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helping you get there

# Guild Retirement Fund annual report

For the year ended 30 June 2017

The Annual Report highlights important changes that occurred during the financial year ended 30 June 2017. It provides details on the financial statements and investment options for the Guild Retirement Fund (the Fund), which includes GuildSuper, Child Care Super and GuildPension, as well as other important information which should be read by all members.



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# Welcome

## What a year!

### The past twelve months have brought about significant change to the superannuation industry as well as to the Fund.

A raft of changes were passed into law, most of which applied from 1 July 2017. These include a reduction to the concessional and non-concessional contribution caps, an increase to the income threshold for spouse contributions and improved access to concessional contributions.

Our investment strategy delivered strong returns for members in 2016/17. The Building (MySuper) option, in which most Fund members are invested, returned 12.7% for the 12 months to 30 June 2017 and the GuildPension Balanced Option returned 7.6% for the same period. Of course when looking at returns, it's important to bear in mind that super is a long term investment. Over the past 3 years our MySuper Building option has returned 8.4% and the GuildPension Balanced option returned 6.0% for the same period.

After a comprehensive review, the Fund made significant changes to the insurance cover provided to members to ensure that the cover provided remains competitive, sustainable and relevant to members' lifestages. And, following a detailed and independent review of our investment management, the Fund appointed Russell Investments as its new Investment Manager.

In December 2016 two long standing Board members; Alice Williams and John Barrington retired and two new members; Linda Jenkinson and Andrew Bloore were appointed. On behalf of the Board I would like to thank Alice and John for their contribution to the Guild Retirement Fund and welcome Linda and Andrew. I would also like to welcome Greg Everett to the team. Greg was appointed the new General Manager in May. He brings with him extensive experience having worked for over 20 years in the financial services industry and is a great asset to the Fund.

On behalf of the Board I would like to thank our members and employers for their ongoing support. We look forward to being of service to you in the future. If you would like more information about your super, please do not hesitate to get in touch with the Fund (contact numbers are on the back of this report). We're here to help you.

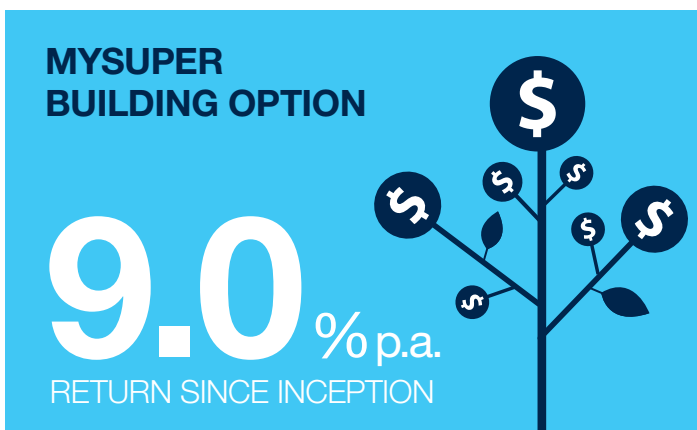
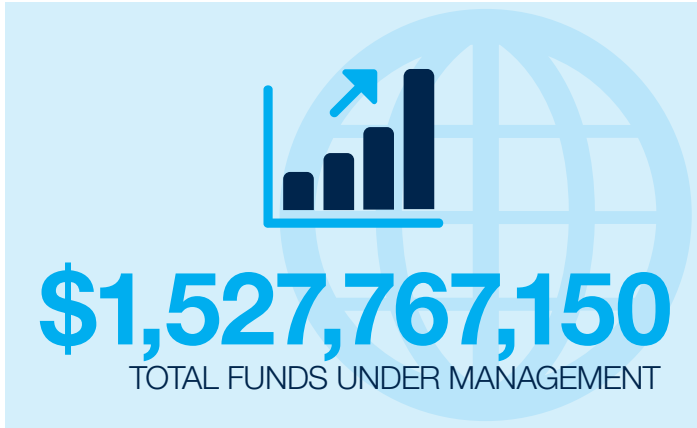
Yours sincerely



**Mario Pirone**  
Managing Director  
Guild Trustee Services



# Achievements in 2016/17







# Supporting and recognising our members

Across the pharmacy, child care and veterinary industries, our members make an important contribution to the health and wellbeing of many. We are proud to support them and the industries in which they work by supporting what matters to them.

This includes:

## Sponsorship of the Early Childhood Educators Day

On this day we recognise and celebrate the enormous contribution child care workers make to the health and wellbeing of the little ones in their care.



## Sponsorship of the Australian Veterinary Association's Graduate Mentoring Program

This program supports veterinary graduates to easily transition into the veterinary profession. It aims to help them reach their full potential and be happy in their jobs. This is achieved by matching new veterinarians seeking guidance and support with more experienced practitioners.

## Sponsorship of the Pharmacy Assistant of the Year award

This award recognises and celebrates the 'best of the best' in community pharmacy. We believe it's important to acknowledge the vital role pharmacy assistants play within community pharmacies.

## Sponsorship of the Australian Pharmacy Professional Conference and Trade Exhibition (APP)

APP is The Pharmacy Guild of Australia's annual national conference and the largest pharmacy conference and trade show in Australia. It consists of a four day educational program, social program and trade exhibition.



# Changes to the Fund

During the 2016/17 financial year the following changes were made within the Fund.

## Changes to Insurance Cover

Following a comprehensive review of our insurance offering, from 1 July 2016 a number of significant changes were made to the insurance cover provided to members. This was done to ensure that cover provided remains competitive, sustainable and relevant to members' lifestyles. A summary of these changes include:

- Income Protection (IP) maximum benefit payment period increased from 2 to 5 years protecting members with IP cover for longer.
- Life expectancy to claim a terminal illness benefit extended from 12 to 24 months.
- Different numbers of units of Default Death, Total and Permanent Disability (TPD) and IP cover apply and the value of units of cover changed depending on your age.
- Occupational Classification no longer determines the Default Death, TPD and IP cover amounts. Instead it will be used to calculate the cost of insurance.
- Default TPD cover ceases from age 60, rather than age 70.
- To protect our members account balances, insurance cover will cease if no contributions have been made to their account for 12 months and their account balance falls below \$2,000.

## Changes to Investment Managers

Following a detailed and independent review of our investment management, a decision was made to appoint a new Investment Manager. Effective 15 November 2016, Russell Investment Management Limited now advise on and manage most asset classes for the Fund. Mercer Investments have continued to be the Investment Manager for some asset classes.

Russell Investments now manage the following asset classes:

- Australian Shares
- International Shares
- Property
- Alternatives (growth and defensive)
- Fixed Interest
- Cash/Money Market Securities

The Australian Direct Property and Unlisted Infrastructure asset classes have continued to be managed by Mercer Investments, as they have consistently outperformed the benchmarks for these asset classes.

# Regulatory changes

A significant number of superannuation changes were passed into law during the year – most of which applied from 1 July 2017.

These include:

- **A reduction to the annual cap on non-concessional contributions** The cap on non-concessional contributions reduced from \$180,000 p.a. to \$100,000 p.a. In addition to this reduction, individuals with a superannuation balance of more than \$1.6 million are no longer eligible to make non-concessional contributions.
- **A reduction to the annual cap on concessional contributions** The cap on concessional superannuation contributions reduced from \$30,000 for members under age 49 and \$35,000 for members aged over 49, to \$25,000 for everyone, irrespective of their age.
- **Improved access to concessional contributions** All individuals under the age of 65, and those aged 65 to 74 who meet the work test, are now able to claim a tax deduction for personal contributions, up to the concessional contribution limit.
- **The introduction of the Low Income Tax Offset (LISTO)** Individuals with an adjusted taxable income up to \$37,000 p.a. will receive a refund into their superannuation account of the tax paid on their concessional superannuation contributions, to a maximum of \$500.
- **An extension to the eligibility rules for claiming a tax offset for spouse super contributions** On 1 July 2017 the income threshold for the offset increased from \$10,800 p.a. to \$37,000 p.a. and phases out at \$40,000 p.a. rather than at \$13,800 p.a. The spouse tax offset is designed to help families support each other in saving for retirement. By increasing the income threshold, more people will be eligible to claim the tax offset.
- **A lowering of the additional tax threshold for high income earners (Division 293 tax threshold)** The Division 293 threshold, the point at which high income earners pay an additional 15% tax on concessional contributions, has been reduced from \$300,000 to \$250,000 p.a.
- **The introduction of a \$1.6 million superannuation transfer balance cap** From 1 July 2017, a \$1.6 million transfer balance cap was introduced. This cap limits the total amount of benefits that an individual will be able to transfer into the retirement income phase. Subsequent earnings on pension balances will not form part of this cap. Where an individual accumulates superannuation amounts in excess of \$1.6 million, they will be able to maintain this excess amount in a superannuation accumulation account (where earnings will be taxed at the concessional rate of 15%).
- **Change to the taxation of Transition to Retirement (TTR) income streams** From 1 July 2017 the exemption on fund earnings for TTR Income Stream assets will no longer be available. This means that earnings on fund assets supporting a TTR will be subject to the same maximum 15% tax rate applicable to an accumulation account.

# Governance

The Board oversees the Fund's operations and ensures it is operating efficiently and in the best interests of members.

The Trustee of Guild Retirement Fund is Guild Trustee Services Pty Ltd (ABN 84 068 826 728). The Trustee has an Australian Financial Services License (AFSL 233815) issued by the Australian Securities and Investments Commission and a RSE License (L0000611) issued by the Austral Prudential Regulation Authority. The Trustee is governed by a Board of Directors (the Board) who are appointed as per the Constitution of the Guild Group. The Trustee Board meets six times per year.

## The Guild Trustee Services Board

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**George Venardos** Joined: Feb 2009  
**Non-Executive Director & Chair**

*B Com, FCA, FCIS, FTIA, FGIA, FAICD*

George is a non-executive director with broad listed company experience across a range of industries. He has more than 30 years' experience in the Insurance and Financial Services sector.

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**Mario Pirone** Joined: Aug 2010  
**Managing Director**

*B.Bus, Grad.Dip. Bus, FCPA*

Mario has over 25 years' experience as a Senior Executive and Director in general insurance, funds management and financial services.

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**John Dowling** Joined: Jan 2013  
**Non-Executive Director**

*B Pharm, CPA, FAICD, FACP*

John is a Pharmacist and Certified Practising Accountant. He is a fellow of the Australian Institute of Company Directors and the Australian College of Pharmacy.

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**Tim Logan** Joined: Jan 2015  
**Non-Executive Director**

*B Pharm, FAICD, FACP*

Tim is a pharmacist and pharmacy owner with over 30 years in the profession. He has been the PGA Queensland Branch President for the last 10 years, and a Branch Committee member for 10 years before that. Tim is the Senior National Vice-President, of the Pharmacy Guild of Australia.

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**Stephen Somogyi** Joined: Jan 2013  
**Non-Executive Director**

*MSc, SM, FIAA, FAICD, FFin*

Stephen has over 27 years' experience in the financial services and health care industries. He is a Fellow of the Actuaries Institute of Australia, the Australian Institute of Company Directors and the Financial Services Institute of Australia.

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**Ian Todd** Joined: Jan 2015  
**Non-Executive Director**

*B Pharm, MBA, FAICD*

Ian has been a practicing pharmacist for over 30 years and is currently serving his sixth term on the National Council of the Pharmacy Guild. Ian has helped negotiate the last 3 Community Pharmacy Agreements.

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**Linda Jenkinson** Joined: Sept 2016  
**Non-Executive Director**

*MBA, ACA (Non-practicing), B.B.S*

Linda Jenkinson is the Chair and co-founder of John Paul, a global travel concierge provider to the world's largest brands. Linda is an experienced executive and strategist in financial services, global travel, corporate loyalty and on-demand delivery.

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**Andrew Robert Bloore** Joined: Sept 2016  
**Non-Executive Director**

Andrew has been involved in the establishment, design, funding, commercialisation and ultimate sale (both trade sale and IPO) of a number of businesses in a diverse range of industries. In addition, Andrew has sat on a range of the ATO and Treasury committees, including the Simple Super Legislation committee, the Regulations review for the ATO and the Henry and Cooper Review industry panels.

The Board has established Committees for certain functions. The Committees are made up of members of the Board and regularly report to the Board.

- The Guild Group Investment Committee: meets four times a year and is responsible for overseeing the implementation of the Fund's Investment Governance Framework as required by Prudential Standard SPS530.
- The Audit Committee: meets four times a year and is responsible for independent assurance to the Board that material risks are being addressed by an adequate and effective control framework being maintained by Management.
- The Risk Management & Compliance Committee: meets four times a year and is responsible for the objective review of the effectiveness of Guild's risk management framework and to oversee Guild's statutory, licensing and regulatory requirements, including risk management, capital requirements, and compliance and reporting requirements.
- The Guild Group Remuneration & Nominations Committee: meets two times a year and is responsible for monitoring and assessing the adequacy of the Guild Group Board Renewal Policy and then advising the Board of any changes required.

## Record of attendance at Board & Committee Meetings in 2016/17

Name	Trustee Board	Investment Committee	Audit Committee	Risk Management	Guild Group Remuneration
Number of meetings held	6	2	5	4	2
George Venardos	6	-	5	4	2
Mario Pirone	6	-	-	-	-
John Barrington <sup>1</sup>	1	2	3	2	1
John Dowling	6	2	-	-	-
Tim Logan	6	-	-	-	2
Stephen Somogyi	6	-	5	4	-
Ian Todd	6	-	2	2	-
Alice Williams <sup>2</sup>	-	2	3	2	1
Robert Andrew Bloore <sup>3</sup>	5	-	-	-	1
Linda Jenkinson <sup>4</sup>	5	-	2	2	-

<sup>1</sup> John Barrington retired on 31 December 2016

<sup>3</sup> Robert Andrew Bloore joined on 1 October 2016

<sup>2</sup> Alice Williams retired on 31 December 2016

<sup>4</sup> Linda Jenkinson joined on 1 October 2016

# Investments

## Investment managers

The Trustee uses external investment managers to invest the Fund's assets within the guidelines set out by the Trustee. The Trustee aims to achieve the objectives of each investment option by investing in pooled investment products that are managed by external professional investment managers. The performance of each manager is closely monitored and changes are made when appropriate.

As per the table below, the majority of assets are now managed by Russell Investment Management Limited. Some assets are managed by Mercer Investment (Australia) and some residual cash is held in a National Australia Bank account.

The following table shows the Fund's investment holdings as a percentage of assets that investment managers held as at 30 June 2017.

Investment Holdings	%
Russell After Tax Australian Shares Fund	30
Russell Tax Effective Global Shares Fund	13
Vanguard International Shares Index Fund (Hedged)	3
Vanguard International Shares Index Fund	10
Russell Emerging Markets Shares Fund	3
Russell International Property Securities Fund Hedged	4
Vanguard International Property Securities Index Fund Hedged	3
Russell Global Listed Infrastructure Fund \$A Hedged	3
Vanguard Global Infrastructure Fund Hedged	1
Mercer Global Unlisted Infrastructure Fund	4
Mercer Australian Direct Property Fund	4
Russell Australian Bond Fund	8
Russell Emerging Market Debt Fund	1
Russell Global High Yield Fund	2
Russell Australian Cash Fund	3
Russell Australian Cash Enhanced Fund	4
AUD Cash	4

Please note actual holdings may vary slightly due to rounding.

## Investment performance

The tables below show each investment option's net investment return to 30 June over the past five financial years as well as the compound average rate of net earnings for the five-year period ending 30 June 2017. The investment returns are net of investment fees and investment tax (where relevant).

### GuildSuper and Child Care Super

Investment Option	Investment returns (%) for the year ended 30 June					Compound average (% p.a.)
	2017	2016	2015	2014	2013	5 years to 30 June 2017
Consolidating	6.8	3.5	6.1	–	–	6.0*
Growing	9.8	2.8	8.0	–	–	7.4*
Building	12.7	2.6	10.1	–	–	9.1*
Secure	1.0	2.3	1.8	2.0	2.8	2.0
Conservative	3.5	4.1	4.1	6.3	5.9	4.8
Balanced	6.6	3.7	6.3	9.6	9.6	7.1
Growth	9.8	3.0	8.4	12.6	13.4	9.4
High Growth	12.8	2.1	10.3	15.9	17.5	11.6
Property Securities	3.1	9.7	9.2	14.4	14.3	10.1
Australian Shares	11.9	0.3	4.8	15.2	18.7	10.0
International Shares (Unhedged)	17.0	0.1	22.1	16.7	25.0	15.8

Past performance is not a reliable indicator of future returns.

\* As the MySuper Lifecycle Investment Strategy commenced on 1 October 2013, these figures show the total net investment return for the period from the investment option's commencement date.

### GuildPension

Investment Option	Investment returns (%) for the year ended 30 June					Compound average (% p.a.)
	2017	2016	2015	2014	2013	5 years to 30 June 2017
Secure	1.6	2.1	2.5	2.6	3.3	2.4
Conservative	4.4	3.9	5.3	7.6	7.2	5.7
Balanced	7.6	3.7	6.9	10.5	11.2	7.9
Growth	11.0	2.8	8.8	14.5	16.7	10.7
High Growth	12.6	2.0	9.4	17.9	23.8	12.9

Past performance is not a reliable indicator of future returns.

## How returns are allocated to accounts

The net earnings of each investment option are reflected in the change in the price of each unit in that option. The effective rate of net earnings for a given period can therefore be determined by the proportionate change (positive or negative) in the unit prices from the start to the end of the period. It is the difference in these prices that shows how the option has performed over the year. It is important to remember that although the unit price may have fallen, the number of units held has only varied in line with the transactions on the account, for example units are added when contributions are made and deducted when items like fees and tax are paid.

# Investments continued

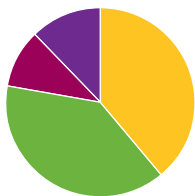
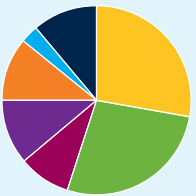
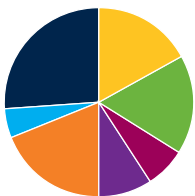
## Investment objectives and strategies

The Trustee's investment strategy is to invest in a diversified portfolio of asset classes in accordance with each respective benchmark. Each investment option's investment mix is managed by the Trustee in accordance with the investment strategies set out in the following pages. The actual asset allocation may vary from time to time but will generally remain within the investment ranges set out in the following pages. The asset allocation may move outside those ranges in limited circumstances such as any large transition of assets.

More information on investment options can be obtained by referring to the Fund's *Product Disclosure Statements* or by referring to [guildsuper.com.au](http://guildsuper.com.au) or [childcaresuper.com.au](http://childcaresuper.com.au).

## MySuper Lifecycle Investment Strategy

The MySuper product was launched on 1 October 2013 and is only available to GuildSuper and Child Care Super members.

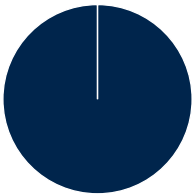
	Building		Growing		Consolidating	
Return target* as at 30/06/2017	CPI + 3.5% p.a. over rolling 10 year periods		CPI + 3.0% p.a. over rolling 10 year periods		CPI + 2.5% p.a. over rolling 10 year periods	
■ Total growth assets ■ Total defensive assets	100%		75%	25%	50%	50%
Asset class:	Benchmark (%)	Range (%)	Benchmark (%)	Range (%)	Benchmark (%)	Range (%)
● Australian shares	39	25 to 55	28	15 to 41	17	5 to 40
● International shares	39	20 to 60	27	10 to 50	17	5 to 40
● Property	10	0 to 25	9	0 to 20	7	0 to 20
● Alternatives (growth)	12	0 to 30	11	0 to 30	9	0 to 30
<b>Total growth</b>	<b>100</b>	<b>90 to 100</b>	<b>75</b>	<b>60 to 90</b>	<b>50</b>	<b>35 to 65</b>
● Fixed interest	0	0 to 15	11	0 to 30	19	0 to 45
● Alternatives (defensive)	0	0 to 5	3	0 to 10	5	0 to 15
● Cash / Money market securities	0	0 to 10	11	0 to 20	26	5 to 45
<b>Total defensive</b>	<b>0</b>	<b>0 to 10</b>	<b>25</b>	<b>10 to 40</b>	<b>50</b>	<b>35 to 65</b>
						

\* Return targets are after all investment and administration fees, costs and taxes.

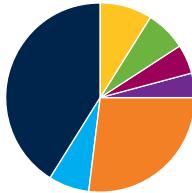
### MyMix suite of investment options

These investment options are available to GuildSuper, Child Care Super and GuildPension members.

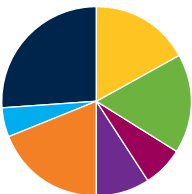
Secure	
Investment objective	To provide gross investment returns at least equal to the Bloomberg Bank Bill Index returns over rolling 1 year periods.
Investment mix	100% Defensive
Asset class	Benchmark (%)
● Cash / Money market securities	100
<b>Total defensive</b>	<b>100</b>



Conservative	
Investment objective	To provide net (after investment fees and tax) investment returns of at least 2.0% per annum above CPI increases over rolling 3 year periods.
Investment mix	25% Growth 75% Defensive
Asset class	Benchmark (%) Range (%)
● Australian shares	9 0 to 20
● International shares	7 0 to 25
● Property	5 0 to 20
● Alternatives (growth)	4 0 to 20
<b>Total growth</b>	<b>25 10 to 40</b>
● Fixed interest	27 0 to 60
● Alternatives (defensive)	7 0 to 20
● Cash / Money market securities	41 20 to 60
<b>Total defensive</b>	<b>75 60 to 90</b>



Balanced	
Investment objective	To provide net (after investment fees and tax) investment returns of at least 2.5% per annum above CPI increases over rolling 5 year periods.
Investment mix	50% Growth 50% Defensive
Asset class	Benchmark (%) Range (%)
● Australian shares	17 5 to 40
● International shares	17 5 to 40
● Property	7 0 to 20
● Alternatives (growth)	9 0 to 30
<b>Total growth</b>	<b>50 35 to 65</b>
● Fixed interest	19 0 to 45
● Alternatives (defensive)	5 0 to 15
● Cash / Money market securities	26 5 to 45
<b>Total defensive</b>	<b>50 35 to 65</b>



# Investments continued

## MyMix suite of investment options (contd.)

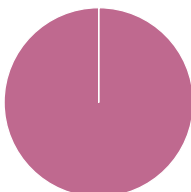
Growth		
Investment objective	To provide net (after investment fees and tax) investment returns of at least 3.0% per annum above CPI increases over rolling 8 year periods.	
Investment mix	<b>75% Growth</b> <span style="float: right;"><b>25% Defensive</b></span>	
Asset class	Benchmark (%)	Range (%)
● Australian shares	28	15 to 41
● International shares	27	10 to 50
● Property	9	0 to 20
● Alternatives (growth)	11	0 to 30
<b>Total growth</b>	<b>75</b>	<b>60 to 90</b>
● Fixed interest	11	0 to 30
● Alternatives (defensive)	3	0 to 10
● Cash / Money market securities	11	0 to 20
<b>Total defensive</b>	<b>25</b>	<b>10 to 40</b>

High Growth		
Investment objective	To provide net (after investment fees and tax) investment returns of at least 3.5% per annum above CPI increases over rolling 10 year periods.	
Investment mix	<b>100% Growth</b>	
Asset class	Benchmark (%)	Range (%)
● Australian shares	39	25 to 55
● International shares	39	20 to 60
● Property	10	0 to 25
● Alternatives (growth)	12	0 to 30
<b>Total growth</b>	<b>100</b>	<b>90 to 100</b>
<b>Total defensive</b>	<b>0</b>	<b>0 to 10</b>

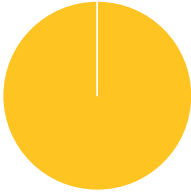
### MyMix suite of investment options (contd.)

These investment options are only available to GuildSuper and Child Care Super members.

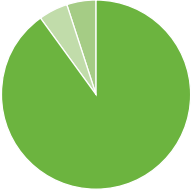
Property Securities		
Investment objective	To provide gross investment returns at least equal to the FTSE EPRA/NAREIT Developed Index in Australian Dollars (hedged) over rolling 7 year periods.	
Investment mix	100% Growth	
Asset class	Benchmark (%)	Range (%)
● Listed property	100	90 to 100
<b>Total growth</b>	<b>100</b>	<b>90 to 100</b>
● Cash / Money market securities	0	0 to 10
<b>Total defensive</b>	<b>0</b>	<b>0 to 10</b>



Australian Shares		
Investment objective	To provide gross investment returns at least equal to the S&P/ASX 300 Accumulation Index returns over rolling 7 year periods.	
Investment mix	100% Growth	
Asset class	Benchmark (%)	Range (%)
● Australian shares	100	90 to 100
<b>Total growth</b>	<b>100</b>	<b>90 to 100</b>
<b>Total defensive</b>	<b>0</b>	<b>0 to 10</b>



International Shares (unhedged)		
Investment objective	To provide gross investment returns at least equal to the MSCI World Index (ex-Australia) in Australian Dollars Net Dividends Reinvested (unhedged), over rolling 7 year periods.	
Investment mix	100% Growth	
Asset class	Benchmark (%)	Range (%)
● International shares	90	80 to 100
● Overseas emerging markets	5	0 to 10
● Overseas small companies	5	0 to 10
<b>Total growth</b>	<b>100</b>	<b>90 to 100</b>
<b>Total defensive</b>	<b>0</b>	<b>0 to 10</b>



# Investments continued

## Use of Derivatives

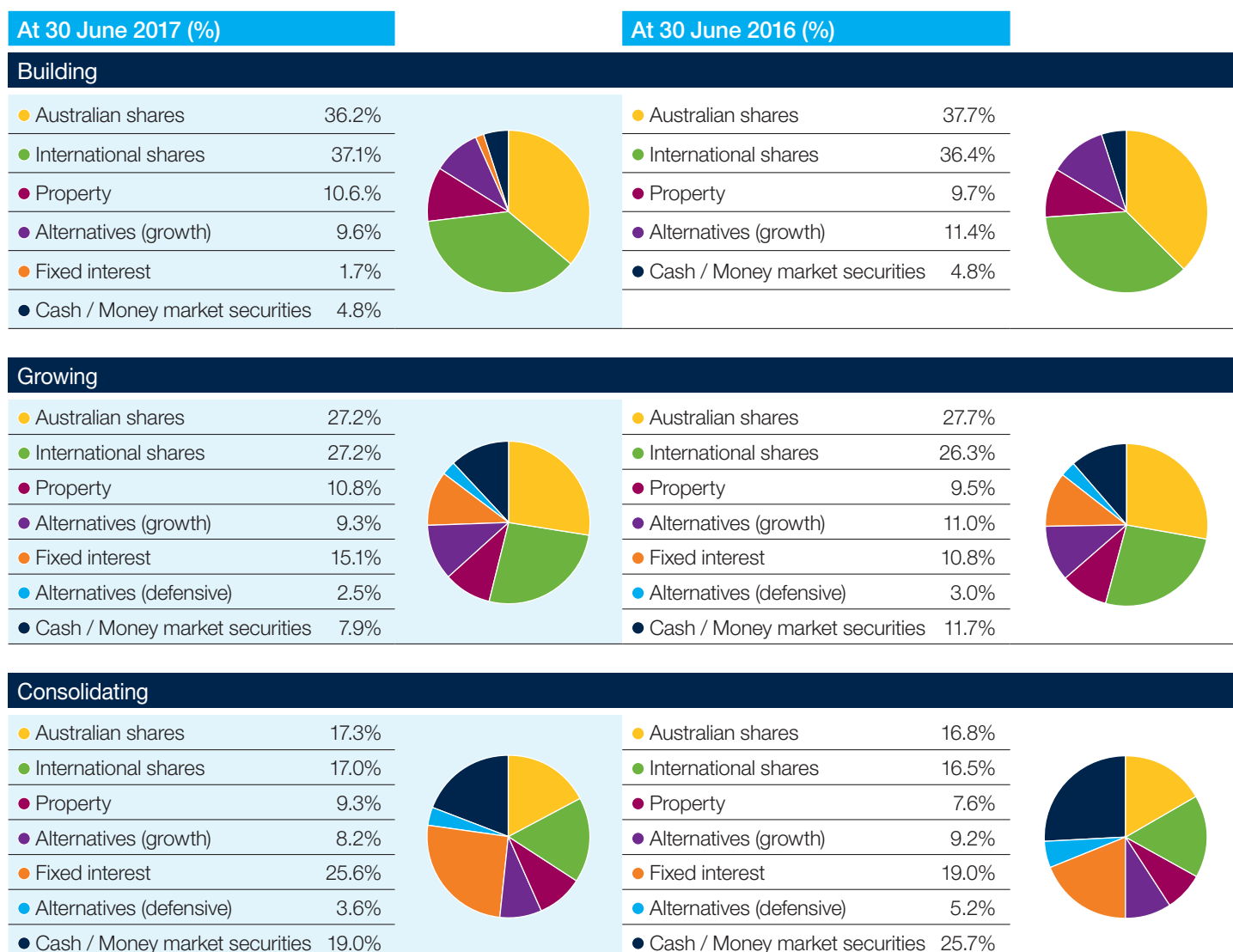
The Trustee will not normally invest directly in derivatives, but may do as a short-term mechanism to achieve a desired asset allocation during the transitioning of assets between investment managers. Underlying investment managers may use derivatives as a tool to help manage investment risk. Some examples of derivatives include futures and options.

## Investment asset allocations

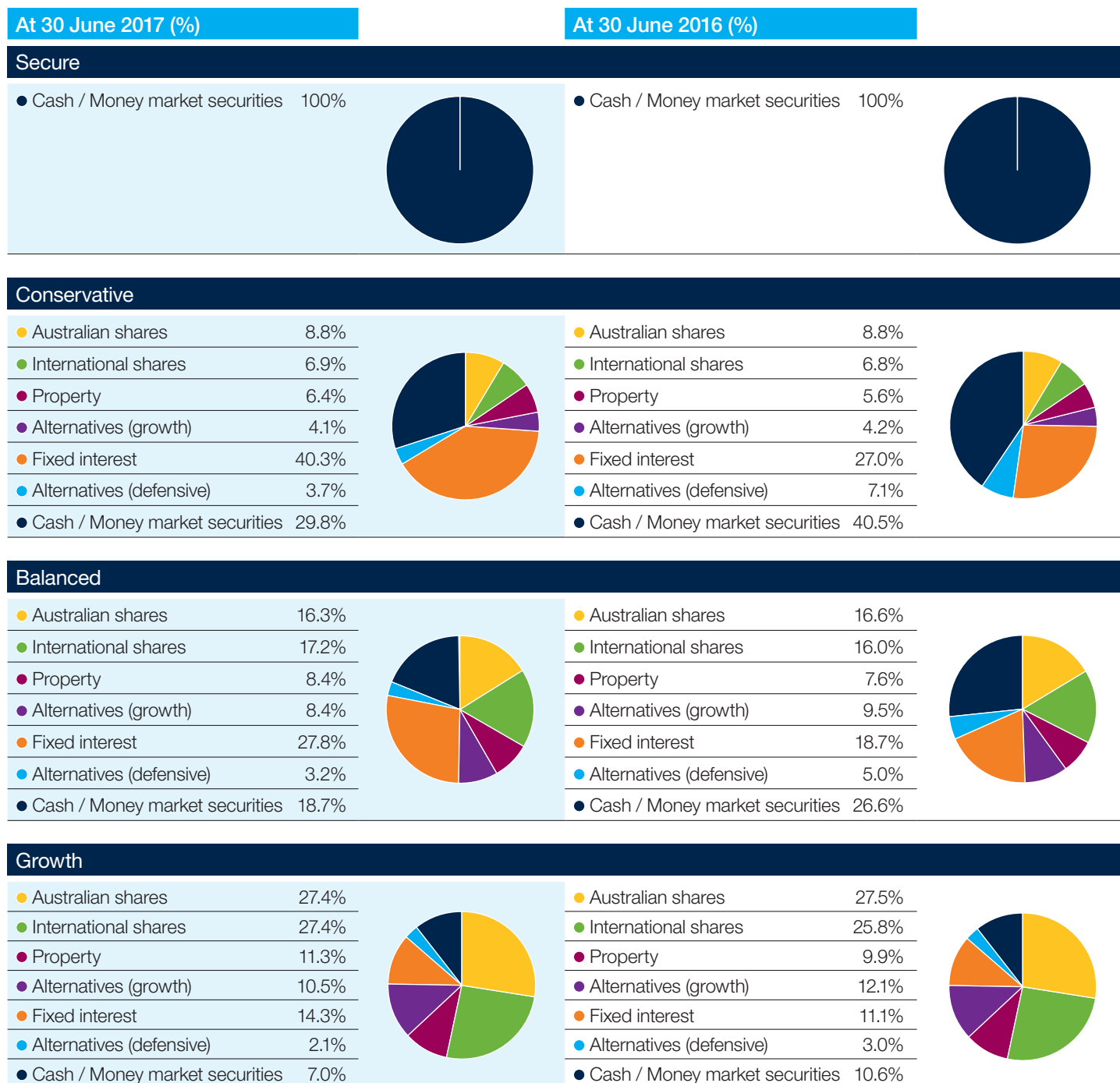
The following shows the actual asset allocation of each investment option for the assets attributable to GuildSuper and Child Care Super members and GuildPension members at 30 June 2017 and 30 June 2016.

## GuildSuper and Child Care Super

### The MySuper Lifecycle Investment Strategy

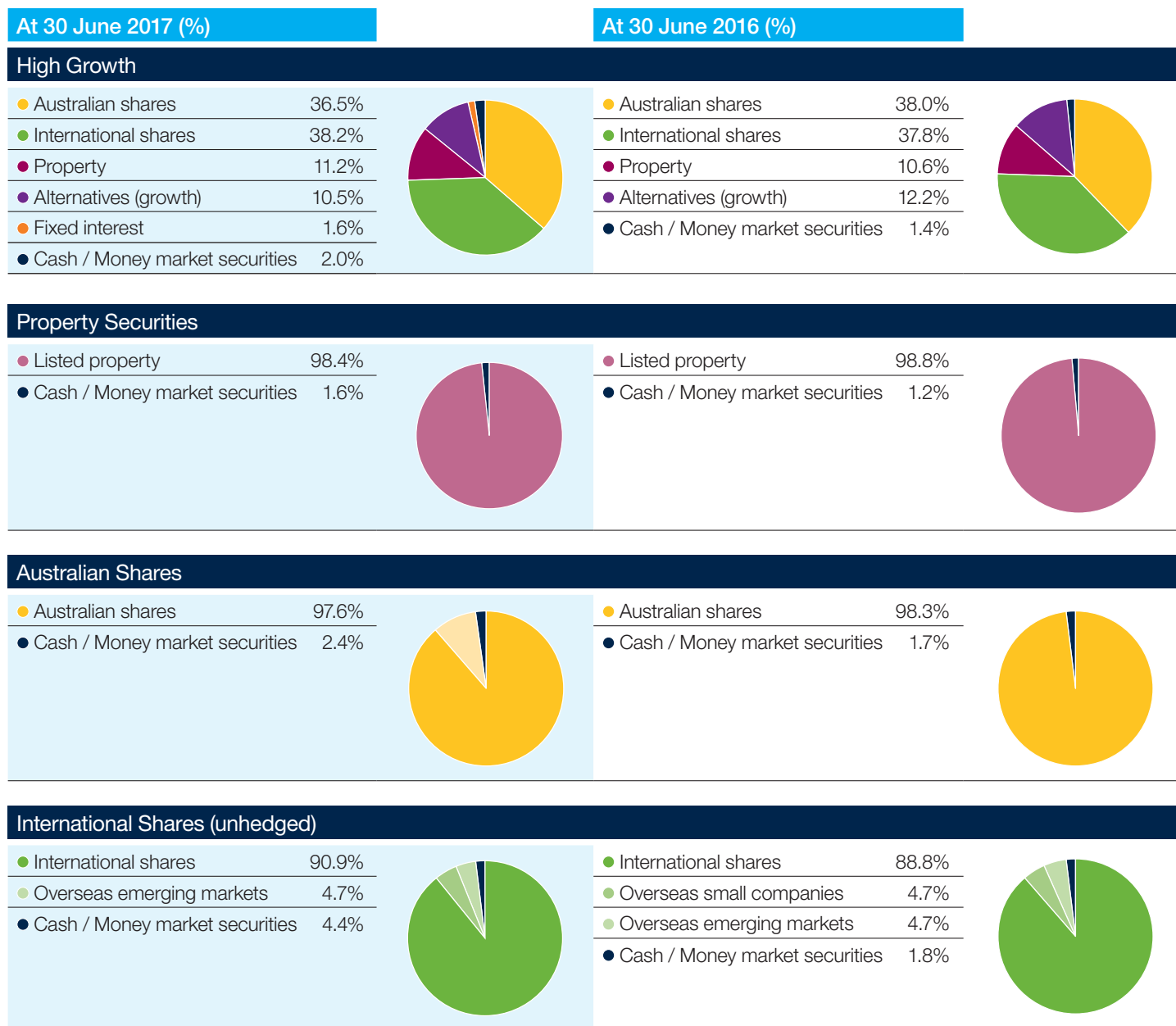


## MyMix suite of investment options

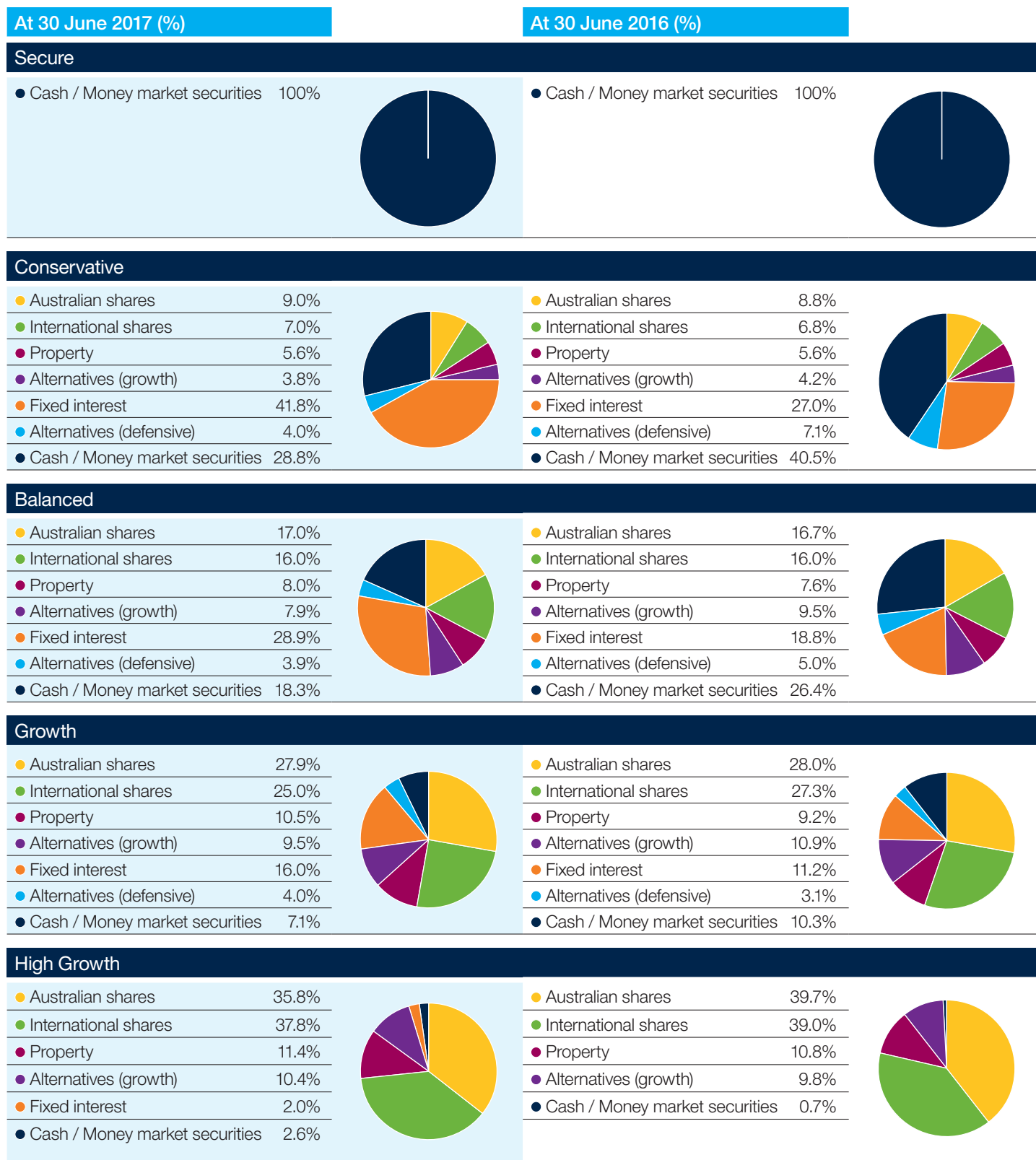


# Investments continued

## MyMix suite of investment options (contd.)



## GuildPension



# Financial information

The following information is a summary of the Financial Statements for the Fund for the year ended 30 June 2017. The accounts have been prepared on an accrual basis and comply with the requirements of the relevant accounting standards. Assets are shown at net market value. The Financial Statements have been audited by Ernst & Young.

The Fund's full set of Audited Financial Statements are on the website and available to members on request.

## Statement of financial position as at 30 June 2017

	2017 \$'000	2016 \$'000
<b>Assets</b>		
Cash and cash equivalents	60,212	47,392
Receivables	4,461	308
Investments	1,492,342	1,298,337
<b>Total assets</b>	<b>1,557,015</b>	<b>1,346,037</b>
<b>Liabilities</b>		
Creditors and accruals	3,177	3,017
Current tax liabilities	5,397	9,067
Deferred tax liabilities	4,516	491
<b>Total liabilities excluding members liabilities</b>	<b>13,090</b>	<b>12,575</b>
<b>Net assets available for member benefits</b>	<b>1,543,925</b>	<b>1,333,462</b>
Member benefits	1,527,589	1,300,823
<b>Net assets</b>	<b>16,336</b>	<b>32,639</b>
<b>Equity</b>		
Operational risk financial reserve	4,409	3,882
Contingency reserve	3,000	1,868
Amounts not yet allocated	8,927	26,889
<b>Total equity</b>	<b>16,336</b>	<b>32,639</b>

## Income Statement for the year ended 30 June 2017

	2017 \$'000	2016 \$'000
<b>Superannuation activities</b>		
Interest	606	328
Trust distributions	129,175	105,729
Net remeasurement changes in assets measured at fair value	19,359	(70,876)
Other investment income	4,394	4,361
Other income	79	-
<b>Total superannuation activities revenue</b>	<b>153,613</b>	<b>39,542</b>
<b>Expenses</b>		
Direct investment expense	4,288	3,095
General administration expense	12,427	11,810
Bank charges	6	18
<b>Total expenses</b>	<b>16,721</b>	<b>14,923</b>
<b>Profit from operating activities</b>	<b>136,891</b>	<b>24,619</b>
Less net benefits allocated to member accounts	(143,738)	(13,514)
<b>Profit/Loss before income tax</b>	<b>(6,846)</b>	<b>11,105</b>
Income tax expense/ (benefit)	9,457	(3,040)
<b>Profit/Loss after income tax</b>	<b>(16,303)</b>	<b>14,145</b>

Contribution surcharge payments (if any) are deducted from member accounts.

# Financial information continued

## Statement of changes in member benefits for the year ended 30 June 2017

	2017 \$'000	2016 \$'000
Opening balance of members' liabilities	1,300,823	1,196,316
<b>Contributions received</b>		
Employer contributions	164,630	151,595
Member contributions	18,708	12,872
Government co-contributions	347	375
Transfers in	25,825	30,398
Income tax on contributions	(24,499)	(22,916)
<b>Net after tax contributions</b>	<b>185,011</b>	<b>172,324</b>
<b>Benefits paid</b>		
Lump sum payments	(28,661)	(19,037)
Transfers to other funds	(72,263)	(53,330)
Pensions paid	(969)	(782)
Tax benefit from anti detriment	100	24
<b>Net benefits paid</b>	<b>(101,793)</b>	<b>(73,125)</b>
<b>Insurance</b>		
Insurance premiums charged to member	(16,079)	(16,102)
Death and disability benefits credited to members	13,468	5,481
Tax benefit from insurance deduction	2,421	2,415
<b>Net insurance cost</b>	<b>(190)</b>	<b>(8,206)</b>
<b>Benefits allocated to members' accounts, comprising:</b>		
Investment earnings applied to members	156,165	25,324
Administration fees paid by members	(12,427)	(11,810)
<b>Net benefit allocated to members' accounts</b>	<b>143,738</b>	<b>13,514</b>
<b>Closing balance of members' liabilities</b>	<b>1,527,589</b>	<b>1,300,823</b>

## Reserves

### Contingency Reserve

The Fund maintains a Contingency Reserve and it is managed in accordance with the Fund's Contingency Reserving Policy.

The Reserve provides a buffer against losses not covered by the Operational Risk Financial Reserve (ORFR). It is also used to provide funding for the Operational Risk Financial Reserve. The target level of the reserve is 0.15% of the Fund's net assets as at 30 June.

	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2015 \$'000
Balance at the beginning of the year	1,868	557	198
Current year increases	1,582	1,311	359
Transfer to ORFR	450	–	–
Balance at the end of the year	3,000	1,868	557

### Operational Risk Financial Reserve

Effective 1 July 2013, the Fund established an Operational Risk Financial Reserve in accordance with APRA's prudential standards. This Reserve is managed in accordance with the Fund's Operational Risk Financial Reserve Requirement Strategy.

The Trustee may use the reserve to make a payment to address an operational risk event. The target level of the reserve is 0.30% of the Fund's net assets as at 30 June.

	30 June 2017 \$'000	30 June 2016 \$'000
Balance at the beginning of the year	3,882	3,887
Current year increases	427	103
Net transfers	–	(108*)
Balance at the end of the year	4,409	3,882

\*includes interest, tax, deduction of benefits and transfers from/to the Contingency Reserve

# Important information

## What should I do if I have a complaint?

The objective of GTS' complaints handling process is to ensure that all complaints are handled in an effective, prompt and objective manner. If you have a complaint about a financial product or the service provided to you by us, the following process will be followed:

- You should lodge a complaint with our 'Complaints Officer'.
- The Complaints Officer will acknowledge receipt of your complaint and endeavour to resolve the complaint within 45 days of receipt.
- If you are not satisfied with the Complaints Officer's decision or you have not received a response within 45 days of the complaint being lodged, you can request a review of your complaint by the Trustee's Delegate.
- The Trustee's Delegate will have up to 45 days from receipt of your complaint to provide you with a written decision.

You can lodge a complaint via the following channels:

### GuildSuper

By telephone: **1300 361 477**  
By mail: **GPO Box 1088,  
Melbourne,  
Victoria, 3001**

### Child Care Super

By telephone: **1800 060 215**  
By mail: **GPO Box 2788,  
Melbourne,  
Victoria, 3001**

### GuildPension

By telephone: **1300 665 722**  
By mail: **GPO Box 1088,  
Melbourne,  
Victoria, 3001**

GTS will endeavour to resolve your complaint as soon as possible and by no later than 90 days of receipt.

## What can I do if I'm not satisfied with the outcome of my complaint?

If you do not receive a response to your complaint from us within 90 days of lodgment or if you are not satisfied with the response received; you can take your complaint to the Superannuation Complaints Tribunal (SCT), which is an independent federal government body. If the SCT can deal with your complaint, it will attempt to resolve the complaint through conciliation. If that is unsuccessful, the SCT will review the decision to which the complaint relates. Please note, the SCT has certain time limits for lodgment of complaints.

For more information about the SCT's requirements and time limits, you can contact the SCT at:

### Superannuation Complaints Tribunal

Locked Bag 3060  
Melbourne VIC 3001

Phone: 1300 884 114  
Fax: (03) 8635 5588

Email: [info@sct.gov.au](mailto:info@sct.gov.au)  
Web: [www.sct.gov.au](http://www.sct.gov.au)

ASIC also has an Information Line on 1300 300 630 which may be used to obtain further information about your rights.

## Indemnity insurance

Under the Fund's Trust Deed, the Trustee has the right to be indemnified out of the Fund's assets for all liabilities it may incur except in the case of dishonesty, wilful neglect or misconduct. Professional indemnity insurance is in place to protect the Trustee and members' interests.



## If you need more information

If you require additional information about this Annual Report or your account, in the first instance please refer to the Product Disclosure Statement which is available on the Fund's website, or contact the Fund on the details below.

GuildSuper	Child Care Super	GuildPension
 1300 361 477	 1800 060 215	 1300 665 722
 GPO Box 1088 Melbourne VIC 3001	 GPO Box 2788 Melbourne VIC 3001	 GPO Box 1088 Melbourne VIC 3001
 <a href="http://guildsuper.com.au">guildsuper.com.au</a>	 <a href="http://childcaresuper.com.au">childcaresuper.com.au</a>	 <a href="http://guildsuper.com.au/pension">guildsuper.com.au/pension</a>

### Trustee and Issuer:

Guild Trustee Services Pty Limited, 171 Collins Street, Melbourne, VIC 3000.

ABN 84 068 826 728, AFS Licence no. 233815, RSE Licence No. L0000611 as Trustee for the Guild Retirement Fund ABN 22 599 554 834, Fund Reg. No. R1000030, MySuper authorisation No. 22599554834526.

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