

**ANNUAL
REPORT**

2016/17

**Celebrating
50 years**
of helping members
make the most
of their super



Maritime
Super
1967 ~ 2017



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The information stated about the Fund is current at the date of issue, unless otherwise stated. The report contains general and summary information only and does not take into account your individual objectives, financial situation or needs. Consequently, you should consider the appropriateness of any general information in relation to your situation before making an investment decision. The Trustee recommends you seek financial advice before making any decisions concerning your super.

The Fund's Product Disclosure Statements (PDSs) and Supplements and Maritime Financial Services Pty Limited's Financial Services Guide are available by calling 1800 757 607. You should consider the PDS and its Supplements in deciding whether to acquire or continue to hold a product.

The financial statements on page 24 are from audited accounts. Past performance is not necessarily an indicator of future performance.

The Fund

Maritime Super
ABN 77 455 663 441
RSE Registration No. R1001747
MySuper Authorisation No. 77455663441220

The Trustee

Maritime Super Pty Limited
ABN 43 058 013 773
AFSL No. 348197
RSE Licence No. L0000932
Level 16, 31 Market Street, Sydney NSW 2000

The Administrator

Maritime Financial Services Pty Limited (MFS)
ABN 16 105 319 202
AFSL No. 241735
Locked Bag 2001, QVB Post Office NSW 1230

Our message to you

Welcome to the 2016/17 Annual Report.

This financial year, we've been busy once again developing new online tools in addition to all the resources and services already available to members, to help them make the most of their super. In July, we launched two revamped websites – the public site and the secure Member Online site, where you can access and/or change your personal information. These sites are designed to be more intuitive and personalised. We've also started working on an App – watch this space!

Our digital strategy is in full swing and supporting members with personalised video and interactive statements, calculators to explore future benefits, suite of short sharp videos, eNewsletters and social media channels. Our digital solutions are all about helping members make the most of their super, and providing the appropriate support and guidance along the way.

Investments play a key role in the savings journey, we know that, and that's why our objective is to deliver solid long-term investment performance with a bias to capital preservation. Investment markets were strong throughout the financial year, hitting double-digit returns for most asset classes. Australia's economy expanded reasonably over the year. Global markets were steady as the US economy remained resilient despite reduced intervention from the Federal Reserve and in Europe, economic recovery continued to be supported by the European Central Bank's Quantitative Easing program.

Maritime Super's investment options delivered positive returns for members for the 2016/17 financial year, and saw the Growth option return 12.34% and the Balanced option 10.44%.

2017 marks a very special milestone for the Fund – it's our 50th anniversary! As early as 1954, unions sought to establish a pension scheme for members, but it wasn't until 1967 that maritime unions and industry employers collaboratively established the Stevedoring Employees Retirement Fund that saw employers and workers contributing to a co-funded pension. In 1973, the Seafarers Retirement Fund was established with a similar approach. At a time when there was no formal super system in place, the Fund was a pioneer in its approach to help members save for their future. It was not until 1992, 25 years later, that compulsory super was introduced for all working Australians.

In five decades, we've gone from strength to strength, working with the union and employers for members. We've continued to evolve, developing innovative and comprehensive superannuation, insurance and retirement benefits for members. Today, Maritime Super is the largest industry fund for the maritime industry, looking after 30,000 members and over \$5 billion in assets.

Over the years, we've seen generations of members retire with financial security and dignity thanks to the foresight of maritime unions and employers 50 years ago. Instead of retiring with their last pay cheque, today our members retire with on average \$480,000 - much higher than the super industry average. We're proud of our growth and the outcomes we've delivered to members – our purpose has never wavered – helping members make the most of their super and achieving financial security.

We encourage all members to take advantage of the many services on offer to you, including our seminar program and worksite visits across the country, the Member Services team on the phones, online educational tools and the financial planning team, to name a few benefits.

In 2016, the Fund reviewed its insurance arrangements with AIA Australia Limited (ABN 79 004 837 861) as part of our regular contract review process. Pleasingly, insurance premiums remain unchanged and there were a number of improvements in policy in the best interests of members.

In the 2016 Federal Budget, there were a number of super changes announced which took effect on 1 July 2017. As always, our financial planners are available to discuss the super changes and how they may impact you personally and help you make informed decisions in light of the changing super landscape. Make sure you take advantage of our financial advice team, including our Member Services team, to help you with any questions you might have on super changes. In recent years, we've invested considerable time taking the front foot with members who we feel could do with a phone call and assistance with their super. In fact, we recently contacted a number of members whose beneficiary nominations had become invalid, to ensure their benefit is protected for them and their families.

Throughout the year, we continued to sponsor organisations such as Hunterlink International as we're passionate about supporting the health and wellbeing of our members and the maritime community.

We continue to look for ways to make it easy for members to access, understand and manage their super whether it be through new digital innovations or one-on-one support opportunities. Finally, on behalf of the Board, management and staff at Maritime Super, thank you for your continued trust and support.



Paddy Crumlin
Chair



Peter Robertson
Chief Executive Officer

OUR HISTORY

1967 - 2017



1967

On 6 October 1967, the Stevedoring Employees Retirement Fund (SERF) was established

Stevedoring members received a pension partly funded by employers and workers that saw employers contribute 1½ times the employee's contribution rate, plus 100% for years of service back to 1942

SERF was Australia's first employer-sponsored industry fund - 25 years before compulsory superannuation came into being



1973

On 3 May 1973, the Seafarers Retirement Fund (SRF) was established

Seafaring members received a pension funded by employers and workers under a 2-for-1 arrangement, with an initial Fund Service Benefit of \$6.00 a week

Celebrating a proud, pioneering history

The superannuation system that Australians take for granted today is largely thanks to the foresight and commitment of the maritime unions and employers who established a pension for maritime workers over 50 years ago.

Before superannuation, maritime workers would retire with nothing more than their final pay cheque. After years at sea or on the wharves, the end of their working life signaled a new phase of uncertainty for these veteran workers, sailing into their golden years not knowing how they would support themselves and their families.

At a time when there was no formal super system in place, Maritime Super was a pioneer in its approach to help members save for their retirement. Since then, we've gone from strength to strength and have continued to evolve over the years, developing innovative and comprehensive superannuation, insurance and retirement benefits for members.



Have you seen our Anniversary microsite?

Check out our 50th Anniversary microsite - you'll find interactive quizzes, member stories and more at www.maritimesuper.com.au



1974

In its first superannuation survey, the ABS reported that:

- 32% of the workforce had super
- 24% of people working in the private sector had super
- 58% of people working in the public sector had super



1986

The Government and the ACTU endorsed a universal 3% employer superannuation contribution in the Prices and Incomes Accord Mk II

Maritime industry members received an additional 3% super



1990

64% of employed Australians had super

Super assets estimated to be \$123 billion



2005

Industry Super Australia (ISA) was established to look after the collective interests of industry fund members - with a common goal of providing the best possible retirement outcome for members



2000

By 2000, both SERF and SRF were going from strength to strength:

- SERF had 10,500 members and \$1 billion in assets
- SRF had 5,000 members and \$550 million in assets



1992

SG legislation is passed and superannuation becomes compulsory for all Australians - 25 years after the establishment of our industry Fund!



2009

On 1 March 2009, Maritime Super was established

The merger of SERF and SRF resulted in the formation of the largest industry super fund for maritime workers



2016

100% of employed Australians have super

Super assets estimated to be \$2.2 trillion - making Australia the third-largest holder of pension fund assets in the world



2017

6 October 2017 - Maritime Super celebrates its 50th Anniversary

30,000 members, \$5 billion in assets under management and growing!



2016/17

... by the numbers



we've helped our

**30,000
members**

make the most of their super

50 years



dedicated to
improving
financial
outcomes for
members



\$295 million

received in contributions for
and on behalf of members

\$53 million
rolled in to Maritime Super



**42,774
calls**

received by our
Member Services team

5 minutes
average call time

(we don't rush our
members or have time
quotas on calls)



We're here
to help!



NEW

238,000 visits in the last year

5 new videos launched on our website regarding super, investments, insurance and advice

Meet our savvy seagull!

New website + 50th Anniversary microsite

Follow us on Facebook

730 followers on Facebook

This infographic features a light blue background with white decorative starburst icons. On the left, a laptop icon displays a play button, with a dark blue starburst containing the word 'NEW' and a speech bubble stating '238,000 visits in the last year'. To the right, a hand icon points to a tablet with a play button, accompanied by a speech bubble that says 'Meet our savvy seagull!'. Below these, the text '5 new videos launched on our website regarding super, investments, insurance and advice' is displayed. At the bottom, a stylized person icon is surrounded by two speech bubbles: one saying 'Follow us on Facebook' and another stating '730 followers on Facebook'. The central text reads 'New website + 50th Anniversary microsite'.



Providing guidance and support

1,607 members sought financial advice from our planners

121 members received free advice over the phone from our financial planners

This infographic has a brown background. On the left, an icon shows three people sitting around a table, with a speech bubble above them that says 'Providing guidance and support'. To the right of this icon, the text reads '1,607 members sought financial advice from our planners'. Further right, an icon shows a hand holding a smartphone, with the text '121 members received free advice over the phone from our financial planners' next to it.



64 worksite visits and member seminars held across Australia during 2016/17

This infographic has a dark blue background with white decorative starburst icons. On the left, an icon shows a person standing next to a presentation board with a line graph showing an upward trend. To the right of the icon, the text reads '64 worksite visits and member seminars held across Australia during 2016/17'.

Our members are the reason we're here,
and we never lose sight of this



Helping you make the most of your super

Maritime Super is the largest industry fund for the maritime industry. With around 30,000 members and over \$5 billion in assets, we're committed to building lifelong relationships with members throughout their working lives and in retirement.

Our goal is to help members make the right decisions now to secure financial freedom in the future. Everything we do is about helping you make the most of your super and prepare for life after work.

Your membership benefits include:

Profit-for-members philosophy

As an industry fund, we are run only for the benefit of members. Our members are the reason we're here and we never lose sight of this.

Strong investment performance

Our investment strategy is focused on long-term fundamentals and diversification across a range of asset classes, sectors, regions and managers – delivering strong investment returns to members.

Competitive fees

Our size allows us to negotiate competitive fee arrangements otherwise not available to individual investors or self-managed funds.

Range of investment options

We offer a range of diversified and sector investment options, giving members flexibility and choice.

Quality member education

We help members make informed decisions about super through a suite of member communications, our website, fact sheets, newsletters, seminars and more.

Access to financial advice

Our network of financial planners across Australia operate on a fee-for-service basis with no commissions.

We also offer advice over the phone from a financial planner at no cost to you. You can speak to a planner about your investment or contribution strategy.

Range of pension options

We offer a range of pension products, including a transition to retirement pension and an allocated pension.

Lifetime membership

Members can stay with the Fund even when they change jobs, leave the maritime industry or retire.

Open to family and friends

Members can nominate family and friends so they can also take advantage of the benefits of membership.

Making things easy for you

We know super can be complex, so we're always looking for ways to make it easy for you to 'get it' and make the most of it.

In recent years, we've aimed to simplify our communications and provide you with access to short, easy-to-read fact sheets online as well as interactive tools like calculators and the investment performance section on our website.

Last year, we launched an innovative online annual statement and personalised video for each member – allowing you to explore your benefits along with helpful tips and next steps. Log in to Member Online and check out your online interactive statement.

What's more, we recently launched a suite of videos that are short, sharp, and easy to understand. From boosting your super, to getting ready to retire, changing investment strategies and everything in between, they'll help you to understand the ins and outs of your super and get where you want to be. Check out the new videos and have fun learning about your super!

Helping you prepare for life after work

In addition to education publications, seminars and resources online, we've launched three new calculators to help you prepare for life after work. You can explore how subtle changes make a difference to your future financial outcome.

- **Retirement Calculator** – explore the level of income you can expect in retirement when you adjust certain variables like investment strategy, target income, retirement age etc and get an estimate of your surplus or shortfall.
- **Contributions Calculator** – explore how changes in your contribution strategy impact your future income.
- **Pension Drawdown Calculator** – explore the level of income you can expect from your super and how long it may last.
- **Insurance Needs Calculator** - explore the level of cover you need based on your financial commitments and dependants

We're here to help

Along your super journey, you may have questions or need help to make informed decisions and we're here to help you. At any time, you can call Member Services on 1800 757 607 with a question and our consultants can provide you with general information or send you any material you may need.

If you'd like financial advice on either your investment strategy in the Fund and/or salary sacrifice contribution strategy, you can ask a planner over the phone. The financial planner will ask you a series of questions to assess your risk profile and financial goals, so allow around 20 minutes for your phone call. If you just need a little guidance to set you on the right path, you may find this service quick and helpful.

For full financial advice that takes into account your personal circumstances and objectives, we have a network of financial planners across the country you can meet with. Your first appointment is a fact-find session and free of charge. You can call Member Services on 1800 757 607 to make an appointment or send in a request online.

Connecting with us

We're here to help you along your super journey. There are a number of ways you can connect with us to stay up to date with the latest developments in the Fund, to learn more about your super and your benefits, or to simply ask us a question!

One-on-one

If you're after one-on-one contact, drop into one of our offices and chat to one of our Member Services consultants or make an appointment to meet with a financial planner.

Our seminar program provides the opportunity to learn more about the latest Fund developments and meet our management team and financial planners.

Over the phone

Member Services are on hand to answer your call and help you with any questions, no matter how big or small. It's a toll free number available Monday to Friday 8.30am – 5.30pm AEST.

We can also send you any documentation you might be after or help you find something online - whatever it is, we're here to help.

You can call us on 1800 757 607.

Email

At any time you can send us an email - simply email info@maritimesuper.com.au.

Online

We have a wealth of information available to you online, whether it be our public website or our secure Member Online (via login) where you can access your personal account and make any changes you like.

You can jump online to access information to learn more about your super or explore our calculators to better understand how your savings are tracking.

Get social!

To stay in touch with the latest news about the Fund, check out our Facebook and Instagram pages.

The maritime industry has a rich and colourful history, and our social media posts bring some of this history to you in the form of Salty Superstitions, Monday Motto and Trivia Time.

Join our steady group of followers - follow us on Facebook and Instagram!



www.facebook.com/maritimesuper



[instagram.com/maritime_super](https://www.instagram.com/maritime_super)

New website

Our new website provides members with a personalised online experience. With a fresh look, new resources and an intuitive design, it's geared to help you make the most of your super.

A responsive design made for mobile devices

It's fully optimised for mobile devices, with a scroll-down format that lets you explore and easily access online information.

Easy navigation

We've restructured our menus to make them easy to navigate so that you can get the information you're after with fewer clicks.

A unique online experience

Our website focuses on relevant content delivery to make your online experience meaningful, and is achieved through seamless integration with Member Online.

Log in to Member Online to have your online experience personalised - you'll see campaigns, tips and information that's uniquely tailored for you!

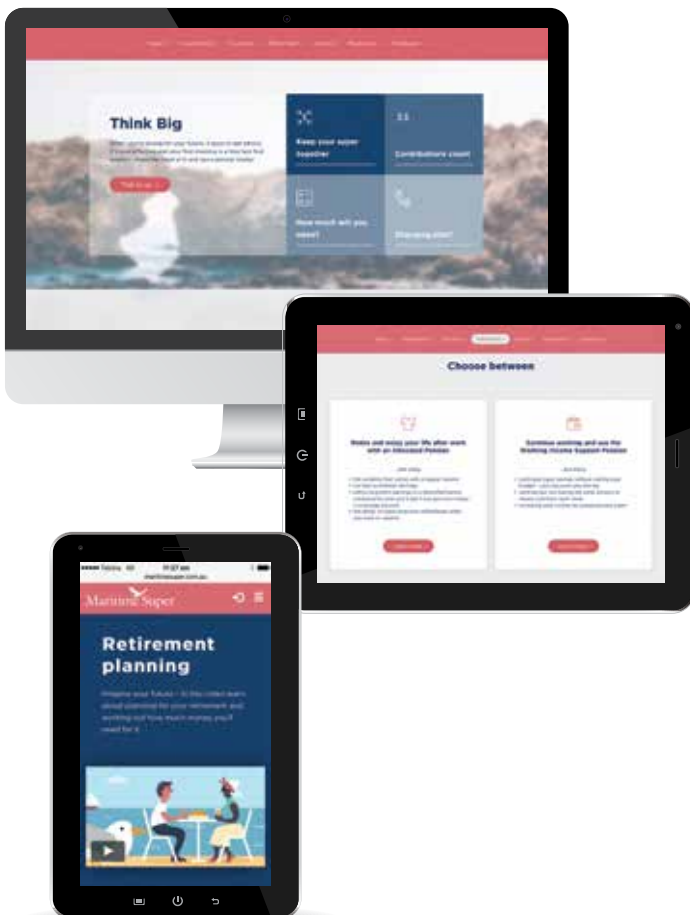
Even more resources and new videos

In our Resources section, you'll find everything you need to learn about super - from calculators to fact sheets and everything in between!

We've introduced new videos which are a short, fun way to learn - check them out!

Online rollover tool

Other features include an online rollover tool - combine all of your super accounts in a few quick and easy steps and directly submit.



EXPLORE
YOUR SUPER

Jump online and explore the tools we've developed to help you manage your super and make the most of it.

Explore now at www.maritimesuper.com.au!



The Trustee is committed to making decisions in the best interests of members

Managing your fund

Your Trustee

The Trustee is responsible for the overall operation of the Fund and ensuring that it operates within the rules of the Trust Deed and relevant Government legislation. The Trustee is committed to making decisions that are in the best interests of members.

There are ten Directors on the Trustee Board comprising:

- four member-representative Directors appointed by the Maritime Union of Australia (MUA)
- two employer-representative Directors elected by Participating Employers of the seafaring industry
- two employer-representative Directors appointed by Full Participating Employers of the stevedoring industry; and
- two independent Directors appointed by the other Directors under the Trustee company's constitution.

The Trustee Board meets every two months throughout the year. The following details the Directors on the Trustee Board as at 30 June 2017. Changes are reported on our website.

Board of Directors as at 30 June 2017

Member representatives

Padraig Crumlin (Chair)
Michael Doleman
Paul Garrett
Jamie Newlyn

Employer representatives - seafaring industry

Jeffrey Weber
Tony Wilks

Employer representatives - stevedoring industry

Sam Kaplan
David Owen

Independent Directors

Lynelle Briggs
Norman Pack

Alternate Directors

Alternate member representatives

The MUA may appoint an alternate Director to act in place of any of the member representatives. At 30 June 2017, the alternative member-representative Director was:

Will Tracey

Alternate employer representatives

The participating employers may appoint an alternate Director to act in place of employer representatives. At 30 June 2017, the alternative employer-representative Directors appointed were:

Elizabeth Buckey (appointed 23 August 2017)
Peter Raynor (resigned 23 August 2017)
Donald Sleath
Craig Thomson

Directors who left the Trustee Board during the 2016/17 financial year

Roger Burrows - resigned as employer representative
17 August 2016

Mick Carr - resigned as member representative
29 September 2016

Corporate governance

The Trustee Board is also assisted by the following Board Committees:

- Audit and Risk Committee
- Benefits Committee
- Investment Committee
- Marketing Committee
- Mergers and Alliances Committee; and
- Nominations and Remuneration Committee.

Each of these committees has its own charter of responsibilities and reports to the Trustee Board with recommendations for full Board discussion and decision.

Fund operations

The Fund's administration, accounting, communication and financial planning services are provided by Maritime Financial Services Pty Limited (MFS), which is a wholly-owned subsidiary of the Trustee and holds an Australian Financial Services (AFS) Licence (granted by ASIC, No. 241735). As an AFS licensee, MFS has arrangements in place to ensure it complies with its licence obligations.

Professional indemnity insurance

The Trustee has taken out insurance to indemnify the Directors (and other responsible officers) from loss resulting from any claim made against the Trustee for any wrongful act of the Trustee or any other person for whose wrongful act the Trustee is legally responsible. The Directors, however, are not indemnified against fines or penalties imposed by law as a result of negligent or dishonest conduct.

Investment performance

Investment performance for accumulation accounts and pensions to 30 June 2017 are shown below. The latest investment returns are available on the Investment Performance page of our website at www.maritimesuper.com.au.

Investment option	1-year return pa	5-year compound average return pa	10-year compound average return pa
Accumulation account			
Australian Shares	11.66%	N/A	N/A
International Shares	17.50%	N/A	N/A
Growth	12.34%	11.13%	3.89%
Growth MVP	9.82%	N/A	N/A
Balanced	10.44%	9.45%	4.39%
Moderate	8.98%	N/A	N/A
Conservative	5.54%	5.92%	4.20%
Cash Enhanced	2.16%	2.78%	3.57%
Cash	1.39%	1.94%	N/A
Pension account			
Australian Shares	13.30%	N/A	N/A
International Shares	19.26%	N/A	N/A
Growth	13.66%	12.58%	4.40%
Growth MVP	10.89%	N/A	N/A
Balanced	11.54%	10.61%	4.75%
Moderate	10.05%	N/A	N/A
Conservative	6.21%	6.62%	4.88%
Cash Enhanced	2.47%	3.20%	4.16%
Cash	1.58%	2.24%	N/A

Notes:

- These returns are based on movements in unit prices and are net of asset-based fees and taxes.
- Where a return is marked 'N/A', it's because the option has existed for less than the relevant period.
- The returns prior to 1 March 2009 are based on the returns of the most closely corresponding Stevedoring Employees Retirement Fund (SERF) or Seafarers Retirement Fund (SRF) investment option for the period:

Growth	→	SERF Growth
Balanced	→	SRF Balanced
Conservative	→	SERF Capital Stable
Cash Enhanced	→	SERF Capital Protected
- Past performance is not necessarily indicative of future performance.

Allocation of investment returns

Your returns come from earnings on the Fund's investments. Costs and any Government taxes are deducted from earnings and the remainder distributed to accounts through unit prices.

For all investment options other than the Fixed Term Investment option, the returns are based on movements in the value of the underlying investments (for example, shares, bonds, properties). Unit prices are calculated daily and are available at www.maritimesuper.com.au.

For the Fixed Term Investment option, the investment return is the fixed interest rate that is determined at the start of the term. Returns are added to your account at the end of the term. If you withdraw your investment before the end of the term, the Trustee will determine whether or not some interest is payable and if so, the interest will be added to your account upon withdrawal of your investment.

Please note the following exceptions for Defined Benefit members:

- only benefits in the accumulation accounts have investment earnings allocated as noted above;
- allocation of investment returns is not applicable to the defined benefit portion of a member's benefit (i.e. where the benefit is defined by formula), including the Offset account (maintained for Permanent (Defined Benefit) members of the Stevedores division).

Monitoring of investment performance

The Trustee and Investment Committee monitor the performance of the Fund's investments at three levels:

- Maritime Super investment options
- asset class; and
- investment manager.

The Trustee and Investment Committee receive monthly updates on monthly, quarterly, financial year-to-date, annual, three-yearly, five-yearly and 'since inception' investment performance, from our appointed principal investment adviser, JANA Investment Advisers.



**It was a strong year for investment markets,
with Maritime Super's investment options
all delivering positive returns for the
2016/17 financial year**

Investments: the year in review

A strong year for investment markets ...

With global economic growth faring well, investment markets were strong throughout the financial year, hitting double digits for most asset classes. From November 2016, markets rallied following the unexpected election of US President Donald Trump; with many believing that a Trump leadership would contribute significantly to the economy as a result of fiscal spending, tax cuts and the deregulation of the financial sector. The US economy remained resilient despite reduced intervention from the Federal Reserve, which commenced its path to interest rate normalisation in December 2016 and announced plans to begin reducing the balance sheet in late 2017.

In Europe, economic recovery continued to be supported by the European Central Bank's Quantitative Easing program, which was extended by 9 months until December 2017. In the UK, equity returns were below the broader European market as uncertainty regarding the path towards 'Brexit' was compounded by the results of the snap election in June, which led to a hung parliament.

Australia's economy expanded reasonably over the year. A sharp reversal of commodity prices contributed positively to the domestic recovery and boosted Australia's monthly trade surplus to the highest ever on record in December 2016. The Reserve Bank of Australia (RBA) held a more constructive view on the economy as the year progressed. Interest rates have been on hold since August 2016, when the RBA cut interest rates by 0.25% to 1.5% in an attempt to further support economic recovery.

Australian shares

Australian shares, as measured by the S&P/ASX300 Index, performed strongly for most of the year, returning 13.8%, buoyed by positive investor sentiment and expectations that the broadening economy would be supportive of the commodities markets. Market returns, however, weakened towards the end of the year, led down by the banking sector. The May 2017 release of the Federal Budget included a proposal to impose a new levy on major banks which led to a reduction in their returns.

There were pronounced differences in sector performance across the Australian market over the year, with the Materials sector rising (24.5%) on the back of a sharp recovery in commodity prices, while the Telecommunications Services (-21.2%) sector performed very poorly, primarily driven by stock specific issues.

International shares

International shares, as represented by the MSCI World ex-Australia Index, rose 21.2% on a hedged basis (in AUD) while the unhedged return was also very strong at 15.4%, following the Australian dollar's appreciation over the year. Emerging markets outperformed developed markets, with the MSCI Emerging Markets Index rising 20.5% (unhedged) for the year.

The Japanese equity market was one of the best performing developed markets, rising 30.2% over the year. This was largely driven by a sharp depreciation of the Japanese Yen against the USD, which strongly increased the competitiveness of Japanese exporting companies in particular.

Property

Australian unlisted property outperformed their listed counterparts to generate a strong 12.0% return over the financial year.

Fixed Interest

After several years of strong returns, fixed interest markets were subdued over the financial year. Global inflation linked bonds (3.0%, hedged into AUD) provided the best returns within the Fixed Interest asset class, while global government bonds (0.5%, hedged into AUD) and Australian government bonds (0.2%) performed poorly as global yields rose over the financial year.

Cash

The RBA lowered the cash rate by 0.25% during the year, which is currently 1.50%.

Maritime Super's investment strategy

As always, Maritime Super's investment strategy remains focused on long-term fundamentals and diversifying across all asset classes, sectors, regions and markets.

Investments: your options

You can choose how your account is invested by selecting from our investment options.

We recognise that everyone has different investment objectives that can change throughout their lifetime. Our investment options let you make a choice based on your investment timeframe, return expectations and the level of risk you are comfortable with.

Each of the Fund's diversified investment options has an investment strategy that determines the mix of 'growth' and 'defensive' assets and, more specifically, the asset classes (e.g. shares, property, fixed income, alternatives, private equity, cash enhanced and cash) in which they are invested. Each of the Fund's sector options invest in a single asset class.

The Fixed Term Investment provides a predetermined rate of return on investments held for a 12-month term.

Investment choice does not apply to defined benefit accounts.

Standard Risk Measure

To help members assess risk, standard risk measures have been introduced for the investment options. The Standard Risk Measure (SRM) is a simplified risk measurement tool that helps members compare the risk of negative returns for investment options, both within the Fund and between funds. Investment options are graded across seven 'risk bands' from 1 (Very Low Risk) to 7 (Very High Risk). The Standard Risk Measure 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.

The Standard Risk Measure 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 reach their objectives. Furthermore, it doesn't take into account the impact of administration fees and tax on the likelihood of a negative return. Members should ensure that they are comfortable with the risks and potential losses associated with their chosen investment options.

Use of derivatives

Derivatives are investments that get their value from an underlying asset, such as bonds or shares. Investment managers may buy or sell derivatives to help manage the risks of the underlying asset and protect against, or benefit from, investment volatility.

The Fund's investment managers may use derivative instruments from time to time for limited purposes. The Trustee has adopted a Derivative Risk Statement setting out the conditions for the use of derivatives by investment managers.

The derivative transactions undertaken by the Fund's investment managers are, principally, share index futures and foreign exchange contracts.

Legitimate uses of derivatives include:

- hedging to protect the value of assets against any significant decline in investment markets
- the hedging of overseas currency exposures; and
- as a means of making tactical asset allocation adjustments while minimising transaction costs.

However, the managers are not able to use futures, options or other derivative instruments for high-risk speculative purposes.

Derivatives are used by some of the Fund's investment managers:

- currency hedging is implemented via forward exchange contracts which are classified as derivatives
- two of the Fund's cash mandates are also established as a 'swap' which is classified as a derivative
- the Fund's Managed Volatility Process (MVP) employs a futures overlay to manage extreme volatility in the Moderate and Growth MVP investment options;
- the Trustee also has a 'swap' arrangement established with Goldman Sachs International as part of a strategy to invest the fixed term pension products assets.

At all times during the year, the Fund's net derivatives exposure has not exceeded 5% of the total assets of Maritime Super.

Reserving policy

No investment earnings are credited to an investment reserve for the purpose of smoothing members' investment returns.

Investment objectives, strategies and risk and return profiles

The investment objective, strategy and risk and return profile for each of the investment options including the Fixed Term Investment option as at 30 June 2017 are summarised on the following pages.

Cash

This option invests 100% in defensive assets.

Investment objective

(after fees and taxes over rolling 10-year periods)

To outperform the annual rate of inflation (CPI) and perform in line with the UBS Australia Bank Bill Index (net of tax and fees).

Suitability

Most suitable for members whose most important consideration is that there is little chance of a negative return.

Minimum suggested investment timeframe

Short term

Standard Risk Measure

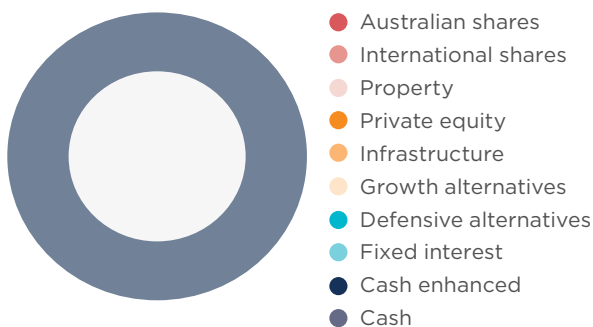
Risk Band: 1

Risk Label: Very Low

Risk versus return

This option provides long-term security but do not expect any growth over inflation. It provides the lowest risk of short-term losses among the investment options. A negative annual return is very unlikely.

Target Asset Allocation



Growth assets	Target %	Defensive assets	Target %
Australian shares	0	Defensive alternatives	0
International shares	0	Fixed interest	0
Property	0	Cash enhanced	0
Private equity	0	Cash	100
Infrastructure	0	Total Defensive assets	100
Growth alternatives	0		
Total Growth assets	0		

Cash Enhanced

This option invests 100% in defensive assets.

Investment objective

(after fees and taxes over rolling 10-year periods)

To outperform the annual rate of inflation (CPI) and the UBS Australia Bank Bill Index (net of tax and fees).

Suitability

Most suitable for members whose most important consideration is that there is little chance of a negative return or who wish to seek a small premium over the Cash option for a low level of risk.

Minimum suggested investment timeframe

Short term

Standard Risk Measure

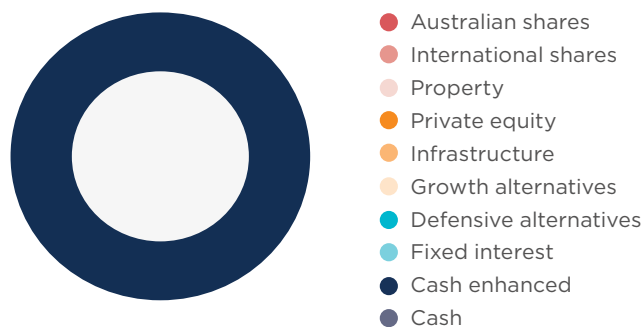
Risk Band: 1

Risk Label: Very Low

Risk versus return

This option provides long-term security but do not expect any significant growth over inflation. It has a very low risk of short-term losses. A negative annual return is very unlikely.

Target Asset Allocation



Growth assets	Target %	Defensive assets	Target %
Australian shares	0	Defensive alternatives	0
International shares	0	Fixed interest	0
Property	0	Cash enhanced	100
Private equity	0	Cash	0
Infrastructure	0	Total Defensive assets	100
Growth alternatives	0		
Total Growth assets	0		

Conservative

This option targets to invest approximately 30% in growth assets and 70% in defensive assets.

Investment objective

(after fees and taxes over rolling 10-year periods)

To outperform the annual rate of inflation (CPI) by around 1% pa.

Suitability

Most suitable for members for whom the low to medium risk of a negative return in any one year is an important consideration.

Minimum suggested investment timeframe

Approximately five years

Standard Risk Measure

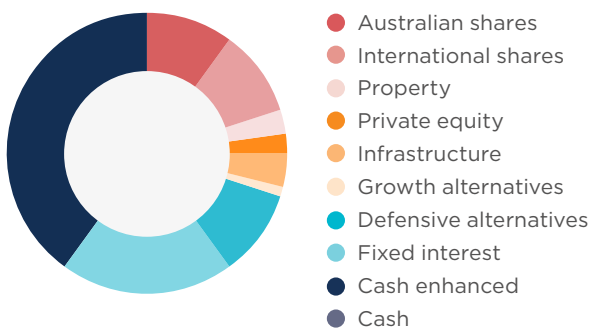
Risk Band: 3

Risk Label: Low to Medium

Risk versus return

This option provides a reasonable level of short-term security with the potential for some capital growth in the long term. It offers a lower risk of short-term losses but lower expected returns. A negative annual return is anticipated on average 1-2 times every 20 years but negative returns may be more or less frequent.

Target Asset Allocation



Growth assets	Target %	Defensive assets	Target %
Australian shares	10	Defensive alternatives	10
International shares	10	Fixed interest	20
Property	3	Cash enhanced	40
Private equity	2	Cash	0
Infrastructure	4	Total Defensive assets	70
Growth alternatives	1		
Total Growth assets	30		

Moderate

This option invests at least 95% of funds according to the target asset allocation of 70% in growth assets and 30% in defensive assets and the remainder towards the MVP approach.

Investment objective

(after fees and taxes over rolling 10-year periods)

To outperform the annual rate of inflation (CPI) by around 2.5% pa.

Suitability

This option invests at least 95% of funds according to the target asset allocation of 70% in growth assets and 30% in defensive assets and the remainder towards the MVP approach.

Minimum suggested investment timeframe

Normally five years or more

Standard Risk Measure

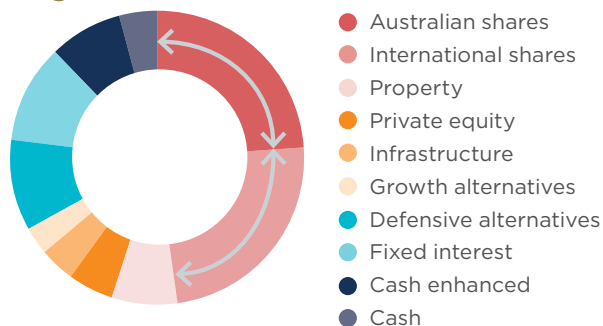
Risk Band: 4

Risk Label: Medium

Risk versus return

This option has significant emphasis on growth assets with the aim of achieving higher returns, together with some lower-risk defensive assets to reduce the short-term risks associated with growth assets and the MVP approach to manage extreme volatility. It offers a balance between expected long-term returns and the risk of a negative return in any one year. A negative annual return is anticipated on average 2-3 times every 20 years but negative returns may be more or less frequent.

Target Asset Allocation*



Growth assets	Target %	Defensive assets	Target %
Australian shares	24	Defensive alternatives	10
International shares	24	Fixed interest	11
Property	7	Cash enhanced	8
Private equity	5	Cash	0
Infrastructure	4	Overlay	4
Growth alternatives	3	Total Defensive assets	33
Total Growth assets	67		

* The target allocation reflects 4% allocated to the MVP approach through the overlay. With the MVP approach embedded into the investment strategy, asset allocations will vary from time to time based on market conditions.

Balanced

This option targets to invest approximately 70% in growth assets and 30% in defensive assets.

Investment objective

(after fees and taxes over rolling 10-year periods)

To outperform the annual rate of inflation (CPI) by around 2.75% pa.

Suitability

Most suitable for members who are willing to accept a medium to high risk of a negative return in any one year.

Minimum suggested investment timeframe

Normally five years or more

Standard Risk Measure

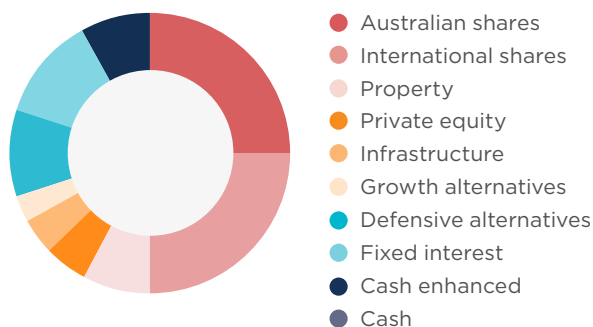
Risk Band: 5

Risk Label: Medium to High

Risk versus return

This option has significant emphasis on growth assets with the aim of achieving higher returns, together with some lower-risk defensive assets to reduce the short-term risks associated with growth assets. It offers a higher expected long-term return than the Moderate option. A negative annual return is anticipated on average 3-4 times every 20 years but negative returns may be more or less frequent.

Target Asset Allocation



Growth assets	Target %	Defensive assets	Target %
Australian shares	25	Defensive alternatives	10
International shares	25	Fixed interest	12
Property	8	Cash enhanced	8
Private equity	5	Cash	0
Infrastructure	4	Total Defensive assets	30
Growth alternatives	3		
Total Growth assets	70		

Growth

This option targets to invest approximately 90% in growth assets and 10% in defensive assets.

Investment objective

(after fees and taxes over rolling 10-year periods)

To outperform the annual rate of inflation (CPI) by around 3.5% pa.

Suitability

Most suitable for members whose most important consideration is high returns and who are willing to accept a high risk of a negative return in any one year.

Minimum suggested investment timeframe

Normally five years or more

Standard Risk Measure

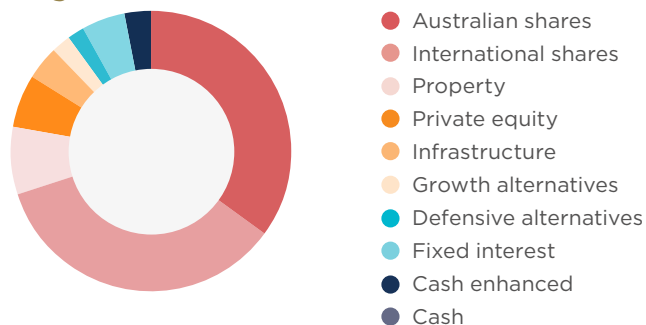
Risk Band: 6

Risk Label: High

Risk versus return

This option has a very strong emphasis on growth assets with a view to achieving higher returns and therefore carries more investment risk. The value may vary significantly up or down over the short term. However, high investment returns are generally expected over longer periods. A negative annual return is anticipated on average 4-6 times every 20 years but negative returns may be more or less frequent.

Target Asset Allocation



Growth assets	Target %	Defensive assets	Target %
Australian shares	35	Defensive alternatives	2
International shares	35	Fixed interest	5
Property	8	Cash enhanced	3
Private equity	6	Cash	0
Infrastructure	4	Total Defensive assets	10
Growth alternatives	2		
Total Growth assets	90		

Managed Volatility Process

The Managed Volatility Process (MVP) is a feature as an add-on with the Growth option. The MVP approach is effectively embedded into the investment strategy of the Moderate option to provide cushioning against downside risk.

Return

It incurs an additional management fee of 0.25% pa which will impact your net investment returns.

The investment return profile is also modified - returns are expected to be lower in 'up' markets but better in 'down' markets.

Risk

The MVP is designed to more actively manage risk during periods of extreme market volatility. While the chance of a negative return is similar, the magnitude of the negative return in 'down' markets is expected to be smaller.

It aims to stabilise investment volatility and still maintain strong exposure to potential growth cycles.

Target Asset Allocation

The Growth MVP targets to invest 95% of funds according to the target asset allocation of the standard option, and 5% of funds to manage short-term volatility through a futures overlay.

International Shares

This option targets to invest 100% in growth assets.

Investment objective

(after fees and taxes over rolling 10-year periods)

To outperform the annual rate of inflation (CPI) by around 3.5% pa and the MSCI World (ex Australia) benchmark* (net of tax and fees).

* MSCI World Ex Australia Index - a benchmark of the top 1500 companies listed on stock exchanges all over the world (excluding Australia).

Suitability

Most suitable for members whose most important consideration is high returns and who are willing to accept a high risk of a negative return in any one year.

Minimum suggested investment timeframe

Normally seven years or more

Standard Risk Measure

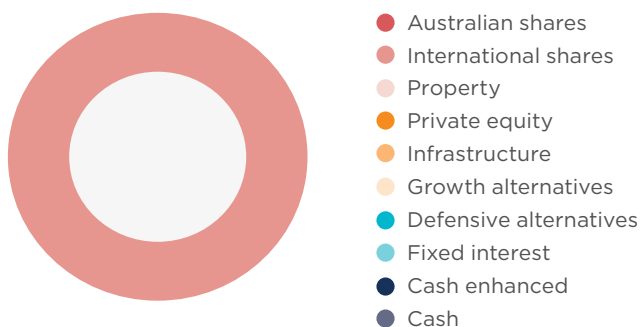
Risk Band: 6

Risk Label: High

Risk versus return

This option has complete emphasis on growth assets with a view to achieving higher returns and therefore carries more investment risk. The value may vary significantly up or down over the short term. However, high investment returns are generally expected over longer periods. A negative annual return is anticipated on average 4-6 times every 20 years but negative returns may be more or less frequent.

Target Asset Allocation



Growth assets	Target %	Defensive assets	Target %
Australian shares	0	Defensive alternatives	0
International shares	100	Fixed interest	0
Property	0	Cash enhanced	0
Private equity	0	Cash	0
Infrastructure	0	Total Defensive assets	0
Growth alternatives	0		
Total Growth assets	100		

Australian Shares

This option targets to invest 100% in growth assets.

Investment objective

(after fees and taxes over rolling 10-year periods)

To outperform the annual rate of inflation (CPI) by around 4% pa and the S&P/ASX300 benchmark[^] (net of tax and fees).

[^] S&P/ASX 300 benchmark - a benchmark of the top 300 listed companies on the Australian Securities Exchange (ASX) by market capitalisation.

Suitability

Most suitable for members whose most important consideration is high returns and who are willing to accept a high risk of a negative return in any one year.

Minimum suggested investment timeframe

Normally seven years or more

Standard Risk Measure

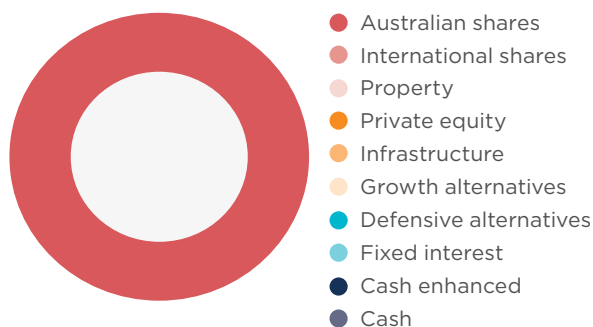
Risk Band: 7

Risk Label: Very High

Risk versus return

This option has complete emphasis on growth assets with a view to achieving higher returns and therefore carries more investment risk. The value may vary significantly up or down over the short term. However, high investment returns are generally expected over longer periods. A negative annual return is anticipated on average 6 or more times every 20 years but negative returns may be more or less frequent.

Target Asset Allocation



Growth assets	Target %	Defensive assets	Target %
Australian shares	100	Defensive alternatives	0
International shares	0	Fixed interest	0
Property	0	Cash enhanced	0
Private equity	0	Cash	0
Infrastructure	0	Total Defensive assets	0
Growth alternatives	0		
Total Growth assets	100		

Fixed Term Investment

Investment objective

Provide a pre-determined rate of return on investments held for a 12-month term.

Suitability*

Most suitable for members:

- wanting the certainty of a pre-determined investment return over a short term but who are not using it as a long-term strategy to build retirement savings; and
- not wishing to withdraw the amount invested as a cash lump sum or switch to another investment option prior to the maturity date.

* This option may not suit the member's particular objectives, financial situation or needs. It has a short-term focus and, on its own, is generally not suitable as a long-term strategy for building retirement savings. It should be used on the advice of a financial planner as part of an overall investment plan tailored to the member's circumstances.

Minimum suggested investment timeframe

12 months

Standard Risk Measure

Risk Band: 1

Risk Label: Very Low

Risk versus return

Provides the short-term security of a predetermined interest rate but no capital growth.

As the interest rate is fixed for the term of the investment, investors will not be able to take advantage of any interest rate increases during the term of the investment.

There is little risk of a negative annual return or capital losses. These could only occur in the extremely unlikely event that the underlying investment manager, either an Authorised Deposit Taking Institution, or a life insurance company, fails to provide the interest rate or fails to return all of the amount invested.

Members cannot access their investment during the 12-month term other than in exceptional circumstances.

Investment advisers and managers

The Trustee has appointed JANA Investment Advisers as its principal investment adviser to provide expert advice to the Trustee and management in relation to the Fund's investments. The Trustee also appoints specialist investment consultants as needed. In particular, Quentin Ayers is contracted to provide advice in relation to particular private market investments.

The Trustee engages external investment managers with expertise in particular asset classes and across a broad range of investment styles to manage the investment of your super. The Fund's investment managers are monitored by the Trustee and Investment Committee throughout the year based on reporting by JANA Investment Advisers and the Custodian. Investment managers may be added or replaced throughout the year and a listing of our current investment managers can be provided to you on request.

The investment managers managing Maritime Super's assets at 30 June 2017 by asset class and funds under management (FUM) were:

Asset class	Investment manager	% FUM
Australian shares		23.6%
	Allan Gray Investment Management	
	Avoca Investment Management	
	Bennelong Australian Equity Partners	
	Contango Asset Management	
	Goldman Sachs Asset Management Australia	
	Hyperion Asset Management	
	Northcape Capital	
International shares		23.6%
	Copper Rock Capital Partners	
	Genesis Investment Management	
	Longview Partners	
	LSV Asset Management	
	MFS Institutional Advisors	
	PanAgora Investment Management	
	Schroder Investment Management	
	T Rowe Price	
Property		6.5%
	AMP Capital	
	Charter Hall Funds Management	
	Eureka Funds Management	
	Fiduciary Trust Company	
	Queensland Investment Corporation	
Private equity		5.5%
	CHAMP Private Equity	
	HarbourVest Partners	
	Industry Funds Management	
	LGT Capital Partners	
	Partners Group	
	Quentin Ayers	
	Stafford Private Equity	
	Technology Venture Partners	

Asset class	Investment manager	% FUM
Growth alternatives		3.6%
	EnTrustPermal Ltd	
	Haymarket Financial	
	Quentin Ayers	
Defensive alternatives		7.0%
	Australian Mutual Group	
	Bain Capital Credit	
	BlackRock Asset Management	
	Investec Australia Investment Management	
	Wellington Management Company	
Infrastructure		4.5%
	AMP Capital	
	Colonial First State Investments	
	Hastings Fund Management	
Fixed interest		5.0%
	Franklin Templeton Investments	
	Industry Funds Management	
	Loomis, Sayles & Company	
	Pacific Investment Management Company	
	UBS Asset Management	
Cash enhanced		18.1%
	Henderson Global Investors	
	Macquarie Investment Management	
	National Australia Bank	
	Queensland Investment Corporation	
	Unity Bank	
Cash		2.3%
	Henderson Global Investors	
	National Australia Bank	
Fixed term products		0.4%
	Challenger Life Company	
	Goldman Sachs International	
	Unity Bank	

Notes:

- Investments held with the following investment manager exceeded 5% of the Fund's assets at 30 June 2017:
Queensland Investment Corporation

Custodian

The Trustee has appointed National Australia Bank Limited as its master custodian to hold the Fund's assets.

Financials

Financial statements

To keep you informed about the financial position of your Fund, a summary of Maritime Super's audited financial accounts for the year ended 30 June 2017 is provided.

Statement of financial position	(\$'m)	(\$'m)
at 30 June	2017	2016
Total assets	5,273	4,858
Tax & other liabilities	-69	-52
Net assets available for members' benefits	5,204	4,806
Comprised of		
Members' benefits	5,078	4,672
Reserves	126	134

The movement in members' benefits from 30 June 2016 to 30 June 2017 is shown in the table below.

Statement of change in members' benefits	(\$'m)
Total members' benefits at 30 June 2016	4,672
Contributions	298
Transfers in	53
Benefits paid	-360
Insurance premiums	-20
Tax	-30
Other transactions	-2
Investment earning allocations	467
Total members' benefits at 30 June 2017	5,078

Auditor

The 2016/17 financial accounts have been audited by Ernst & Young and their independent auditor's report has been issued.

A copy of the audited accounts and auditor's report is available by calling Member Services on 1800 757 607.

Reserves

Maritime Super maintains an insurance reserve, operational risk reserve and a fund operating reserve.

Insurance reserve

The insurance reserve is maintained for a number of purposes relating to the operation and management of the death and total and permanent disablement benefits of the Fund. During 2016/17, it was invested in the Moderate and Cash investment options.

Financial year	Insurance reserve
2016/17	\$32.3m
2015/16	\$30.9m
2014/15	\$34.1m

Operational risk reserve

The operational risk reserve is maintained for the purpose of managing the Fund's operational risks, as prescribed by legislation.

It was isolated from the Fund operating reserve on 1 July 2013 and during 2016/17 was invested in the Cash Enhanced investment option.

Financial year	Operational risk reserve
2016/17	\$14.8m
2015/16	\$14.5m
2014/15	\$14.2m

Fund operating reserve

The Fund operating reserve manages all the operating transactions of the Fund, including expenses and taxes.

This reserve is invested primarily through the Fund's bank accounts. The Trustee may distribute part of this reserve to members if the reserve balance is above the targeted level. Amounts shown in the tables reflect any such distributions.

Financial year	Fund operating reserve
2016/17	\$24.4m
2015/16	\$21.5m
2014/15	\$23.6m



Other fund information

Obtaining other information about the Fund

Maritime Super can provide you with any information you reasonably require to understand the financial condition or management of the Fund.

You can access any of the following documents on our website at www.maritimesuper.com.au or request a copy by calling Member Services on 1800 757 607:

- the Fund's Trust Deed
- audited accounts and the auditor's report (an abridged version of the audited annual accounts appears in the Annual Report)
- the insurance policy which applies to Fund members
- the latest Actuarial reports and any subsequent written advice by the actuary which is relevant to the overall condition of the Fund or the entitlements of members;
- Maritime Super's Privacy Policy.

You should only rely on information about the Fund from those authorised to give it. Maritime Financial Services Pty Limited's staff and financial planners are authorised to provide information about the Fund and your membership. You should not rely on information provided by anyone else as they may not be appropriately authorised, qualified or up to date on Fund rules and procedures.

Keeping your details up to date

If you've changed address or are about to, don't forget to let us know. It's as easy as making a call to Member Services on 1800 757 607. By doing so, you'll be sure to receive your Annual Statement and other important information from the Fund.

It will also help you avoid being classified as a 'lost member'. While we make reasonable efforts to find you first (for example, through phone directories and contacting your payroll office), you will be classified as a lost member if two items sent to you have been returned to us and we are unable to contact you.

Unclaimed super monies

We will classify your benefits as unclaimed monies if:

- you have reached age 65
- we have not received a contribution or rollover to your account (or an accrual to your benefit if you are a defined benefit member) in the last two years; and
- after five years we have been unable to contact you despite reasonable efforts to do so.

Maritime Super is required to pay unclaimed super benefits to the Australian Taxation Office (ATO).

We will also classify your benefits on your death as unclaimed monies if:

- we have not received a contribution or rollover to your account (or an accrual to your benefit if you are a defined benefit member) in the last two years; and
- we are unable to ensure that your death benefit is received by the person who is entitled to receive the benefit after making reasonable efforts and after a reasonable period of time has passed.

In some instances, the benefits of former temporary residents who have left Australia and those of the non-member spouse under a Family Law payment split will also be classified as unclaimed monies and paid to the ATO.

Lost member accounts less than \$6,000 and insoluble member accounts (accounts that have been inactive for 12 months where we hold insufficient details to confirm the account owner) are paid to the ATO.

If you wish to claim benefits that have become unclaimed super monies, visit the ATO's website at www.ato.gov.au/super or call them on 13 10 20.

You need to apply to the relevant state or territory body to claim any of your benefits that became unclaimed super monies before 1 July 2007. If you were a member of the Stevedoring Employees Retirement Fund (SERF), you need to apply to the NSW Office of State Revenue. If you were a member of the Seafarers Retirement Fund (SRF), you need to apply to the Victorian State Revenue Office.

Super Surcharge

The surcharge was an additional income-tested tax which applied between 20 August 1996 and 30 June 2005. In some instances, the ATO may request payment of an outstanding surcharge amount.

The surcharge is applied to the Surcharge Account (of a member of the Seafarers or Maritime Super division) or the Offset Account (of a Permanent (Defined Benefit) member of the Stevedores division), and is applied in reduction of any benefit paid. In the meantime, interest is applied to the Offset or Surcharge account.

Any surcharge tax paid on behalf of a member of the Stevedores division of the Fund to the ATO is deducted from the member's accumulation account(s) (with the exception of members of the Permanent (Defined Benefit) category).



Enquiries and complaints

If you have an enquiry about your super or pension, please call Member Services. The Member Services team at Maritime Financial Services Pty Limited are available to provide members with general advice at any time between 8.30am and 5.30pm (AEST) Monday to Friday on 1800 757 607.

We hope you don't have any complaints but if you do, please contact us. A phone call to Member Services is usually enough to sort out most matters. Clearly state the problem and how you would like it resolved. Your call may be recorded so there will be a record of the conversation for future reference.

If you feel we did not resolve your concerns over the phone or you are not satisfied with our response, please set out details of the problem in a letter (or a fax or email) and send it to the Complaints Officer at:

Maritime Super

Locked Bag 2001
QVB Post Office NSW 1230

The Complaints Officer will ensure that your complaint is dealt with fairly and promptly. You can expect to receive an acknowledgement of your complaint within a week and a decision within 45 days. Some complaints may take a little longer to resolve, for example, a complaint in relation to a death benefit claim. We are required to deal with all complaints within 90 days.

If you have used our complaints procedure and are still not satisfied, you may use the external dispute resolution process. The procedure will depend on the nature of your complaint.

If the complaint is about a Trustee decision or conduct that you think is unfair or unreasonable, you may contact the Superannuation Complaints Tribunal at:

Superannuation Complaints Tribunal (SCT)

Locked Bag 3060 Melbourne VIC 3001
Phone: 1300 884 114
Email: info@sct.gov.au

The Tribunal is an independent body set up by the Government to help members and beneficiaries resolve certain types of complaints about fund trustee decisions. The SCT will not consider a complaint unless it has first been through the internal complaints procedure.

If the complaint concerns an operational matter (administration or communication) or relates to information or financial product advice you have received from us, contact Maritime Financial Services' appointed dispute resolution service at:

Financial Ombudsman Service (FOS)

GPO Box 3 Melbourne VIC 3001
Phone: 1800 367 287
Email: info@fos.org.au

FOS will only assist with your complaint if you have already been through the internal complaints procedure.

Maritime
Super
1967 ~ 2017



1800 757 607



info@maritimesuper.com.au



www.maritimesuper.com.au



02 9261 3683



Locked Bag 2001
QVB Post Office NSW 1230