Graphic
Equipment Limited
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(03) 9263 3213

julie.sarro@heidelberg.com

FINANCIALS

A summary of the Fund's unaudited financial accounts for the year to 30 June 2017 is set out below. The audit is expected to be finalised by 30 September 2017. The audited financial accounts and auditor's report will be available on request from the Fund Administrator after that date.

Change in net assets during the year

		$
Net assets at the beginning of the year (30 June 2016)		**29,255,848**
Plus income	Contributions	572,012
	Rollovers	2,788
	Investment income and interest	3,479,851
	Other	55,894
Less outgoings	Benefits paid	(4,337,223)
	Insurance premiums	(65,195)
	Income tax expense	(303,383)
	Expenses and charges	(408,007)
Net assets at the end of the year (30 June 2017)		**28,252,585**

Statement of net assets

		2016	2017
		$	$
Investments	Schroder Ausralian Equity Fund	4,145,151	4,124,199
	Macquarie Australian Enhanced Plus Equities Fund	4,253,913	4,183,720
	Realindex Global Share Hedge Fund – Class A	3,998,394	4,080,727
	MFS Global Equity Trust	3,618,120	3,610,726
	DEXUS Wholesale Property Fund	1,859,487	1,622,971
	SSgA Australian Fixed Income Index Trust	2,865,508	2,586,776
	BlackRock Global Bond Index Fund	2,843,585	2,499,611
	SSgA Australian Listed Property Index Trust	689,240	496,503
	SSgA Australian Cash Trust	4,263,345	4,228,346
Current assets		836,864	1,057,590
Current liabilities	Taxation payable	(28,659)	(172,342)
	Other	(89,100)	(66,242)
Net assets at the end of the year (30 June)		**29,255,848**	**28,252,585**

Current assets include amounts in the Fund's bank account. All contributions due at 30 June 2017 have now been paid to the Fund.