



ANNUAL REPORT 2007

It pays to belong™

CATHOLIC™  
Super

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Peter Bugden, Chair of Trustee Board

## CHAIR'S REPORT

### RESULTS

It is a privilege to have been elected as Chair of Catholic Super and it is especially pleasing that in my first report, the Fund's investments have been exceptional over the past financial year.

Humility is a virtue and I am particularly reminded of that daily as the share market moves around – often violently. However, we all know that superannuation is a long term investment and be assured that your Board, Investment Management Group and the executive staff of Catholic Super have a well developed strategy to meet your retirement goals.

### RESPONSIBILITY

The Board has responsibility for complying with the governance expectations of the regulatory authorities, ensuring that appropriate investment choices are made to enhance the retirement incomes of members and provide them with the best possible financial services.

Catholic Super has undertaken a 'renaissance' in how it presents its image publicly and has developed a new logo. The 'circle' has all sorts of connotations and we hope it encapsulates something of the feeling of belonging which is an important concept in our history, culture and the services we offer.

Since the introduction of 'choice of funds' Catholic Super has grown in membership and funds under management. We have a special opportunity to assist those who are not necessarily employed within a Catholic agency but who would like to belong to a fund which has strong returns, low fees, a responsible investment approach, financial services second to none, a committed Board and outstanding executive staff.

I commend this annual report to you and look forward to another successful year.



Frank Pegan, Chief Executive Officer

## CHIEF EXECUTIVE OFFICER'S REPORT

### GOALS ACHIEVED

This has been a very successful year for Catholic Super.

We accomplished numerous goals and delivered in many ways. As a dynamic and progressive superannuation fund we continually work toward achieving our vision to be a trusted, respected, and sought after superannuation fund providing strong investments, flexible pension products, financial education and meaningful support to the communities of members we serve.

### OUR PROMISE TO YOU

We'll use our past to guide us in the coming year. Catholic Super will remain committed to its mission of meeting members' needs with quality services and products, caring for members at every contact and enhancing the communities we serve through leadership and innovation.

### PREMIER PERFORMANCE

As a result of these efforts, Catholic Super has been rated "number one" for its investments over the last year.\*

Being "number one" has many meanings but it is not solely about being the investment leader in the market place but being and striving to remain "number one" across a range of areas.

"Number one" means delivering the best possible outcomes for members in investments, services, compliance and communication over a long period. We know that our performance and strength must be measured over decades, not months or years. We are also humble enough to accept that no matter how well we perform in any given year, the markets in which we work exercise their own judgements and are a constant challenge. Nonetheless, we are also confident that with diligence, planning and sound knowledge we will continue to provide the best result for those who entrust us with their future livelihoods.

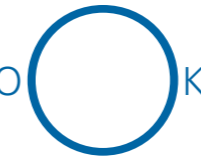
### DRIVING SUCCESS

I want to thank our wonderful staff for their unerring efforts in providing our members with friendly, informed and super-efficient service. Their professionalism and loyalty is extraordinary.

I also sincerely thank the Chairman, Peter Bugden, the previous Chairman, Dan Sexton and the entire Catholic Super Board for their support and openness to new ideas and most importantly, in having the wisdom to invest in people and obtain the best possible advice.

The ingredients for long-term success at Catholic Super have already been put in place. With the continued support of our members we will meet future challenges in the same spirit and manner that has made us the best of the best.

## OUR NEW LOOK



All of Catholic Super's printed and web-based material has taken on the fresh new look which includes a new logo, and tagline.

You'll notice that we are called what you, our members, have been calling us for years – simply, "Catholic Super."

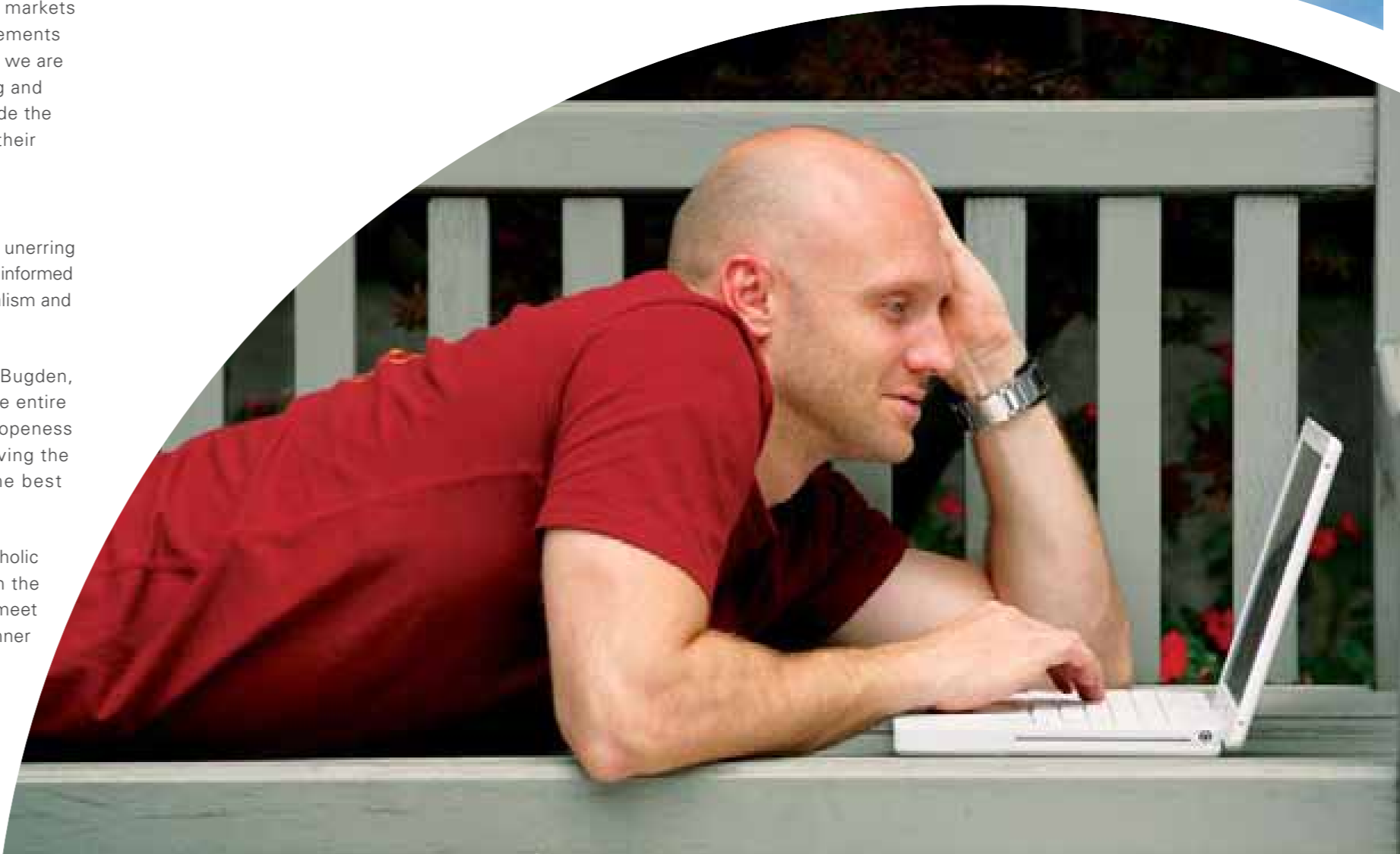
The new logo retains the blue and prominent circle of the old but overlays the Catholic Super name on a blue sky and clouds – symbolic of hope and aspiration.

The new tagline, "It pays to belong" reflects our great investment performance, commitment to the Catholic Super community, our service and to adding value to our members' lives.

In addition to adopting the new logo, the Catholic Super website ([www.csf.com.au](http://www.csf.com.au)) has also taken on many new and reorganised features.

All of these changes are a result of several members' and employers' surveys and an ongoing assessment of the site's usability to our members.

We are determined to not only look better but to make super easier.



# AN EXCEPTIONAL YEAR

## NUMBER ONE

Catholic Super's Balanced Option (and Default Option) return of **21.03%** was the best return by any Australian super fund in 2006 - 2007.\*

Catholic Super was also rated the year's top fund in the Aggressive (**24.96%**), Moderately Aggressive (**22.58%**) and Australian Shares (**30.72%**) options.

In the Moderately Conservative (**16.36%**) and International Shares (**19.98%**) options, Catholic Super was rated the year's second-best performing super fund.

Catholic Super, a not-for-profit industry-based fund with around 34,000 members and \$2.7 billion of members' funds under management, is rated in the top ten performing superannuation funds in many of its portfolios over the last ten years.

The independent ratings agency, SuperRatings placed the fund in the elite Platinum class for all-round performance and service delivery.

Catholic Super's Chief Executive Officer, Frank Pegan said the most pleasing aspect of the annual performance was the solid returns across all portfolios.

"Catholic Super wants to provide consistently sound returns for its members across all our options.

"We aim to do the best we possibly can; not to do better than other funds but to be consistent by matching the management of risk with the best possible available advice and market research.

Catholic Super's Chief Investment Officer, Tim Hughes attributes the Fund's good performance to asset allocation and the selection of managers.

"We've achieved around 3.3% additional value in our Balanced option due to the alignment of our asset weightings being different to the industry average.

"Our major asset allocation position was a conservative currency position throughout the year being largely hedged against the rise in the Australian dollar; adding around 1.5% to returns. We also under-weighted Fixed Income and over-weighted highly diversified Absolute Return Funds which added around 1.6%."

"A small over-weighting in Australian Shares accounts for only 0.4% of our returns above the average performance."

Tim Hughes emphasised that manager selection also played a major role in the performance of Catholic Super's portfolios, adding a total of 2.5% to the Fund's performance.

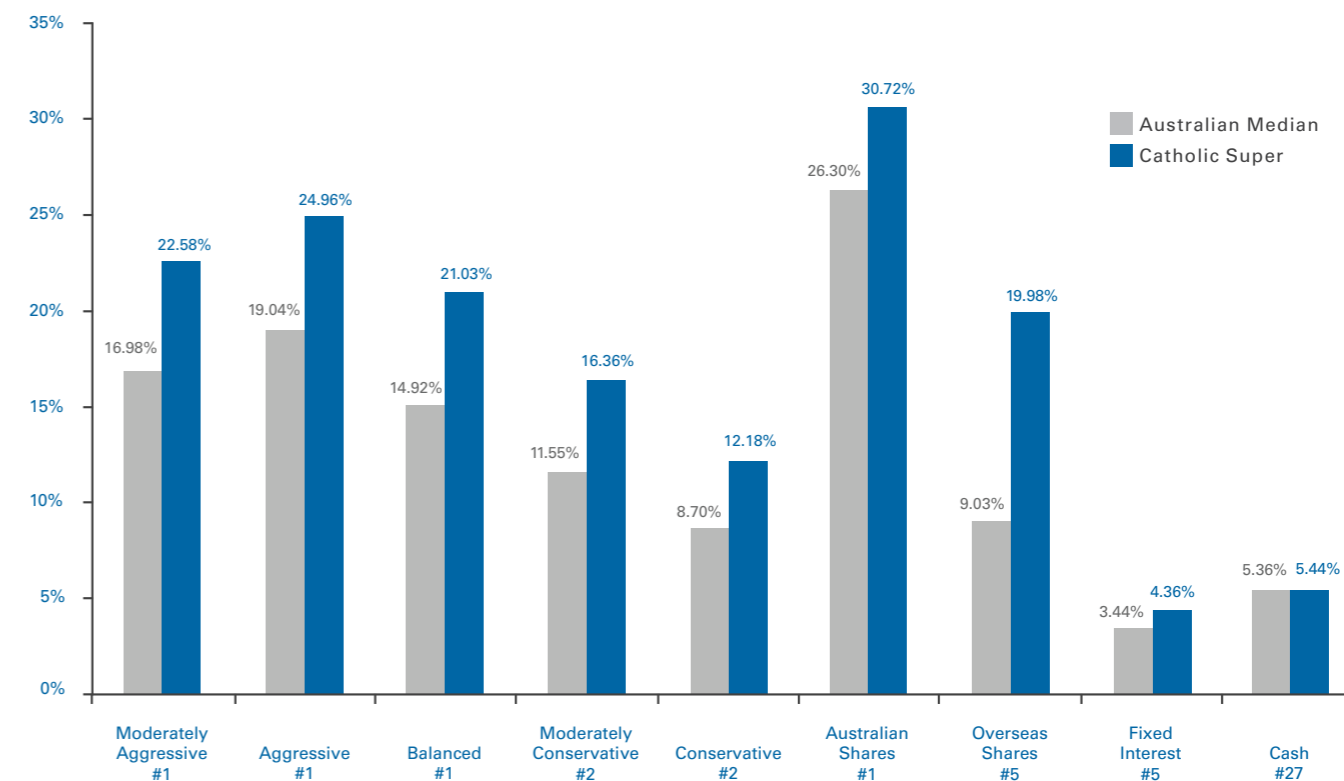


NUMBER

## CATHOLIC SUPER'S INVESTMENT OPTIONS 2006 – 2007 PERFORMANCE COMPARED TO AUSTRALIAN MEDIAN & RANK\*\*

	Australian Median	2006-07	Ranking*
Moderately Aggressive	16.98%	<b>22.58%</b>	1
Aggressive	19.04%	<b>24.96%</b>	1
Balanced	14.92%	<b>21.03%</b>	1
Moderately Conservative	11.55%	<b>16.36%</b>	2
Conservative	8.70%	<b>12.18%</b>	2
Australian Shares	26.30%	<b>30.72%</b>	1
Overseas Shares	9.03%	<b>19.98%</b>	5
Fixed Interest	3.44%	<b>4.36%</b>	5
Cash	5.36%	<b>5.44%</b>	27

\*Source: SuperRatings Fund Crediting Rate Survey - 30 June 2007  
\*\* After fees and taxes



## GROWING IN 2008

Over the coming year, Catholic Super will introduce a range of initiatives designed to improve the level of its service and make super simpler for its members.

### MEMBERSHIP CARD

During 2008, Catholic Super members will receive a membership card that holds their membership number and will be used to access a growing number of discounts and benefits.

### BENEFITS BOOKLET

The Catholic Super Members' Card will be accompanied by a simple Members' Benefit booklet and will explain the services and discounts that Catholic Super members have available to them.

### FINANCIAL EDUCATION

In response to its members and sponsoring employers, Catholic Super is investigating the expansion of its present member education program into three areas.

#### 1. Coping with Financial demands

As well as advice on their superannuation, many people need affordable and independent financial guidance on managing their debt and how to save for major life-events such as buying their first home or paying for their children's education.

#### 2. Managing Work, Study and Money

Catholic Super's growing number of young members are often bombarded and confused by the sudden demands of managing a part-time job while still studying. Catholic Super will address the financial well-being of these young people and help them be better informed about their rights, responsibilities and opportunities to secure their financial future.

#### 3. Helping Our Indigenous Communities

Catholic Super has a significant number of indigenous members, especially in the Northern Territory. The enormous challenges of extraordinary distances, few resources and even fewer opportunities combine to make life unacceptably difficult for too many indigenous Australians.

Through 2008, Catholic Super will announce a two-part program. The first will involve Catholic Super's professional staff lending their experience and expertise to assist indigenous communities. The second will be to facilitate a practical way for Catholic Super members who wish to become volunteers and help improve life in indigenous communities who seek assistance.

### AN ONLINE EXPERIENCE

Catholic Super's website has been made simpler and easier to use. In addition to the new online facilities such as **Join Online**, **Consolidate Now** and the seminar booking service, **Book Now**, the Catholic Super website has new easy-to-use calculators and instructive tools to help budget and plan for greater savings.

Catholic Super's CSF Financial Services has a new section and a dedicated site will be established in 2008 to focus on the full range of financial services available to members.

Catholic Super has also created a new web site and a range of associated services titled *My Life My Money*.

*My Life My Money* will be the vehicle by which Catholic Super and CSF Financial Services can engage its members, their families and a broader community on 'whole-of-life' issues other than superannuation - a place where information and ideas can be shared.

*My Life My Money* will grow as a 'lifestyle portal' with a collection of:

- Financial calculators and projectors
- A direct link to superannuation statements and other financial summaries
- Financial tips, reminders and information
- Links to other financial institutions from which members can load current information and balances
- Information on:
  - Travel
  - Health
  - Child-care and parenting
  - Consumer information
  - Members' Exchange
  - Special interest e-newsletters
  - Social security / welfare updates
  - Podcasts and eventually, webcasts on a range of issues.



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## YOUR SUPER

Superannuation is often the largest single asset people have when they retire. To make the most of your super, it is important to start planning as early as you can.

Whether retirement is just around the corner or many years away, there are some easy ways to build your super and make your investment work harder for you.

Your super contributions are subject to preservation rules which mean you generally can't access your super until you reach a certain age. So you should consider all of your financial needs before making additional contributions which are likely to be inaccessible until retirement.

There are a number of ways you can boost your super savings and you may find that one or a combination of the following strategies would help you.

### CONSOLIDATE NOW!

Put all of your super together to cut fees and the paper-chase.

It is easy to end up with several super accounts, especially if you have ever changed jobs.

If you have more than one account you could be paying fees to each fund. Why not put all of your money in one place and get your money to work harder for you? You pay only one set of fees which helps you to save more for retirement.

It's also easier for you to keep track of your money and there will be less paperwork to deal with.

### IT'S EASY ONLINE

You can do it online. Go to the Catholic Super website, [www.csf.com.au](http://www.csf.com.au). If you have your membership number simply hit the Consolidate Now button and follow the simple steps. If you are not yet a member you can Join online and transfer your other super as part of that process.

Alternatively complete a Transfer Your Superannuation into Catholic Super form which you can request by calling our Helpline on 1300 550 273, or you can download it from our website.

Once we receive your form we will contact your old fund and do all the work for you. We'll write to you to confirm when we have received the money and deposited it to your account.

Catholic Super does not charge any fees for you to transfer other funds into your account. However, your previous fund may charge you a withdrawal fee.

#### Important things to consider

Before you decide to transfer other funds into Catholic Super, you should consider the following:

- ask your previous fund if it will charge any fees or termination penalties; and
- if you have insurance cover with your old fund, find out how transferring out will affect you
- you may wish to obtain independent financial advice before making a decision

# BUILDING YOUR SUPER

## SEMINARS AND EDUCATION

2007 has been a particularly busy year for the Member Education team at Catholic Super.

We've had many opportunities to meet members, employers and potential members. We've kept them up to date with what's happening with super and the new opportunities for building their retirement savings.

Many of the changes proposed by the Federal Government in the 2006 Budget are now in place. That meant we had plenty to tell members about in our annual Superannuation Update Seminars.

The changes also prompted us to run an additional series of seminars for members over 55 and still working – "Turn Tax into Super" seminars. These were extremely popular and have led to a large number of members taking up a Pre-Retirement Allocated Pension as well as salary sacrificing part of their wage into super, because they learnt that it was possible to boost their super and pay less tax (*see page 15*).

We've undertaken other new education initiatives this year. Along with other super funds and in partnership with the Victorian Institute of Teaching, we have been talking to Provisionally Registered Teachers about superannuation. These sessions aim to inform young teachers about their super and encourage them to think ahead even though retirement seems a long way off.

Catholic Super has also reached out to parishes and other Catholic community organisations with seminars and information. The end of the year brings another round of Retirement Seminars.

These seminars are always popular and cover the gamut of things you should consider when your thoughts turn to retiring from work.

During 2007, we introduced on-line registration for our seminar program and are pleased that members have welcomed that initiative and use it freely.

Workplace visits remain popular especially when one of our financial planners is able to attend and meet with members who would like a financial health check-up.

# PERS<sup>ONAL</sup> CONTRIBUTIONS

Making personal contributions is one of the best ways to increase your savings. It can be difficult to spare the extra money to save for something that may seem very far away but the key is to remember that even a very small amount, like \$10 a week, can make a big difference over time.

Catholic Super does not charge any fees to make extra personal contributions and you can make payments in a variety of ways such as payroll deduction, direct debit, B-pay or by cheque.

## GOVERNMENT CO-CONTRIBUTION

Making an after-tax contribution could make you eligible for the Federal Government's Co-contribution scheme, which will make your super grow even faster.

The Co-contribution can put an extra \$1,500 into your super each year!

To be eligible, you must make personal contributions to your super after-tax, and meet the following criteria:

- your total assessable income is less than \$58,980 per year
- you are a permanent Australian resident

- you are less than 71 years of age at the end of the financial year
- you lodge a tax return for the financial year

## HOW DOES IT WORK?

The Co-contribution is calculated on a sliding scale, depending on your income and how much you contribute to your super. At incomes of \$28,980 and under, the full Co-contribution applies (1.5 times your own contributions up to a maximum of \$1,500). The Co-contribution decreases as your income increases, cutting out at incomes of \$58,980 and over.

You don't have to apply for the Co-contribution. The Australian Tax Office (ATO) will use your tax return and contribution information from Catholic Super and automatically calculate the amount of Co-contribution, deposit it into your super account and send you a letter of confirmation.

## HOW MUCH WILL YOU GET?

You will receive \$1.50 for every dollar of your own personal contribution. The following table shows the amount of Co-contribution that applies at different income levels.

	If your personal super contribution is:			
	\$1000	\$800	\$500	\$200
And your Income is:	The Government Co-contribution will be:			
\$28,980 or less	\$1,500	\$1,200	\$750	\$300
\$32,000	\$1,349	\$1,200	\$750	\$300
\$36,000	\$1,149	\$1,149	\$750	\$300
\$40,000	\$949	\$949	\$750	\$300
\$44,000	\$749	\$749	\$749	\$300
\$48,000	\$549	\$549	\$549	\$300
\$52,000	\$349	\$349	\$349	\$300
\$56,000	\$149	\$149	\$149	\$149
\$58,980	\$0	\$0	\$0	\$0

Jacinta is a part-time teacher who earns \$36,000. She contributes \$800 after-tax to her super and meets all other criteria. At the end of the 2007-08 financial year she will receive a Co-contribution of \$1,149. Jacinta could contribute more than \$800, but the maximum Co-contribution she can receive is \$1,149.



## ABOUT SALARY SACRIFICE

Salary sacrifice contributions to your super are made before-tax. This has benefits for you in two key ways:

- It reduces your gross income and therefore reduces the amount of income tax you pay.
- The contributions are treated in the same way as employer contributions for taxation purposes. *Salary sacrifice contributions are subject to the 15% contributions' tax, which is considerably lower than personal income tax rates.*

Salary sacrifice contributions are not eligible for the Government's Co-contribution, so you should take your personal income level and financial situation into account before making a decision. If you have not provided the Fund with your Tax File Number and contribute a large amount in this way, you may have to pay more tax. In some cases, you may be better off making an after-tax contribution and receiving the Co-contribution.

Mary, who is 50, earns a gross salary of \$48,000 and has \$50,000 in super. She wants to contribute more to super and worked out she could afford to put away 5% of her salary. She checked on the best way to do that and was shown the following table which helped her decide to take advantage of the Government's co-contribution scheme.

The table shows a comparison of salary sacrifice and personal after-tax contributions, including the Co-contribution. Mary's superannuation account balance is shown in today's dollars.

Super Contribution	After 10 years	After 20 years	After 25 years at age 65
Employer contributions only (9%)	\$128,000	\$238,000	\$296,000
Employer 9% plus an extra 5% pre-tax personal contributions	\$156,000	\$306,000	\$385,000
Employer 9% plus an extra 5% after-tax personal contributions, plus the Co-contribution	\$167,000	\$331,000	\$417,000

\*Source: FIDO's super calculator at [www.fido.gov.au](http://www.fido.gov.au) Assumptions: Superannuation Guarantee rate is 9% employer contributions. Contributions tax of 15% applies to employer contributions and salary sacrifice contributions. Earning rate before management costs and taxes is 8.5%. Earnings are taxed at 6% (nominally 15%, but offset by imputation credits and tax deductions). Inflation is 2.5% per year. Fees are based on Catholic Super fees at \$78 per year (plus 0.16% of assets charged prior to declaring earning rates). No insurance premiums have been allowed for. Co-contribution is calculated using the existing rules that apply under Government legislation as at June 2007.

### TIP

The Co-contribution cuts out at incomes of \$58,980 and above. If you earn more than this, you may be able to salary sacrifice into super to bring your income below \$58,980, and then you would still be eligible for the Co-contribution by making an additional after-tax contribution.

If you are not sure of the best way to make extra super contributions, our financial planners can help. Call us on 1300 550 273.

## TURN TAX INTO SUPER

### SAME INCOME – LESS TAX – MORE SUPER

Recent changes to the super rules have just made retiring easier especially for those who want to continue to work and ease into retirement.

When the proposed changes were first announced, it seemed all too incredible. People nearing retirement could actually lower their tax and boost their superannuation while keeping the same income.

In the past, to access super, you had to declare yourself permanently retired or that you would not undertake paid work for more than a few hours a week. This meant that many people chose to retire prematurely, just so they could access their super. Others felt pressured into staying at work because they couldn't afford to retire.

This changed a couple of years ago when legislation was passed which enabled people over 55 who were still working to access their super through a pre-retirement pension while at the same time, salary sacrificing a greater portion of their salary into super.

What seemed 'incredible' is now a reality. For people aged 60 and over, super payouts will now be tax free.

Most will still pay 15% tax on what we put in but no tax when we take it out after 60.

Australians over 55 are now starting to realise the extraordinary opportunity they have as they get closer to retirement; to not only boost their retirement savings, but access their super as well.

Disclaimer: This article is for general information only. It does not take into account your personal objectives, financial situation or needs. As a result, you should consider its appropriateness to your own situation and obtain qualified financial advice before making any decisions.



## HOW TO TURN TAX INTO SUPER

Many people are familiar with salary sacrificing; a very effective way of boosting superannuation savings.

Their retirement savings grow faster and what they put in is taxed at 15% instead of 31.5% (if you earn between \$25,000 and \$75,000) or as high as 46.5%.

What stops many people from salary sacrificing now is the 'sacrifice' part. They have to accept a lower take-home income in order to save more for their retirement. That can be hard when there are the same bills and mortgage to be paid each month.

But what if you could put more into your super without losing any of your take-home pay?

Under the new rules, anyone over 55 can now access their super while still working. This means you can continue to work and access a portion of your super to supplement your income. What you 'sacrifice' into super is greater than the amount you will withdraw to maintain your income and lifestyle.

You can now save more super but keep the same take-home income.

This is done through what is known as a Pre-Retirement Allocated Pension. The long name shouldn't stop you from converting some of the tax you pay now into super savings if you're 55 or older. So how can withdrawing super increase your super savings?

Salary is fully taxable but a 'pension income' is eligible for a 15 per cent tax offset (if you are aged 55-59) or tax free if you are 60 or older.

In other words, you can have the same amount of income in your hands each fortnight but put more into your super by using a Pre-retirement Allocated Pension.

Ask your financial adviser how you might benefit from the new super rules and in particular, new transitioning to retirement regulations.

## CONTRIBUTION SPLITTING

You have the option of having some of your super contributions transferred to your spouse's super account - either in the same super fund or a different one.

You can split up to 85% of employer and salary sacrifice contributions and 100% of personal contributions (undeducted contributions) paid into the fund for that financial year.

Undeducted contributions after 5 April 2007 will now not be able to be split with a spouse. Undeducted contributions made between 1 January 2006 and that date will be able to be split.

Contribution splitting from 1 July 2007 will be subject to the new contributions caps.

In the 2006-2007 financial year, Mark had \$10,000 contributed to his super fund by his employer. He also made his own personal contributions of \$4,000 before 5 April 2007. Mark's wife Julia does not have a lot of super because she did not pursue paid work while their children were young and has since then, only worked part time.

Mark decided to split his contributions with Julia. He wanted \$6,000 of his employer contributions and \$1,000 of his personal contributions to go to Julia's super fund. These amounts are within the maximum amounts that can be split so Mark was able to go ahead with the split.



# YOUR BENEFITS

In addition to the easy and free online Consolidate Now service where members can consolidate all their other super funds as well as obtaining cost-effective insurance, Catholic Super offers additional benefits to its members. These include access to a range of other financial products and services, including:

- Financial planning and advice
- Education seminars
- Pension products
- Low cost banking and home loans
- Health cover discounts
- Discounted magazine subscriptions

## FINANCIAL PLANNING AND ADVICE

Catholic Super members have access to commission-free financial advice through CSF Financial Services.

With CSF Financial Services, you know exactly how much you are paying without any hidden costs, because they charge on a fee-for-service basis. CSF Financial Service's advisers do not receive commission.

For Catholic Super members, the initial discussion with a CSF Financial Services adviser is free.

CSF Financial Services will advise on:

- Making super grow faster
- Investment choices
- Retirement options
- Budgeting
- Developing a financial plan
- Personal insurance needs

## EDUCATION SEMINARS

Catholic Super members, their family and friends are able to attend the annual program of free retirement and superannuation seminars.

These seminars are run by experienced professionals from Catholic Super and CSF Financial Services.

## RETIREMENT PLANNING

Designed for members over the age of 45 and their partners, Catholic Super retirement planning seminars cover important issues such as:

- *How to save for your retirement*
- *What different types of investments are available*
- *How the pension system works*
- *What you need to know about tax when you retire*
- *How your income works in retirement*

## SUPERANNUATION

Superannuation seminars help Catholic Super members of any age plan for their financial future. The topics covered in these seminars include:

- *Money management strategies*
- *Why it's important to start saving early for retirement*
- *The different types of investments available*



## MAKING IT EASIER

Catholic Super has just made it even easier for its members to arrange a financial plan.

For some members, the fee for arranging a financial plan – around \$700 depending on the plan's complexity – can be a deterrent.

But CSF Financial Services General Manager Tom Sammann said members now have the option to draw the fee from their superannuation instead of having to find it elsewhere.

"I think it's just easier for our members. Coming out of their super does not hurt as much as coming out of their bank account. Members can draw the fee from their superannuation as long as their plan relates to superannuation."

Mr. Sammann said CSF Financial Services was also planning to offer a new 'express' option for members to have a quick 'check up' on their superannuation, rather than go through the complexity of a financial plan which incorporates super, investments and insurance.

This new option would be particularly attractive to younger members who want to make sure they are putting away enough and won't get a nasty surprise when it comes time to retire.

"A lot of people want to know if they will have enough to retire on; they want to know if they are doing the right thing, are they on the right track?"

"If there is a gap, we would then recommend they address that by arranging a financial plan."

"Ultimately we would like to be able to provide a less complex service to our members who want to know where they are at, but don't really need a financial plan".



# DISCOUNTS

## LOW COST BANKING

Catholic Super members have access to low cost home loans and banking from Members Equity Bank.

Super Members Home Loans consistently has one of Australia's lowest lending rates, and boasts a range of additional features:

- No application fee on standard variable and fixed interest rate loans
- No monthly account-keeping fees
- Principal and interest, or interest only, weekly, fortnightly or monthly repayment options
- Fixed rates available for one, three and five year terms
- Free redraw facility available (\$2,000 minimum redraw applies)
- Free phone and Internet banking services

Visit [www.membersequitybank.com.au](http://www.membersequitybank.com.au) or call 13 15 63 weekdays 8am to 8pm, or on Saturdays 9am to 5pm.

## DISCOUNTS ON SUBSCRIPTIONS

iSUBSCRIBE Australia's most comprehensive provider of magazine and newspaper subscriptions online with over 2,600 titles on offer, provides Catholic Super members a special discount of:

- 5% discount on one subscription and
- 10% off two or more subscriptions.

These discounts are in addition to the discounts already on offer from the iSUBSCRIBE website at [www.isubscribe.com](http://www.isubscribe.com)

## LOW COST HEALTH COVER

Australia's largest national private health insurer, Medibank Private offers Catholic Super members their VIP package which includes:

- Discount of up to 5% off premiums
- No Excess for children on VIP Hospital covers
- Free check-up, scale and clean twice a year at a Members' Choice dentist with VIP Extras cover or any VIP Packaged cover
- Children can remain on a VIP membership for just a little extra
- Special offers through the feelbetter Rewards program

Medibank Private has the largest health care provider network across Australia and insures nearly three million people with over 100 retail centres in every state and territory. To find out more please call 1300 135 476 or email [ask\\_us@medibank.com.au](mailto:ask_us@medibank.com.au)



# GOVERNMENT SUPER CHANGES

## BETTER SUPER

The Federal Government's changes to super include:

- People no longer have to withdraw their super when they reach 65 and stop working - their benefits can remain in super indefinitely.
- All super payments are tax free for people aged 60 and over.
- Reasonable Benefit Limits (RBLs) have been abolished.
- Employer contributions (including salary sacrifice) are now capped at \$50,000 each year at a 15% tax rate.
- After-tax contributions are capped at \$150,000 each year. Contributions below the cap are not taxed but those that exceed the cap will be taxed at the highest marginal tax rate.
- Death benefits paid to dependants are tax free.
- Self employed persons can now claim a full deduction for super contributions until age 75.
- Self employed persons are also eligible for the Government Co-contribution scheme.

### Tax File Numbers

In the past, members of super funds were not legally required to provide their Tax File Number (TFN) to their fund. While there is still no legal requirement to supply it, recent changes have introduced stiff penalties.

**New members will pay tax of 46.5% of total employer contributions (including salary sacrifice) if they do not supply their TFN to their super fund.** For existing members, the tax penalty will not apply where the employer's contributions are less than \$1,000 per year.

We cannot accept your personal contributions if we don't have your Tax File Number.

If you haven't supplied Catholic Super with your Tax File Number please take the time to do so.

You can do so in one of the following ways:

- Go online to Members' Access at [www.csf.com.au](http://www.csf.com.au) and have your membership number handy.
- Download a Tax File Number Notification form from our website, fill in your details, sign it and send it back to us.

# YOUR INSURANCE

At Catholic Super, we are currently reviewing our insurance arrangements.

Members have had access to reasonably priced Death Cover or combined Death and Total and Permanent Disability cover for some years. In December 2004, a number of changes were introduced, notably the provision of Income Protection.

While Income Protection cover has been well received, feedback from members has led us to consider some variations.

Currently, there is a 90-day waiting period before Income Protection benefits are paid. Some members find the waiting period too long, particularly those in their first year or two of work who have a limited number of sick days available to them. A shorter waiting period would increase the cost of the insurance premiums, but many members would like to have that choice.

On the other hand, someone who has worked for many years may have accumulated an entitlement to hundreds of days of sick leave and might like to have a longer waiting period in return for a reduced cost.

At present, casual employees, spouse members and Personal Plan members have access to Death Cover only. We are talking to insurers about the possibility of also providing TPD and Income Protection cover to these groups of members.

Other issues being explored include

- setting up an online application and claim procedures
- reviewing the amount of insurance cover automatically provided to members.

We would be happy to hear from you if you have any suggestions about our insurance coverage. Just email your ideas to [jquinn@csf.com.au](mailto:jquinn@csf.com.au)

### Review your insurance now

Please take a moment to review your insurance and make sure it still suits your needs. Life changes like marriage, having children and taking out a mortgage should prompt you to be sure that you are adequately covered.



## YOUR INVESTMENTS

### MORE THAN JUST PROFITS

When making investment decisions, Catholic Super looks beyond profitability. The social and environmental contribution companies make is just as important as their financial returns.

This economic, social and environmental assessment of performance is frequently referred to as the 'triple bottom-line'.

In an effort to capture a strong 'triple bottom-line' many super funds offer an 'ethical option' to their members. Ethical options usually employ what is known as "negative screening" where certain companies are eliminated from a portfolio because they produce an objectionable product such as cigarettes, or engage in questionable corporate practices like exploiting child-labour.

While Catholic Super sees nothing wrong with this approach, it believes an 'ethical option' has a limited effect in making a lasting positive difference.

Catholic Super's approach is one of 'engagement' with companies and assessing investments based on environmental, social and governance (ESG) factors to ensure long term sustainability.

As CEO Frank Pegan explains, the ESG considerations are applied to all investments not just to a select one or two areas. "We look for sustainable companies that offer strong long-term returns, a clear positive outcome for society, demonstrate a commitment to strong governance and actively contribute to a healthier environment."

"Our approach to being responsible investors is not single-dimensional. We work on several levels to achieve good financial results as long as they are not achieved at the expense of people or the environment."

That's why Catholic Super was one of the first Australian financial institutions to sign onto the United Nation's Principles of Responsible Investment. Catholic Super's efforts haven't gone unnoticed. Former US Vice-President Al Gore recently met with Fund's trustees to discuss ESG Principles and the effect climate change may have on investments.

"Catholic Super decided to take the more demanding position".

Frank Pegan argues that the Fund's influence in bringing about better corporate behaviour shouldn't be underestimated. The constant corporate engagement, environmental activism and adoption of the UN Principles, has resulted in change for the better.

"Naturally, we want to know as much as we can about a company's operation before we invest but just as importantly, we keep an active and persistent watch on their activities once we become shareholders."

"This shouldn't be a set-and-forget thing. Commercial performance and profits aren't enough. We want to know how a company treats its employees, if their Board is elected, whether there are conflicts of interest, if it contributes to its community and if it takes seriously the need to minimise its effect on the environment."

Frank Pegan insists he doesn't want to tell companies how to run their business but that Catholic Super uses its influence as a shareholder to get an environmental and social dividend as well as good returns.

The Fund's Chief Investment Officer, Tim Hughes agrees.

"Catholic Super invests its members' money so that it will grow and at the same time, contribute to the common good."

"Our consistently high performance over many years proves that responsible investment can be achieved without compromising returns to members."

"Unacceptable corporate practices would never change if screening out certain companies was the only response investors had."

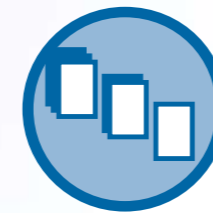
The message is clear - engaging, talking and convincing companies to be good corporate citizens is a far more effective way of achieving the 'triple bottom line'.

## DOING MORE FOR A HEALTHIER ENVIRONMENT

As part of its Responsible Investment approach, Catholic Super insists its investments demonstrate environmental sustainability - this also applies to its own operations.

Catholic Super is committed to reducing its own environmental footprint by progressively adopting environmentally sustainable practices throughout all its operations. The results have seen both a reduction in operational costs and less impact on the environment.

Over the last twelve months, Catholic Super has:



Reduced paper use by 23% because more members and employers have chosen to receive only electronic communication.

Under current legislation, super funds must communicate with their members by printed material unless they are specifically told by the member they want materials only sent electronically. Catholic Super aims to increase the number of members who wish to receive 'electronic-only' communication.



Reduced energy use – offices employ energy efficient lights. Office space is zoned for specific area lighting to be used thereby minimising unnecessary lighting costs.

Heating and cooling is operated for zone application. All travel is kept to a minimum and short trips are undertaken using public transport.



All water outlets at Catholic Super employ flow restrictors. We aim to reduce our water consumption by 35%.

As the number of Catholic Super members who agree to accept all communication electronically grows paper use and costs will fall even further.

Let us know if you'd prefer to receive communication electronically. Paper stocks are either 100% recycled or have a substantial percentage of recycled paper material in their composition. All inks and printing chemicals are selected and screened for their environmental impact. Wherever possible vegetable-based inks are used.

Waste and unusable paper is sent to local charities (For example: Old stocks of paper and pads were recently given to a school in East Timor.) All toner cartridges are returned for recycling. All office waste is sorted and wherever possible recycled. Internal paper documentation has been reduced with further reductions planned over the coming year.



## CLIMATE CHANGE – HOW IT AFFECTS YOUR SUPER

The weather is getting warmer, our dams are getting emptier and there is more pollution in the air.

What does this have to do with your super?

A lot according to Catholic Super CEO Frank Pegan who says climate change is having both negative and positive impacts on the Fund's investments.

"If we invest in the electricity industry for example, we have to consider the pressure being put on them to reduce emissions."

"On the positive side it is encouraging investments in alternative energy such as wind farms and wave power.

Catholic Super was one of only three Australian super funds to become a signatory on the Carbon Disclosure Project when it was launched in 2000. The project surveys 500 of the world's top companies annually to find out what the business is, what they produce, how much carbon they emit and what processes they have in place to reduce carbon exposure.

"Carbon emissions contribute to climate change so that survey is becoming more and more important.

"Out of that project came a concern that in Australia we didn't have a group that measures climate change for investors so, together with VicSuper, we set up the Investor Group on Climate Change (IGCC) Australia and New Zealand."

### "We were concerned about carbon emissions and the lack of carbon control."

"There are varying opinions about how climate change is caused. I don't know the answer - all I know is that we have to address it."

And Catholic Super is doing just that. Rather than be a back seat observer, the fund is an industry leader when it comes to assessing the potential risks and opportunities that climate change poses to its investments.

Since its inception, several other super funds and a number of service providers have become members.

"IGCC's purpose is to look at climate change and its impact on our investments."

Through being a member of IGCC, Catholic Super is playing its part to raise awareness of climate change, encourage best practices and approaches to minimising the effects of climate change on investments.

For more information, go to [www.igcc.org.au](http://www.igcc.org.au) or [www.cdproject.net](http://www.cdproject.net)



Catholic Super Chair, Peter Bugden with former US Vice-President and 2007 Nobel Peace Prize winner Al Gore

## RESPONSIBLE INVESTING – A HOLISTIC APPROACH

### UNITED NATION'S PRINCIPLES FOR RESPONSIBLE INVESTMENT (UNPRI)

Catholic Super was one of the first Australian financial institutions to sign onto the United Nation's Principles for Responsible Investment.



### AUSTRALIA/NEW ZEALAND - INVESTOR GROUPS ON CLIMATE CHANGE (IGCC).

This includes being a founding member of Investor Groups on Climate Change.

This effort includes being a member of both the Australia/New Zealand and the International Investor Groups on Climate Change. The IGCC was an initiative of Catholic Super and Vic Super to research the impact of climate change on the financial markets.



### CARBON DISCLOSURE PROJECT (CDP)

Catholic Super actively supports and participates in a world-wide effort to have the top 500 companies globally measure, disclose and ultimately reduce their carbon output. The CDP project surveys the top 500 companies in the world; in a coordinated effort to measure the use of carbon and what action is being undertaken to reduce the impact on global warming.

CARBON DISCLOSURE PROJECT

### REGNAN

We need to ask tough questions of our companies. After all, we are owners and our shareholdings carry considerable rights. Where necessary, we will act to change poor or questionable behavior. In its efforts, Catholic Super employs the specialist research firm, Regnan to undertake investigative work on assessing the environmental, social and governance impact of Australia's top 200 companies.



### AUSTRALIAN COUNCIL OF SUPERANNUATION INVESTORS (ACSI)

In a similar way, the Australian Council of Superannuation Investors (ACSI) analyses the governance of companies and reports to Catholic Super on any contentious governance issues that could undermine the value of its investments. If a particular standard appears not to be met, ACSI, acting on behalf of several large investors, will bring its concerns to the company's attention and urge them to change. (In 2006, ACSI was awarded the International Corporate Governance Network Award for forcing News Corporation to adopt better governance arrangements and reporting to its shareholders).

In addition, ACSI assists Catholic Super to exercise its right as an institutional shareholder to vote on company resolutions to ensure the best outcome is achieved for members



Disclaimer: The use of the UN logo is courtesy of the United Nations.

## INVESTMENT POLICY

The broad investment aim of the Trustee is to maximise the Fund's long term investment returns.

Each investment option has clearly defined investment objectives and strategies. These are explained in the tables on the following pages.

For full details, you may request a copy of Catholic Super's investment Policy Statement by calling our Helpline on 1300 550 273 or writing to us.

Catholic Super employs a number of professional investment managers to manage the assets of the Fund. With the assistance of the appointed investment consultant, the Trustee monitors and reviews the performance of each investment manager on a regular basis, adding or removing managers from time to time as appropriate.

In addition, all of the Fund's assets are held by a Custodian to ensure the security of your super.

No more than 10% of the Fund or of any investment option is expected to be invested in any one underlying asset or security.

During the financial year ended 30 June 2007, there were no individual investments, nor were there any combination of investments that the Trustee knew, or ought reasonably to have known, invested either directly or indirectly in any single enterprise or group of associated enterprises that have a total value of more than 5% of Catholic Super's total assets.

### USE OF DERIVATIVES

Derivatives are securities that derive their value from another security, eg. futures and options. The Trustee does not directly utilise derivative instruments and does not intend to do so.

External managers may utilise derivatives in managing the investments of the Fund. Catholic Super has a Derivatives Risk Statement that governs the use of derivatives. The Trustee ensures that the Derivatives Risk Statement each investment manager must provide is in line with Catholic Super's Derivatives Risk Statement. A copy of this Statement is available upon request.

## CATHOLIC SUPER FEES AND CHARGES

MANAGED CHOICE OPTIONS	BASE MANAGEMENT EXPENSE RATIO (MER)	PERFORMANCE FEES	TOTAL FEE	FEE PER \$10,000
Aggressive	0.68%	0.30%	0.98%	\$98
Moderately Aggressive	0.67%	0.35%	1.02%	\$102
Balanced	0.66%	0.35%	1.01%	\$101
Moderately Conservative	0.54%	0.26%	0.80%	\$80
Conservative	0.46%	0.23%	0.69%	\$69
BUILD YOUR OWN OPTIONS				
Australian Shares	0.59%	0.33%	0.92%	\$92
Overseas Shares	0.73%	0.15%	0.88%	\$88
Property	0.65%	0.24%	0.89%	\$89
Fixed Interest	0.34%	0.03%	0.37%	\$37
Cash	0.12%	0.00%	0.12%	\$12

\* Performance fees: Some of the investment managers charge performance-based fees when they exceed agreed return targets. These fees will be incurred by those options which have an exposure to Australian shares, overseas shares, fixed interest, absolute return, infrastructure and property.



# INVESTMENT OPTIONS

Catholic Super has five Managed Choice and five Build Your Own investment options. This broad range of investment options covers all major asset classes and is designed to suit the conservative investor through to the aggressive investor. Members can choose to invest in one option or you can mix and match between the options. This table explains each of our investment options, their objectives strategies and asset allocations.

## MANAGED OPTIONS

Investment Objectives and Strategic Asset Allocation 2006 and 2007					
	Aggressive	Moderately Aggressive	Balanced (Default)	Moderately Conservative	Conservative
<b>Aim</b>	Achieve strong long-term investment returns, whilst tolerating a very high level of volatility in returns	Achieve attractive long term investment returns, whilst tolerating a high level of volatility in returns	Achieve reasonably attractive long term investment returns, whilst accepting a reasonable level of investment risk	Limit investment risk, whilst accepting that this is likely to result in lower investment returns over the long term	Minimise the risk of loss of capital, whilst accepting that this is likely to result in lower investment returns over the long term
<b>Risk</b>	High	High	Medium to High	Medium to Low	Low
<b>Return Objective</b>	CPI + 3%	CPI + 2.5%	CPI + 2%	CPI + 1.5%	CPI + 1%
<b>Target Asset Allocation</b>	96% Growth 4% Income	80% Growth 20% Income	70% Growth 30% Income	45% Growth 55% Income	25% Growth 75% Income
<b>Growth Assets</b>					
Australian Shares	49	39	34	25	13
International Shares	37	30	25	16	8
Property (Growth)	1	2	3	4	4
Infrastructure	5	5	5	0	0
Private Equity	4	4	3	0	0
<b>Income Assets</b>					
Fixed Interest	0	4	5	12	19
Cash	0	2	5	19	30
Property (Income)	4	8	12	16	16
Absolute Return	0	6	8	8	10
<b>2006-2007 Return</b>	<b>25.0%</b>	<b>22.6%</b>	<b>21.0%</b>	<b>16.4%</b>	<b>12.2%</b>

## BUILD YOUR OWN OPTIONS

Investment Objectives and Strategic Asset Allocation 2006 and 2007					
	Australian Shares	Overseas Shares	Property	Fixed Interest	Cash
<b>Aim</b>	Maximise long term investment returns through a diversified portfolio of Australian shares	Maximise long term investment returns through a diversified portfolio of overseas shares	Earn moderately high returns via income and growth over the medium to long term	Earn moderate returns over the medium term mainly through income returns. In the short term, returns can be negative from time to time	Produce a return equal to or above the official cash rate
<b>Risk</b>	High	High	Medium	Medium	Low
<b>Return Objective</b>	CPI + 3%	CPI + 3%	CPI + 2%	CPI + 1%	Achieve capital stability
<b>Target Asset Allocation</b>	100% Growth Assets	100% Growth Assets	20% Growth Assets 80% Income Assets	100% Income Assets	100% Income Assets
<b>Strategic Asset Allocation</b>	100% Australian shares	100% Overseas shares	20% Property Growth 80% Property Income	100% Fixed Interest	100% Cash
<b>2006-2007 Return</b>	<b>30.7%</b>	<b>20.0%</b>	<b>16.2%</b>	<b>4.4%</b>	<b>5.4%</b>

# INVESTMENT PERFORMANCE

The 2006/2007 year was one of extremely strong returns in nearly all asset classes with Catholic Super doing particularly well, topping industry performance surveys for most of our options over the year.

The very high absolute returns over the year reflected some exceptionally strong financial market returns. In particular, for the first time in market history the Australian share market enjoyed four consecutive years of annual returns over 20%. Not only that but the most recent year was the strongest with the All Ordinaries returning 30%.

Such an unprecedented run of very strong returns was largely based on a combination of exceptionally strong international demand for commodities and the fact that it was the sixteenth successive year of growth in the domestic economy, again a national record.

However, by year's end it was clear that the financial markets were being priced for perfection. That is, the markets were making very little allowance for risk. In view of this we were quite aggressive in taking profits on the Fund's Australian share holdings through the year.

The very strong domestic economic growth also saw property prices rise to record levels with the prices of directly held property assets recording double digit returns for the fifth successive year. As with shares, the most recent year was also the strongest in this asset class.

Having substantially increased the Fund's property investments over recent years, we became very selective in our acquisitions early in the year and later ceased new investment in property. This reflected the fact that property prices had been bid up to such levels that many property assets had income returns below the government bond rate.

Internationally, it was a similar story with very strong equity market and property returns.

However, the strength of the Australian Dollar (\$A) had a very substantial adverse impact on the returns that many Australian investors received from their international investments. The \$A appreciated by 14% against the \$US and by 10% against the Trade Weighted Index over the year. Three years ago, Catholic Super adopted a relatively conservative risk focussed approach to the management of the Fund's foreign currency exposures. As a consequence, the Fund's investments were only very slightly impacted by the rise of the \$A over the year.

The other consequence of strong economic growth and strong financial market returns was a general rise in both short and long term interest rates over the year. While this meant that returns from cash investments rose, the rise in long term interest rates saw capital losses being incurred on longer term fixed interest investments and this adversely impacted on their returns.

Most of Catholic Super's investment options had very low weightings to fixed income over the year and this significantly aided the options' absolute and relative returns.

## LOOKING FORWARD

It is clear that returns cannot be maintained at the very high levels seen over the past three years. Both the share and property markets ended the year with most of the possible good news already priced in and with less provision for risk than would appear prudent. While valuations were not at extreme levels, they were certainly challenging for many assets and we have been moving to diversify the Fund's investments wherever possible to try to increase its resilience should we face more difficult market conditions.

## 2006 - 2007 RETURNS

	2006/07	2005/06	2004/05	2003/04	2002/03	Average 3 Year Return (pa)	Average 5 Year Return (pa)	Average 7 Year Return (pa)
Aggressive	<b>25.0%</b>	17.7%	16.3%	16.1%	-5.1%	19.4%	13.5%	9.0%
Moderately Aggressive	<b>22.6%</b>	15.9%	15.0%	13.8%	3.0%	17.6%	n/a	n/a
Balanced	<b>21.0%</b>	15.3%	14.3%	11.8%	1.4%	16.7%	12.5%	9.2%
Moderately Conservative	<b>16.4%</b>	11.3%	11.0%	10.2%	1.9%	12.8%	n/a	n/a
Conservative	<b>12.2%</b>	8.8%	9.3%	5.9%	1.3%	10.0%	n/a	n/a
Australian Shares	<b>30.7%</b>	22.6%	26.3%	22.0%	4.4%	26.4%	n/a	n/a
Overseas Shares	<b>20.0%</b>	12.9%	8.3%	14.3%	2.1%	13.6%	n/a	n/a
Property	<b>16.2%</b>	12.4%	13.4%	10.8%	4.5%	13.3%	n/a	n/a
Fixed Interest	<b>4.4%</b>	3.0%	7.7%	3.3%	1.2%	5.0%	n/a	n/a
Cash	<b>5.4%</b>	4.7%	5.2%	5.9%	4.1%	5.1%	5.1%	5.0%
Inflation Rate (C.PI)	<b>2.7%</b>	4.0%	2.5%	2.5%	2.8%	-	-	-

Returns for the periods prior to 2002/2003 financial year were crediting rates, prior to the introduction of unitisation. Compound rates over five years are only available on the Balanced, Aggressive and Cash options, as other investment options only commenced from 1 May 2003. Past performance is not an indication of future performance.

## WHERE YOUR MONEY WAS INVESTED

To help invest your super, we use professional investment managers and regularly monitor their performance. The following is a list of the investment managers we employed in each asset sector as at 30 June 2007.

Asset Class	Investment Manager
Australian Shares	Barclays Global Investors
	Perpetual Investments
	Cooper Investors
	Renaissance Asset Management
	Acorn Capital
Overseas Shares	Barclays Global Investors
	Orbis Investment Advisory
	Alliance Capital Management
	Marathon Asset Management
	MFS Asset Management
	LSV Asset Management
Property	AMP Capital Investors
	Lend Lease Real Estate Investments
	Colonial First State Property
	Goodman Australia Industrial Trust
	Industry Superannuation Property Trust
	ICA Property Group
	Fiduciary International Real Estate
	GPT Wholesale
Listed Property	Renaissance Asset Management
	AMP Capital Investors
Fixed Interest	Credit Suisse Asset Management
	Hastings Funds Management
	Members Equity
	Loomis Sayles & Co
Infrastructure	ANZ Infrastructure Services
	Industry Funds Management
	Macquarie Global Infrastructure Fund III
	Campus Living Villages Fund
	Catholic Super Internal Listed Infrastructure
Principle Healthcare Trust	
Absolute Return	Quellos Capital Management
	Warakirri Asset Management (Mesirow)
Private Equity	AMP Capital Investors
	Macquarie Direct Investments
	Archer Private Equity Pty Limited
	Industry Funds Management
	Pantheon Ventures Limited
	HarbourVest Partners Limited
Cash	ING Investment Management

## HOW EARNINGS ARE ALLOCATED

### UNIT PRICES

Catholic Super uses a 'unitised' system which was introduced on 1 July 2003. This means that each member is assigned a number of units corresponding to the value of their account.

The value of those units, called the 'unit price', is updated weekly. The unit price goes up or down depending on the investment performance of each investment option.

As contributions are added to a Member's account, units are purchased at the latest unit price. When a member leaves the Fund or withdraws money, units are redeemed (sold) at the latest unit price.

Unit prices for each investment option are derived by dividing the market value of the Fund's assets comprising each investment option by the number of units on issue for the investment option, after allowing for non-member specific fees and taxes. Such fees include investment manager fees and custodian fees.

At the end of each financial year, Catholic Super takes the final unit price and translates this into an annual return. A member's statement shows the unit prices that apply to their chosen investment option(s) and also the returns earned over the financial year as a percentage.

A member's final return is influenced by the timing of contributions received, any withdrawals, plus switches between investment options that may have taken place during the last financial year.

### FUND RESERVES

Annual Returns for each option are set closely in line with the actual investment returns achieved on that option for the period concerned. However, a small reserve (generally less than 1% of assets) is maintained. The primary purpose of the Reserve is to meet any operational or associated expense incurred by the Fund or Trustee which are not met by the weekly Administration Fee deducted from members' accounts.

These expenses may include extra-ordinary items that could not reasonably have been foreseen when the annual budget was prepared and for the implementation of new products and services without the immediate need of recovering these costs from members' accounts. The Reserve will also be used to cover operational risk over and above projected normal liquidity requirements to meet unexpected contingencies, or other required capital expenditure. The reserve may only be allocated with the authority of the Trustee.

The level of the Reserve will be set at an amount as may be determined by the Trustee from time to time. The Reserve is invested using an Enhanced Cash strategy.

Reserve movements over the last three years are shown below:

Year	Reserve Amount
2006/2007	\$8,066,713
2005/2006	\$13,026,827
2004/2005	\$6,519,751

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2007

ASSETS	30 June 2007 \$	30 June 2006 \$
Cash and Cash Equivalents		
Cash at Bank	66,085,607	24,635,861
Cash & Short Term Deposits	205,431,572	173,734,930
Trade and Other Receivables		
Contributions Receivable	7,961,202	8,183,232
Sundry Debtors	3,044	153,881
GST Receivable	304,899	221,241
Investments		
Australian Shares	954,117,983	766,261,711
International Shares	705,051,646	578,797,473
Property	338,058,621	279,447,930
Diversified Fixed Interest	90,720,003	91,560,405
Private Equity	89,735,319	65,449,356
Absolute Return	213,889,517	128,166,268
Infrastructure	150,705,965	55,051,959
Other Assets		
Fixed Assets	482,886	133,944
<b>TOTAL ASSETS</b>	<b>2,822,548,264</b>	<b>2,171,798,191</b>
<b>LIABILITIES</b>		
Trade and Other Payables		
Benefits Payable	578,943	1,788,001
Accounts Payable	1,093,640	1,036,679
Superannuation Contributions Surcharge Payable	139,069	146,272
Provisions		
Provision for Employee Benefits	190,991	89,481
Tax Liabilities		
Current Tax Liability	13,882,218	9,932,747
Deferred Tax Liability	59,961,095	33,382,903
<b>TOTAL LIABILITIES</b>	<b>75,845,956</b>	<b>46,376,083</b>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS</b>	<b>2,746,702,308</b>	<b>2,125,422,108</b>
<b>LIABILITY FOR ACCRUED BENEFITS</b>		
Allocated to members' accounts	2,738,635,595	2,112,395,281
Not yet allocated	8,066,713	13,026,827
	<b>2,746,702,308</b>	<b>2,125,422,108</b>

OPERATING STATEMENT\* FOR YEAR ENDED 30 JUNE 2007

INVESTMENT REVENUE	30 June 2007 \$	30 June 2006 \$
Interest	5,211,783	4,474,388
Distributions	182,320,332	122,355,445
Other Investment Income	469,037	1,578,142
Changes in Net Market Value	338,631,810	184,891,968
	<b>526,632,962</b>	<b>313,299,943</b>
<b>CONTRIBUTIONS REVENUE</b>		
Employer Contributions	157,476,319	142,720,173
Member Contributions	70,335,190	29,938,814
Transfers In	50,947,960	27,274,866
Government Co-Contributions	7,122,159	3,463,764
	<b>285,881,628</b>	<b>203,397,617</b>
<b>OTHER REVENUE</b>		
Proceeds from Group Life Policies	1,529,804	1,019,126
Other Income	20,915	185,275
<b>TOTAL REVENUE</b>	<b>814,065,309</b>	<b>517,901,961</b>
<b>INVESTMENT EXPENSES</b>		
Direct Investment Expenses	15,712,598	13,989,365
Group Life Insurance Expenses	6,703,061	6,787,386
<b>GENERAL ADMINISTRATION EXPENSES</b>		
Administrator Expenses	1,983,726	1,544,073
Audit		
Fees	68,961	93,500
Operating Expenses	4,604,501	3,819,600
Anti-Detriment Payments	58,818	90,011
Superannuation Contribution Surcharge	369,236	704,229
<b>TOTAL EXPENSES</b>	<b>29,500,901</b>	<b>27,028,164</b>
<b>BENEFITS ACCRUED AS A RESULT OF OPERATIONS BEFORE INCOME TAX</b>	<b>784,564,408</b>	<b>490,873,797</b>
<b>INCOME TAX EXPENSE</b>	<b>68,116,012</b>	<b>35,061,001</b>
<b>BENEFITS ACCRUED AS A RESULT OF OPERATIONS AFTER INCOME TAX</b>	<b>716,448,396</b>	<b>455,812,796</b>

\*This abridged Financial Statement for Catholic Super is based on audited accounts.

# WHO LOOKS AFTER YOUR SUPER?

## BOARD OF TRUSTEE DIRECTORS

Catholic Super's Trustee Board has ten Directors. Each is elected with equal representation from employer and member groups to ensure all decisions of the Fund are based on the balance of views from both members and employers.

Five Directors are elected by employers and five by the members. Catholic Super's Board meets 11 times a year and the term of office of each Director is six years. Elections are decided on a first-past-the-post basis. The nominee who receives the most votes is elected.

Catholic Super is governed by a Corporate Trustee, CSF Pty Limited (ABN 50 237 896 957) (AFSL 246664) (RSE L0000307) (RSE R1000597). Trustee Directors are responsible for administering the Fund in accordance with the law and the Fund's Trust Deed.

The current Directors are:

## MEMBER-ELECTED REPRESENTATIVES

<b>Marcia Clohesy</b>	Team Leader, Human Resources, Catholic Education Office, Melbourne
<b>Debra James</b>	General Secretary, Victorian Independent Education Union
<b>John Mildren (Deputy Chairman)</b>	Project Manager, Victorian Institute of Teachers
<b>Frances Renehan</b>	Teacher, Lavalla Catholic College, Traralgon
<b>Joe Sirianni</b>	Teacher, Holy Eucharist School, St Albans South

## EMPLOYER-ELECTED REPRESENTATIVES

<b>Peter Bugden (Chairman)</b>	Deputy Director of Catholic Education, Sandhurst
<b>Rev Michael Morgan</b>	Parish Priest, Our Lady of Victories, Camberwell
<b>Frank Pegan</b>	Chief Executive Officer, Catholic Super
<b>Rosemary Scarlett</b>	Business Manager, Marymede Catholic College
<b>Dan Sexton</b>	Officer, Catholic Super

## OTHER PEOPLE WHO HELP MANAGE CATHOLIC SUPER

Catholic Super also employs various professional advisers and service providers to assist in the management of the Fund. Catholic Super and its Trustees are not associated in any other way with these organisations.

<b>Administration Manager</b>	Australian Administration Services Pty Limited
<b>Auditor</b>	William Buck
<b>Bank</b>	Westpac Banking Corporation
<b>Investment Consultant</b>	Mercer Investment Consulting
<b>Master Custodian</b>	National Custodian Services
<b>Solicitors</b>	IFS Legal
<b>Tax Advisors</b>	Deloitte

## TRUSTEE LIABILITY INSURANCE

The Fund's Trust Deed provides for the Trustee Directors to be indemnified from the assets of the Fund in the event that legal action is taken against them. To protect the Fund assets, Liability Insurance has been arranged to compensate for any losses that may occur as a result of a claim against the Trustee, the Fund, or the Directors personally.



## MORE INFORMATION

### MEMBERS BENEFIT PROTECTION (MBP)

Under MBP legislation, for accounts of less than \$1,000, the member fee in any one year must not exceed the investment returns earned by the account in that same year, subject to a minimum fee of \$10 which may be applied in years of low investment returns.

### FEDERAL GOVERNMENT TAXES

The Federal Government charges some taxes to your account. These taxes go directly to the Government and are not fees charged by Catholic Super. All taxes that apply to you are itemised on your Member Statement.

### CONTRIBUTIONS TAX

The Government charges a Contributions Tax of 15% of employer contributions (after allowance for insurance and administration fees). Contributions tax is not charged on contributions that you make after-tax, however it does apply to salary sacrifice contributions (contributions made pre-tax and deducted from your gross salary).

### PROVIDING YOUR TAX FILE NUMBER (TFN)

If you haven't notified Catholic Super of your tax file number, you may be paying more tax than you have to on your benefits.

This additional tax may be able to be re-claimed in your next tax assessment with the Australian Taxation Office (ATO).

Please note that to receive the Government Co-contribution, Catholic Super must have your tax file number to allow the ATO to match your records and make the payment to your account.

### NON-PRESERVED BENEFITS

Non-preserved amounts appear on your Member Statement where you have made personal contributions to Catholic Super prior to 1 July 1999, or the amount was rolled into Catholic Super from another fund as a restricted non-preserved benefit. Generally, this amount is restricted and cannot be paid to you until you leave your current employer.

If you have rolled over non-preserved benefits from another fund or have left money in your account that could have been paid to you in cash, it may be unrestricted.

Other conditions of release include if you:

- reach age 65 and are still employed;
- leave employment after age 60;
- leave employment at any age, and the preserved portion of your benefit is less than \$200;
- satisfy the specific conditions set out under current legislation for release on compassionate grounds or financial hardship;
- die – any benefit, including any insured benefit, will generally be paid to your estate; or
- fall permanently ill or become totally and permanently disabled (note that this may be dependent upon a medical assessment).

### ELIGIBLE ROLLOVER FUND (ERF)

Catholic Super has nominated an eligible rollover fund to accept the transfer of benefits in certain circumstances without a member's approval.

An ERF is a fund which has been approved by the Australian Prudential Regulation Authority (APRA) to receive and retain benefits for members of superannuation funds. The ERF selected by Catholic Super is the AMP Eligible Rollover Fund.

If your benefit is paid to the ERF, you will no longer be a member of Catholic Super and will not be entitled to any Catholic Super benefits. This means that your death and disablement insurance will cease. A benefit in the AMP ERF may be transferred back into Catholic Super if desired.

We transfer benefits to the AMP ERF quarterly in the following circumstances:

- if you leave service with a participating employer and your benefit is less than \$1,000 and you do not tell Catholic Super where to transfer your benefit after the Fund Office contacts you, we will transfer it to the ERF six months after the last contribution is received;
- if you are "lost"—that is, if you have left service with a participating employer and at least two items of correspondence issued by Catholic Super have been returned and we cannot trace you—and your benefit is less than \$9,500, we will transfer your benefit to the AMP ERF.

Contact details for AMP ERF are as follows:

Telephone: 1300 653 456

Mail: Locked Bag 5400, Parramatta, NSW 1741.

Internet: [www.amp.com.au](http://www.amp.com.au)

### ENQUIRIES AND COMPLAINTS

Catholic Super maintains internal procedures for the handling of member enquiries or complaints within a maximum of 90 days. Most enquiries can be dealt with over the phone immediately. If not, you may be asked to put your enquiry in writing. Members may request confirmation of transactions at any time.

If members have issues to raise the procedure is the following:

1. The member lodges an enquiry or complaint in writing with Catholic Super, referring it to Mr. Joe Farrugia (Manager) for his investigation and decision.
2. The member will receive a reply within 90 days.
3. If the member wishes to appeal the Manager's decision, the matter will be brought before Catholic Super's Trustee Board.
4. All enquiries and complaints dealt with by the Manager are reported at the next full meeting of the Catholic Super Trustee Board.

If you are not satisfied with Catholic Super's handling of your enquiry or complaint, you may contact the Superannuation Complaints Tribunal which is an independent body set up by the Federal Government to assist members or beneficiaries resolve certain types of complaints with fund trustees.

If the Tribunal accepts your complaint, it will attempt to resolve the matter through conciliation, which involves assisting you and the fund to come to a mutual agreement. If conciliation is unsuccessful, the complaint is referred to the Tribunal for a determination.

If you wish to find out whether the Tribunal can handle your complaint and the type of information you would need to provide, please phone one of the following numbers for the cost of a local call anywhere in Australia.

The Superannuation Complaints Tribunal ([www.sct.gov.au](http://www.sct.gov.au)) 1300 780 808

The Australian Prudential Regulation Authority (APRA) ([www.apra.gov.au](http://www.apra.gov.au)) 1300 131 060

### PROTECTING YOUR PRIVACY

Catholic Super protects the privacy of your personal information. Any personal information collected by Catholic Super is used for the sole purpose of maintaining, managing and administering your account.

In some cases, we may need to provide your information to external service providers, such as our Insurer to assess insurance applications and claims. In all cases, your information is protected by Catholic Super's privacy policy and privacy legislation.

### ACCESS TO ADDITIONAL INFORMATION

All members receive a copy of the most recent Annual Report on joining the fund, and every year an annual member statement and Annual Report are issued, together with regular newsletters.

You can also obtain additional information on written request, including copies of:


- Trust Deed
- Product Disclosure Statement
- Auditor's Report and audited accounts of the fund
- Privacy Policy
- Investment Objectives and Policy

### COMPLIANCE

For the period 1 July 2007 to the date of production of this Report, the year ended 30 June 2007, and all previous reporting periods, the Trustee is of the opinion that the fund complied with all conditions for the operation of superannuation funds required by legislation, and that the Australian Prudential Regulation Authority (APRA) would be satisfied of the Fund's compliance for those years.

### TRUST DEED AND RULES

The Fund is governed by a Trust Deed dated 11 January 1971 together with subsequent amendments. The Deed has been amended on one occasion since last year's Annual Report as detailed in the Catholic Super newsletter of March 2007.



This Annual Report provides important details of Catholic Super's activities and investments for the financial year ended 30 June 2007. A summary of the benefits and features of the Fund can be found in our Product Disclosure Statement, available upon request or via our website, [www.csf.com.au](http://www.csf.com.au). Trustee: CSF Pty Limited (ABN 50 237 896 957) (AFSL 246664) (RSE L0000307) (RSE R1000597). This document is issued by the Trustee of Catholic Super, CSF Pty Limited. The information contained herein is about the Fund and is not intended as financial advice. It does not take into account specific needs, so members should consider their personal position, objectives and requirements before taking any action.

Call **1300 550 273** or join online [www.csf.com.au](http://www.csf.com.au)  
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