



ANNUAL REPORT

2017

About this report

Your Good Super (the Plan) 2017 Periodic Statement is made up of two parts:

PART 1: 2017 BENEFIT STATEMENT

Contains personal information to help you understand your benefits over the 2016-17 financial year. You will receive this separately in the mail.

PART 2: 2017 ANNUAL REPORT

This document which contains general information about the Plan including its financial condition, management and investment performance over the 2016-17 financial year. This document is available online or can be mailed to you free of charge by calling Member Services on 1300 629 787.

Important

Good Super is a sub fund (division) of the max Super Fund ABN 22 508 720 840, RSE R1067897 (refer Schedule D of the Trust Deed). The Promoter of the Plan is Mammatus Pty Ltd ABN 74 101 393 435, AFSL 289890. Please note that prior to 31 August 2017 Mammatus Pty Ltd was known as Como Financial Services Pty Ltd.

The Trustee of max Super Fund and issuer of interests in Schedule A, B, C and D of the max Super Fund is Tidswell Financial Services Ltd, ABN 55 010 810 607, AFSL 237628 (RSE Licence Number L0000888). The Fund's Registration Number is R1067897.

The Periodic Statement (Parts 1 and 2) does not contain financial product advice, so you should not rely on it as such. Before making any decision based on this information, you should obtain and read the relevant Product Disclosure Statement (PDS) and consider seeking independent financial advice relevant to your personal circumstances.

Do you need help?

Contact Member Services on:

Telephone: 1300 788 658

Monday to Friday: 9.00am to 5.00pm (Brisbane time)

or visit us online at goodsuper.com.au

or write to:

The Trustee
Good Super
PO Box 3528
TINGALPA DC QLD 4173

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A MESSAGE FROM THE TRUSTEE

Dear Member

I am pleased to present the report for the financial year ended 30 June 2017 for Good Super.

Included with this report is an article worth a read which presents five charts which may help put into perspective five aspects we would do well to remember when investing.

As in the past we have also included specific information relating to the investment options available through Good Super, which cover a range of asset classes and risk profiles.

Thank you again for entrusting your retirement savings to us and please do not hesitate to contact our office for further information.

Yours sincerely

M J Terlet

Chairman

Tidswell Financial Services Ltd as Trustee of
Good Super, a sub fund of max Super Fund

INVESTMENT REPORT

Investment Overview

Australian and Global share markets performed particularly well.

The S&P/ASX All Ordinaries Accumulation Index closed up for the month of June 2017, and overall, the 2017 financial year closed on a strong note, with the index up in excess of 14%.

The US and Asia/Pacific share markets finished mostly in positive territory for the month of June, while European markets were down. In the US, while the S&P 500 finished only slightly higher for the month of June, it was up an impressive 15.5% for the full year.

Investment returns for the different asset classes as at 30 June 2017 are detailed in the table below:

Asset Class	1 year %	3 years % pa	5 years % pa	10 years % pa
Balanced Fund Morningstar Aus Multisector Balanced TR AUD	6.51	7.11	9.60	4.54
Australian Shares S&P/ASX200 TR	14.09	6.63	11.81	3.61
Australian Industrial Shares S&P/ASX200 Industrial TR	12.63	8.83	15.00	5.15
Australian Resources Shares S&P/ASX300 Resources TR AUD	21.57	-3.28	-0.52	-2.16
International Shares MSCI World Ex Australia NR AUD	14.73	12.97	18.24	5.06
Emerging Markets MSCI EM NR AUD	20.12	8.31	10.16	2.95
Australian Property S&P/ASX200 A-REIT TR	-6.26	11.98	14.14	0.07
International Property FTSE EPRA/NAREIT Developed NR Hdg AUD	2.22	7.76	11.42	3.40
Australian Fixed Interest Bloomberg AusBond Composite 0 + Yr TR AUD	0.25	4.26	4.32	6.23
International Fixed Interest Barclays Global Aggregate TR Hdg AUD	0.47	5.08	5.51	7.52
Cash RBA Bank accepted Bills 90 Days	1.77	2.16	2.45	3.76
Consumer Price Index (CPI)	1.93	1.49	1.97	2.36

Looking ahead, major central banks are unlikely to be providing the same level of stimulus, if any, as they have done since the Global Financial Crisis which has driven asset prices significantly higher. The improving global economic expansion remains subpar albeit improving. For Australia the construction boom (which took over from the resources boom) is likely to peak next year, if it has not already done so.

This means Australia is unlikely to grow at the same pace as the world in the year ahead. There are also some serious geopolitical issues building which may affect markets if they deteriorate from the present position.

Investment Objective & Strategy

Good Super offers three (pre-mixed) investment options to help you reach your retirement goals. They range in risk profile. The Conservative option offers the least exposure to risk. The Balanced option has a greater emphasis on growth assets and accordingly has an increased risk profile while the Growth option offers more exposure to growth assets, delivering the greatest potential for long term returns. As a result the volatility of the Growth offering is much higher. This approach is designed to provide the opportunity to achieve attractive investment returns at acceptable levels of risk for each Member.

Members are able to choose the proportion of their account balance to be invested in each investment option as outlined in the Product Disclosure Statement (PDS). The higher the proportion allocated to growth assets (e.g. property, Australian and international shares, etc), the higher the expected level of return, but with increased risk. Conversely, when a higher proportion is allocated to defensive assets (e.g. cash, fixed interest, mortgages, etc), a lower level of return and risk may be expected.

The diversification obtained by establishing an investment portfolio across several asset classes is expected to reduce risk because if one asset class does not perform well, this can usually be more than offset by other better performing asset classes.

Historically, portfolios with a higher weighting towards growth assets have outperformed more conservatively invested portfolios. Given the long term nature of investing, it is logical that many people weight their portfolios towards growth assets. However, when constructing your portfolio you should consider the need for diversification to ensure that the investment options selected meet your individual needs, risk tolerance and investment timeframe.

The Trustee does not have any direct exposure to derivatives, however, some of the underlying managed funds may have.

IMPORTANT INFORMATION ABOUT THE FUND

Trustee

The Trustee of the Plan, under the Trust Deed governing the rules of the Plan, is Tidswell Financial Services Ltd ABN 55 010 810 607, RSEL L0000888, AFSL 237628 (Tidswell).

The Directors of the Trustee at the end of the reporting period were:

Mr Ronald Beard - appointed 20 August 2012
Mr Stephen Heath - appointed 14 May 1999
Ms Christina Liosis - appointed 1 October 2016
Mr Michael O'Neill - appointed 1 October 2016
Mr Michael Terlet AO - appointed 19 April 1991
Mr Jeffrey Tidswell - appointed 11 May 1988, and
Ms Susan Zabrud - appointed 28 October 2016.

The Trustee holds professional indemnity insurance.

The Trustee has agreed to act as the independent corporate Trustee and the Plan is administered by DDH Graham Limited.

Trust Deed

During the year, the Trustee amended the Trust Deed to clear up a number of administrative matters. This change has no impact upon you or your benefits within the **max** Super Fund and its sub fund Good Super.

Compliance

The Trustee believes that max Super Fund and its sub fund Good Super has satisfied the Superannuation Industry (Supervision) Act (SIS) for the 3 years ended 30 June 2017, and that the Australian Prudential Regulation Authority (APRA) will be satisfied that the Fund is operating in accordance with SIS. The Trustee believes that max Super Fund and its sub fund Good Super has satisfied SIS for the period beginning 1 July 2017 to the date on which this Annual Report was completed.

Audit

PricewaterhouseCoopers has completed an audit for max Super Fund and its sub fund Good Super. The audited abridged financial information in consolidated form is provided on pages 17 of this Annual Report. A full copy of the audited accounts and auditor's report will be available for inspection on our website www.goodsuper.com.au.

Policy Committee

Where a sub-fund within the Plan has more than four but fewer than 50 Members, a policy committee may be established upon written request to the Trustee by at least five Members of the sub-fund. Under the equal representation requirements, each policy committee must consist of an equal number of member and employer representatives.

It is the policy of the Trustee to establish a policy committee if requested to do so by five or more Members. The functions of the policy committee provide an avenue for Members to inquire about the investment strategy, performance or management of the sub-fund and any other information required by Members.

Protecting against Identity Theft

Your Annual Statement (**Periodic Statement Part 1**) contains sensitive identity information about you and personal financial information about your benefits within Good Super. It is extremely important that you protect it from misuse or identity theft. Tidswell has a number of security measures in place, including proof-of-identity verification designed to protect your personal information.

Privacy

At Tidswell we have always respected your privacy, and have policies in place designed to ensure your personal information is kept private and confidential. These policies are aligned with the requirements of the Federal Government's privacy laws.

You can access the Trustee's Privacy Policy online at www.goodsuper.com.au or by calling Member Services on 1300 788 658.

If we are unable to collect your personal information we may not be able to process your application or manage and administer the product or service you require.

We will generally only use or disclose your personal information for the purpose for which we collected it and for related purposes we consider will be within your reasonable expectations. Otherwise, we will seek your consent prior to using or disclosing your personal information for another purpose unless we are required or permitted by law to do so without seeking your permission.

Fees

The fees and costs that applied to the Fund as at 30 June 2017 are set out below.:

Type of fee or cost	Amount	How and when paid								
Investment fee	0.607% pa - Conservative Investment option 0.854% pa - Balanced Investment option 0.993% pa - Growth Investment option	Deducted from the underlying assets of your investment and reflected in the unit price of your chosen investment option(s) at the end of each month.								
Administration fee	\$1.50 per week Plus 1.393% pa - in respect of the Conservative option; and/or 1.146% pa - in respect of the Balanced option; and/or 1.007% pa - in respect of the Growth option	Deducted from your account at the end of each month. Deducted from the underlying assets of your investment and reflected in the unit price of your chosen investment option(s) at the end of each month.								
Buy-sell spread	<table border="1"> <thead> <tr> <th>Option</th> <th>Buy Fee / Sell Fee</th> </tr> </thead> <tbody> <tr> <td>Conservative</td> <td>0.084% / 0.084%</td> </tr> <tr> <td>Balanced</td> <td>0.093% / 0.093%</td> </tr> <tr> <td>Growth</td> <td>0.089% / 0.089%</td> </tr> </tbody> </table>	Option	Buy Fee / Sell Fee	Conservative	0.084% / 0.084%	Balanced	0.093% / 0.093%	Growth	0.089% / 0.089%	Deducted on a transactional basis every time units in an investment option are bought and sold and is reflected in the unit price.
Option	Buy Fee / Sell Fee									
Conservative	0.084% / 0.084%									
Balanced	0.093% / 0.093%									
Growth	0.089% / 0.089%									
Switch fee	Nil	Not applicable								
Exit fee	\$92.50	Deducted from your account for each withdrawal, rollover or if your account is closed.								
Advice fees relating to all members investing in a particular investment option	Nil	Not applicable								
Other fees and costs ¹	The amount payable will depend on each member's personal circumstances.	Please refer to the current Product Disclosure Statement for more information.								
Indirect cost ratio ²	0.02% pa	Calculated daily and deducted monthly from your investment returns.								

Fee changes

The Trustee may increase fees each financial year by the Consumer Price Index (CPI) weighted average for all Australian capital cities with effect from 1 July each year. The CPI each year will represent the percentage change from the corresponding June quarter of the previous year for the weighted average of eight capital cities. The Trustee will not increase fees in excess of CPI without 30 days' prior written notification to you (other than Government fees and taxes).

The Trustee may charge additional expenses on the basis of time cost fees for specific tasks in operating the Plan.

Insurance

The insured benefits from the Plan are provided under a policy of insurance between us and AIA Australia Limited.

The level of cover is subject to terms, conditions, restrictions, adjustments and offsets (if any) imposed under the policy by the insurer.

¹ Includes insurance fees, activity fees and fees for personal financial advice that you have agreed with your financial adviser, and that you have consented to the Trustee deducting from your account. Refer to the current Product Disclosure Statement and supporting Reference Guide for more information.

² The indirect cost ratio shown above is indicative only. It is calculated at 30 June and usually changes each year. The actual amount you will be charged in subsequent financial years is not currently known and could be different. Refer to the current Product Disclosure Statement and supporting Reference Guide for more information.

Contributions

The Trustee believes that all contributions due and payable to your Member's account have been received during the reporting period, unless the Member has been advised accordingly. Members should check their individual benefit statements to confirm that total contributions have been received from their employer for the year ended 30 June 2017.

Under the compulsory Superannuation Guarantee (SG) scheme, employers must contribute 9.5% of an employee's ordinary time earnings (OTE) to a complying superannuation fund. These contributions must be made within 28 days of the end of the quarter.

The SG payment rate is legislated to remain at 9.5% until 2020/21 after which it will increase by 0.5% each year until it reaches 12% by 1 July 2025.

Allocation of Earnings

Your accumulation account will benefit from investment earnings (which may be positive or negative). This will be reflected in the unit price of your investment option(s) (the price goes up with positive investment earnings and goes down if there are investment losses). The unit price for an investment option you have selected reflects the total dollars held in that investment option divided by the number of units issued, and the value of your account depends on the value of the unit price and the number of units you hold.

In respect of reserves held within the Plan, we will invest the reserves in accordance with the investment strategy set out later in this report under the appropriate heading.

Investment Reserve Policy

The net earnings of the Plan, including gains and losses, are distributed in full on the average daily balance of each Member's account. No investment gains or losses are held in reserve for future years, unless the relevant Members have been advised accordingly.

Operational Risk Reserve (ORR)

The Trustee has determined that the ORR has sufficient resources for the present. Accordingly Members will, for the moment, not be required to contribute to this reserve. The Trustee has determined the ORR will be invested proportionately across the Fund's available investment options. This strategy will reflect movements of the Fund assets as a whole and assist to mitigate the risk of any performance gap.

The Trustee reserves the right to apply a levy in the future should the reserve fall below the requirements set out in legislation.

The balance of the Operational risk reserve at the end of the previous three years is summarised below.

Year ended 30 June	Fund Reserve (\$'000)
2017	\$175
2016	\$144
2015	\$57

Withdrawal Benefit Components

Preserved Benefits

Preserved benefits can only be paid if the Member satisfies one of the following conditions of release:

- retires from employment and has reached preservation age (see table below);
- terminates employment on or after age 60, irrespective of future work intentions;
- dies;
- is permanently incapacitated;
- suffers severe financial hardship;
- reaches age 65;
- qualifies on compassionate grounds;
- receives a non-commutable income stream during a period of temporary incapacity;
- has reached preservation age and takes the benefits as a non-commutable income stream;
- is a former temporary resident who has departed from Australia;
- transfers their superannuation to a New Zealand KiwiSaver Scheme;
- suffers from a terminal illness; or
- has given a release authority to the fund for amounts to be released.

Preservation age varies according to your date of birth as detailed below:

Date of Birth	Preservation Age
Before 1 July 1960	55
1 July 1960 to 30 June 1961	56
1 July 1961 to 30 June 1962	57
1 July 1962 to 30 June 1963	58
1 July 1963 to 30 June 1964	59
After 30 June 1964	60

Restricted Non-Preserved Benefits

Restricted non-preserved benefits include benefits accruing to a member in an employer superannuation scheme which accrued before 1 July 1999 and which are not preserved but are not yet payable because the member is still an employee of the employer. These benefits can be withdrawn in the same circumstances as preserved benefits but may also be withdrawn on the member terminating employment with that employer, which can be before preservation age.

Unrestricted Non-Preserved Benefits

Unrestricted non-preserved benefits are benefits which the member could have withdrawn but which have been rolled over to another superannuation fund. These include employment termination payments that were rolled into a fund rather than taken as cash. These benefits are not subject to preservation and can be withdrawn at any age.

Service Providers

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

Service	Professional Firm
Promoter (supports the Fund by promoting it and providing the Trustee valuable input and investment advice to ensure real benefits are delivered to members)	Mammatus Pty Ltd ABN 74 101 393 435 Prior to 31 August 2017 Mammatus Pty Ltd was known as Como Financial Services Pty Ltd.
Custodian (the independent corporate Custodian of the Fund)	Sandhurst Trustees Limited ABN 16 004 030 737
Administrator (administers and maintains all records of the Fund)	DDH Graham Limited ABN 28 010 639 219
Insurer (underwrites all the insurance on member's lives)	AIA Australia Limited ABN 79 004 837 861
Auditor (independently verify the financial and operational strength of the Fund)	From 2 Feb 2017 it is PRICEWATERHOUSECOOPERS ABN 52 780 433 757 Prior to 2 Feb 2017 it was BDO Australia Limited ABN 77 050 110 275
Banker (provides banking services to the Fund)	Westpac Banking Corporation ABN 33 007 457 141
Investment Manager(s) (where assets of the Fund are invested for future growth)	AMP Capital Investors Limited ABN 59 001 777 591 Australia and New Zealand Banking Group Limited ABN 11 005 357 522 Perpetual Investment Management Limited ABN 18 000 866 535 Social Ventures Australia Limited ABN 94 100 487 572 Delta Lloyd Asset Management NV (Authorised in the Netherlands & regulated by the Financial Markets Authority)

Temporary Resident

If you are a former temporary resident, your lump sum benefit is taken to be unclaimed super monies if:

- you held a temporary visa that has ceased to have effect and you have left Australia
- it has been at least six months since the visa ceased to be in effect and/or you left Australia
- the Fund has received a Temporary Resident Notification from the ATO instructing the monies be transferred
- you are neither an Australian citizen nor a New Zealand citizen
- you are not a permanent resident or currently the holder of a temporary, permanent or prescribed visa, and
- you do not have an undetermined application for a permanent visa.

If you are a former temporary resident who has left Australia and your visa has expired or been cancelled, you can claim your superannuation from the Fund as a Departing Australia Superannuation Payment (**DASP**).

Contact Member Services on 1300 788 658 for further information on how to initiate a DASP.

However, if you do not claim your benefit within six months of becoming eligible to do so, we will pay your benefit to the ATO if we receive a written notice from the ATO directing payment to be made. In this event, you have a right to apply to the Commissioner of Taxation for payment of the DASP.

The Australian Securities and Investments Commission (**ASIC**) has provided relief to superannuation trustees to the effect that a trustee is not obliged to notify, or give an exit statement to, a former temporary resident where the trustee pays unclaimed superannuation to the ATO in accordance with the applicable legislation requirements. We wish to rely on this relief. Consequently, members who are departed former temporary residents will not be notified in the event of their benefits being transferred to the ATO in these circumstances

Unclaimed Monies

In certain circumstances the Trustee is required to report and transfer unclaimed superannuation benefits to the Australian Taxation Office.

These unclaimed superannuation benefits include:

- unclaimed superannuation money for
 - a member 65 years old or older;
 - a non-member spouse; or
 - a deceased member.
- unclaimed superannuation money of former temporary residents;
- certain accounts belonging to lost members;
- small amounts (where the balance is less than \$6,000); and
- inactive accounts (of unidentifiable lost members).

To enquire about unclaimed superannuation money you can contact the Australian Taxation Office on 13 10 20.

To search for lost superannuation, you can access the Super Seeker tool at the Australian Taxation Office website at www.ato.gov.au or by phoning 13 28 65 and following the prompts.

Super Seeker is a free service available 24 hours a day, 7 days a week. To use Super Seeker online or by phone you will need to provide:

- your name;
- date of birth; and
- Tax File Number (**TFN**)

Procedures for Inquiries and Complaints

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

Complaints Manager
Good Super
PO Box 3528
TINGALA DC QLD 4173

General Complaints

If the matter cannot be resolved by the Trustee to your satisfaction within 90 days, you can lodge an appeal to an external forum, known as the Superannuation Complaints Tribunal (**SCT**). The SCT is an independent body, established by the Commonwealth Government to resolve disputes between superannuation funds and their members and/or potential beneficiaries if the internal complaints procedure of the superannuation fund has failed to resolve the complaint. Acting as a mediator, the SCT aims to resolve issues by mutual agreement. If a mutual agreement cannot be reached, the SCT may review the matter and make a binding decision.

The complaints which the SCT can deal with are limited. If you wish to find out whether the SCT can deal with your complaint and, if so, what information you will need to supply, you may contact them at:

Superannuation Complaints Tribunal
Locked Bag 3060
MELBOURNE VIC 3001

Phone: 1300 884 114
Email: info@sct.gov.au

Financial Product Advice

If your complaint relates to financial product advice provided by the Trustee or a representative of the Trustee, and you are not happy with the response to your complaint or dispute, or you have not received a response within 45 days, you may be able to lodge a complaint with the Financial Ombudsman Service (FOS).

The FOS is an independent body set up to assist consumers in the resolution of complaints relating to the financial services industry; in particular, the provision of financial products and advice. The FOS may be able to assist you to resolve your complaint. You can contact FOS at:

Financial Ombudsman Service
GPO Box 3
MELBOURNE VIC 3001

Phone: 1300 780 808
Email: info@fos.org.au

Investments representing more than 5% of the Plan assets

Combining investments offered by max Super Fund by Investment Manager to indicate those managers with 5% or more of the Fund's assets are set out below:

Investment Manager	Amount	% of Plan Assets
AMP Capital Investors Limited ABN 59 001 777 591	\$ 10.184 M	22.29%
Australia and New Zealand Banking Group Limited ABN 11 005 357 522	\$ 2.068 M	4.53%
Delta Lloyd Asset Management NV (incorporated in the Netherlands)	\$ 11.949 M	26.15%
Perpetual Investment Management Limited ABN 18 000 866 535	\$ 21.376 M	46.79%

Derivatives

Derivatives, such as futures or options, are financial contracts used in the management of investments whose value depends on the value of specific underlying investments. For example, the value of a share option is linked to the value of the underlying share.

The Trustee does not directly use derivative instruments.

External fund managers may use derivatives in managing the investment options that are available through the Fund.

Member's Right to Request Information

As a Member you have the right to request any information that you reasonably require to understand your benefit entitlements. This includes such things as copies of the following information from the Trustee:

- the provisions of the governing rules of the Fund which relate to the person's membership or would affect the entitlements or rights of the Member.
- the audited accounts and Auditor's Report.
- the most recent Actuarial Report (if applicable).
- the most recent Annual Report to Members.
- any other information a Member reasonably requires to understand their benefit entitlements.

This information must be provided within 30 days of receiving the Member's request.

Further Information

We encourage you to review your individual benefit statement with this Annual Report. If you would like to discuss any aspect of your statement, the underlying investments or this Annual Report, please contact your financial adviser or Member Services on 1300 788 658.

FEATURE ARTICLE

Oliver's Insights | AMP Capital
25 July 2017 | Edition 21

Five great charts on investing

Key points

- At its core, successful investing is simple, but we have a knack of making it look complex.
- These five great charts help illuminate key aspects of investing: the power of compound interest; the investment cycle; the roller coaster of investor emotion; the wall of worry; and time is on your side when investing.

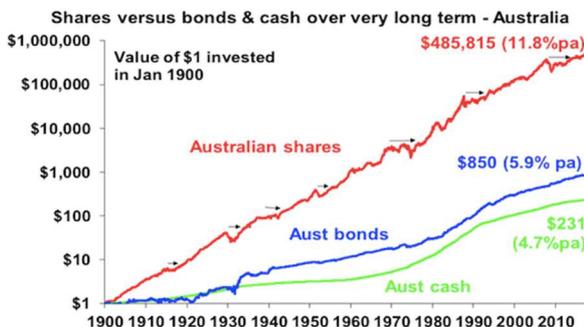
Introduction

Investing is often seen as complicated. And this has been made worse over the years by the increasing complexity in terms of investment products and choices, regulations and rules around investing, the role of the information revolution and social media in amplifying the noise around investment markets and the expanding ways available to access various investments. But at its core, the basic principles of successful investing are simple.

And one way to demonstrate that is in charts or pictures – after all, a picture tells a thousand words. So this note looks at five charts I find useful in understanding investing.

Chart #1 The power of compound interest

This chart is my absolute favourite. My good friend, the well known economist Dr Don Stammer, has said there are six things we owe our children or grandchildren: a sense of humour; a reasonable education; an early understanding of the magic of compounding; an awareness the cycle lives on; some help when they buy their first house or apartment; and a feeling of optimism. I can't argue with the first, second and fifth, the fourth I will deal with next, and a feeling of optimism is essential if you wish to succeed as an investor. But on compound interest – he's right it is like magic!



The chart shows the value of \$1 invested in various Australian assets in 1900 allowing for the reinvestment of dividends and interest along the way. That \$1 would have grown to \$231 if invested in cash, to \$850 if invested in bonds and to \$485,815 if invested in shares. While the average return since 1900 is only double that in shares relative to bonds, the huge difference between the two at the end owes to the impact of compounding or earning returns on top of returns. So any interest or return earned in one period is added to the original investment so that it all earns a return in the next period. And so on.

The "Law of 72" is a useful tool to understanding how long it takes an investment to double in value using compounding. Just divide the rate of return into 72 and that's the answer (roughly). For example, if the rate of return is 2% per annum (eg, the interest rate on a bank term deposit), it will take 36 years to double in value (= 72 divided by 2). But if it's, say, 8% pa (eg, the expected total return from shares including dividends), then it will take just 9 years (= 72 divided by 8).

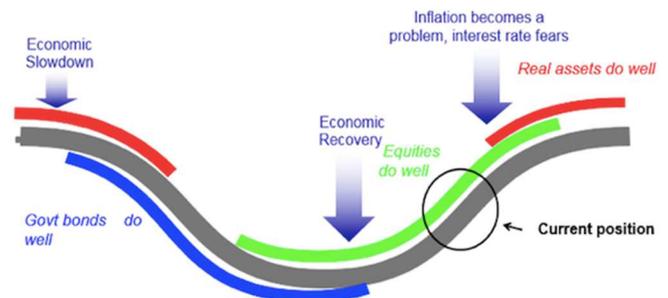
Key message: if we want to grow our wealth, we must have exposure to growth assets like shares and property.

Chart #2 The cycle

But of course shares can have lots of setbacks along the way as is particularly evident during the periods highlighted by the arrows on the share market line. In fact, the higher returns shares generate over time relative to cash and bonds is compensation for the periodic setbacks that they suffer from.

But understanding those periodic setbacks – that there will always be a cycle – is important in not getting blown away from the higher returns that shares and other growth assets provide over time. The next chart shows a stylised version of the investment cycle.

The investment cycle



The grey line shows the economic cycle from “boom” to “bust” to “boom” again. Prior to the low point in the economic cycle, shares invariably find a bottom thanks to attractive valuations and easy monetary policy and as smart investors look forward to an eventual economic recovery.

This phase is usually characterised by scepticism as economic conditions are yet to improve. Shares then move higher, eventually supported by stronger earnings on the back of improving economic conditions, which eventually gives way to a blow off phase or euphoria as investors pile in.

This is ultimately brought to an end as rising inflation flowing from strong economic conditions results in ever-tightening monetary policy, which combines with smart investors anticipating an economic downturn and results in shares coming under pressure. Usually around the top of the cycle real assets – like property and infrastructure – are a better bet than shares as they benefit from strong real economic conditions.

But once the downturn hits bonds are the place to be as slowing growth eventually gives way to falling inflation all of which sees bond yields decline producing capital gains for investors. At some point, of course, easing monetary conditions and attractive valuations see shares bottom out and the whole cycle repeats.

Key message: cycles are a fact of life and while they don't repeat precisely, it's invariably the case that the share market leads the economic cycle (bottoming out before economic recovery is clear and topping out before an economic downturn has really hit) and that different assets perform relatively best at different phases in the cycle.

Chart #3 The roller coaster of investor emotion

The swings we see in investment markets are far greater than can be justified by movements in investment fundamentals alone – ie profits, dividends, rents, interest rates, etc. In fact, investor emotion plays a huge part.

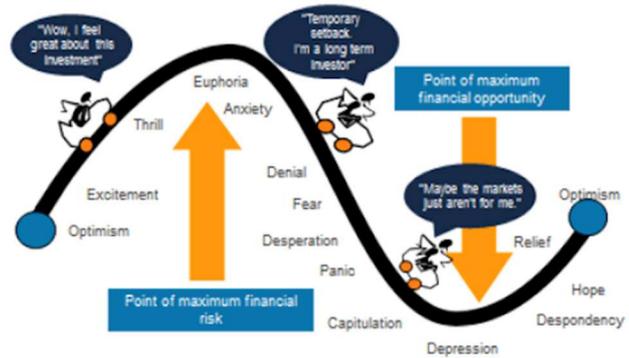
The next chart shows the roller coaster that investor emotion traces through the course of an investment cycle. A bull market runs through optimism, excitement, thrill and ultimately euphoria by which point the asset class is over loved (and usually overvalued too) – everyone who is going to buy has – and it becomes vulnerable to bad news.

This is the point of maximum risk.

Once the cycle starts to turn down in a bear market, euphoria gives way to anxiety, denial, fear, capitulation and ultimately depression at which point the asset class is under loved (and usually undervalued) – everyone who is going to sell has – and it becomes vulnerable to good (or less bad) news.

This is the point of maximum opportunity.

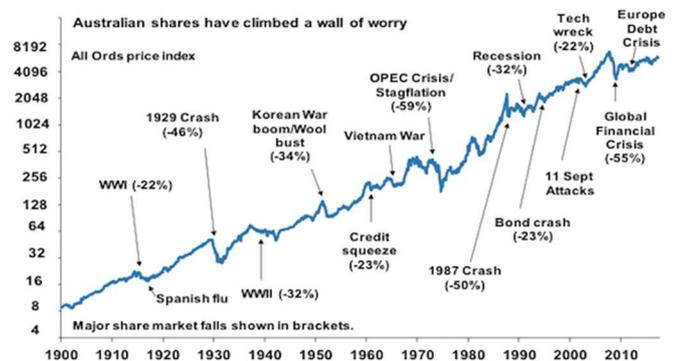
Once the cycle turns up again, depression gives way to hope, relief and optimism before eventually moving on to euphoria again.



Key message: investor emotion plays a huge roll in exaggerating the investment cycle. The key for investors is not to get sucked into this emotional roller coaster: avoid assets where the crowd is euphoric and convinced it's a sure thing and the asset is over loved, and favour assets where the crowd is depressed and the asset is under loved.

Chart #4 The wall of worry

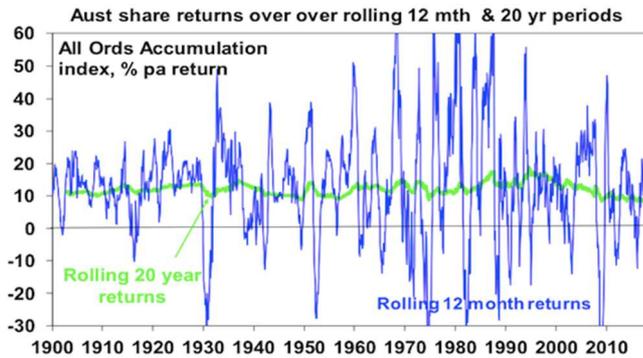
It seems that these days there is always something for investors to worry about. This year so far has been no exception with numerous worries about President Trump on multiple fronts (will he overstimulate the US economy? will he cause trade wars? will he deliver on his pro-business policies? will he be impeached? etc), various terrorist attacks, elections in the Netherlands and France and worries about Italy, the surprise election result in the UK, tensions between Saudi Arabia and Qatar, a new plunge in the oil price, intensifying “provocations” from North Korea, ongoing worries about the Australian property market and banks, etc. But most of this stuff is just noise. The global economy has had plenty of worries over the last century, but it got over them with Australian shares returning 11.8% per annum since 1900, with a broad rising trend in the All Ords price index as can be seen in the next chart, and US shares returning 9.8% pa. (Note that this chart shows the All Ords share price index whereas the first chart shows the value of \$1 invested in the All Ords accumulation index, which allows for changes in share prices and dividends.



Key message: worries are normal around the economy and investment markets but most of them are just noise.

Chart #5 Time is on your side

Investment markets bounce all over the place in the short term. As can be seen in the next chart even annual returns in the share market are highly volatile, but longer-term returns tend to be solid and relatively smooth. Since 1900 for Australian shares roughly two years out of ten have had negative returns but there are no negative returns over rolling 20-year periods. (It's roughly three years out of ten for US shares since 1900.)



Key message: the longer the time horizon, the greater the chance your investments will meet their goals. So in investing, time is on your side.

Dr Shane Oliver
Head of Investment Strategy and Chief Economist
AMP Capital

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INVESTMENT INFORMATION³

The Trustee has in conjunction with its advisers constructed three (pre-mixed) investment options. Our research considered a broad range of products when constructing these investment options. The investment options have been constructed to ensure members can select an appropriate option or combination of options to best reflect their tolerance to risk.

The Trustee commends these options for your consideration.

We rigorously monitor the underlying investments with a view of ensuring the investment performance continues to remain competitive into the future.

Index of Investment Options	Page
Good Super - Conservative	14
Good Super - Balanced	15
Good Super - Growth	16

³ **Disclaimer:** Any representation or statement expressed in this document is made in good faith but on the basis that Good Super and its Trustee Tidswell Financial Services Ltd ABN 55 010 810 607 (AFSL 237628) and its associates and the Investment Managers as detailed under Service Providers on page 7 of this report and their associates are not able to be liable in respect of such representation or statements. The information shown above and on the following pages should not be relied upon as a substitute for financial advice. The Trustee recommends that you seek advice from a licensed professional financial planner when considering the investment strategies made available by Good Fund.

Returns shown are net of indirect administration and investment costs as well as investment taxes (where applicable). The returns represent past performance and do not guarantee future results. Current performance may be lower or higher than the performance quoted.

CONSERVATIVE

(Commenced 20 December 2013)

Objective

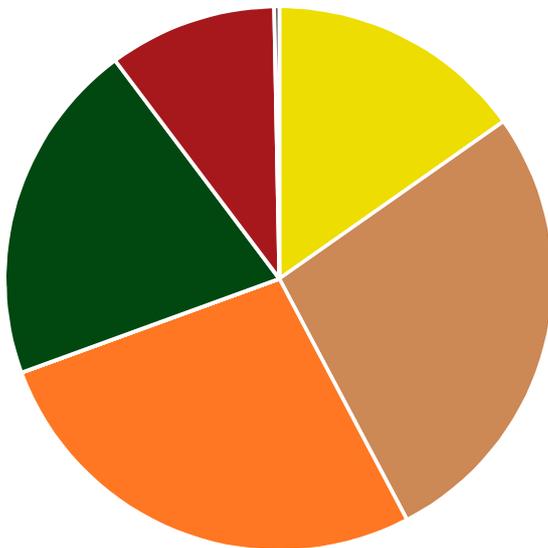
To provide stable returns through exposure to a variety of asset classes with an emphasis on income assets, with some growth in the investment with an objective of delivering a return of CPI + 2% before fees and taxes over a rolling 3 year timeframe.

Minimum suggested timeframe is 3 years.

Strategy

The Conservative investment option invests in a broad range of investments, with an emphasis on income assets, with a spread of risk.

Asset Allocation



Cash	15.2%
Australian Fixed Interest	27.1%
International Fixed Interest	27.1%
Australian Shares	20.4%
International Shares	9.9%
Other	0.3%

Performance as at 30 June 2017

Annual Returns		Compound Annual Returns	
30 June 2017	3.03%	1 year	3.03%
30 June 2016	2.61%	3 years pa	3.67%
30 June 2015	5.36%	5 years pa	N/A%
30 June 2014	N/A%	Since start pa	3.50%
30 June 2013	N/A%		

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BALANCED

(Commenced 20 December 2013)

Objective

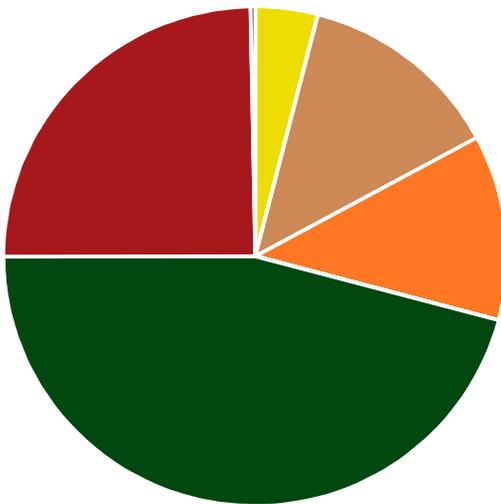
To provide long-term growth in your investment through exposure to a variety of asset classes with an emphasis on growth assets with an objective of delivering a return of CPI + 4% before fees and taxes over a rolling 5 year timeframe.

Minimum suggested timeframe is 5 years.

Strategy

The Balanced Investment Option invests in a broad range of investments, with an emphasis on growth assets, with a spread of risk.

Asset Allocation



Cash	4.0%
Australian Fixed Interest	13.1%
International Fixed Interest	12.0%
Australian Shares	45.8%
International Shares	24.7%
Other	0.3%

Performance as at 30 June 2017

Annual Returns		Compound Annual Returns	
30 June 2017	8.02%	1 year	8.02%
30 June 2016	1.13%	3 years pa	6.27%
30 June 2015	9.68%	5 years pa	N/A%
30 June 2014	N/A%	Since start pa	5.57%
30 June 2013	N/A%		

Returns shown are net of indirect administration and investment costs as well as investment taxes (where applicable). The returns represent past performance and do not guarantee future results. Current performance may be lower or higher than performance quoted."

GROWTH

(Commenced 20 December 2013)

Objective

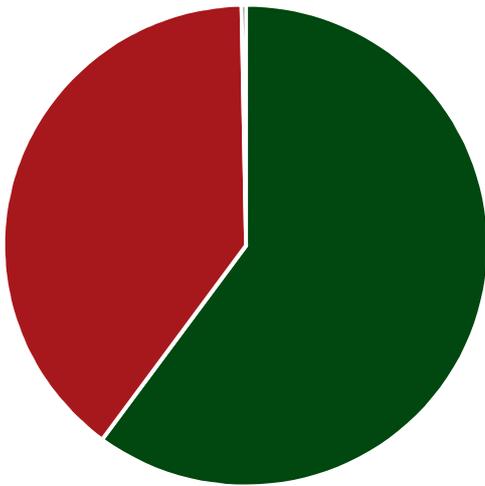
To provide higher growth in your investment over the long term with a high level of volatility from year to year with an objective of delivering a return of CPI + 5% before fees and taxes over a rolling 7 year timeframe.

Minimum suggested timeframe is 7 years.

Strategy

The Growth investment option invests in a broad range of growth investments, with a spread of risk.

Asset Allocation



Australian Shares	60.1%
International Shares	39.6%
Other	0.3%

Performance as at 30 June 2017

Annual Returns		Compound Annual Returns	
30 June 2017	11.72%	1 year	11.72%
30 June 2016	-0.57%	3 years pa	8.38%
30 June 2015	14.00%	5 years pa	N/A%
30 June 2014	N/A%	Since start pa	6.91%
30 June 2013	N/A%		

Returns shown are net of indirect administration and investment costs as well as investment taxes (where applicable). The returns represent past performance and do not guarantee future results. Current performance may be lower or higher than performance quoted.

ABRIDGED FINANCIAL INFORMATION (MAX SUPER / GOOD SUPER - CONSOLIDATED ACCOUNTS)

Statement of Financial Position

	2017 (audited)	2016 (audited)
	\$'000	\$'000
Assets		
Investments	95,276	93,471
Tax Assets	53	0
Other assets	222	64
Total Assets	95,551	93,535
Liabilities		
Tax Liabilities	460	738
Other liabilities	747	400
Total Liabilities	1,207	1,138
Net assets available for member benefits	94,344	92,397
Members' benefits	92,862	90,832
Total net assets (liabilities)	1,482	1,565
Reserve	534	294
unallocated	948	1,271
Total reserves	1,482	1,565

Operating Statement

	2017 (audited)	2016 (audited)
	\$'000	\$'000
Movement in net market value of investment	8,534	3,629
Total Revenue	8,534	3,629
General administration and operating expenses	-1,481	-1,550
Total expenses	-1,481	-1,550
Results from superannuation activities before income tax expense	7,053	2,079
Income tax expense (benefit)	114	-513
Results from superannuation activities after income tax expense	6,939	2,592
Net benefit allocated to defined contribution members	-6,393	-1,806
Operating result after income tax	546	786

Statement of changes in benefits

	2017 (audited)	2016 (audited)
	\$'000	\$'000
Opening Balance	90,832	91,590
Contributions including transfers	7,933	11,768
Income tax on contributions	-1,014	-1,044
Net after tax contributions	6,919	10,724
Benefits to members or beneficiaries	-3,372	-2,584
Insurance premiums charged to members	-1,540	-1,435
Transfer to other superannuation plans	-8,185	-9,956
Death and disability benefits credited to members + amounts to from reserve	1,814	687
Net benefits allocated comprising:		
Net investment income	7,780	3,281
Net administration fees	-1,386	-1,475
Closing Balance	92,862	90,832

The full audited Accounts of the max Super Fund including the sub plan Good Super together with the auditor's report are available for inspection on the Good Super website www.goodsuper.com.au. Information with respect to the Trustee, its Directors' remuneration and attendance record is available for inspection on the Tidswell website, www.tidswell.com.au

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