



Catholic Super  
Annual Report 2012

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CATHOLIC<sup>™</sup>  
Super

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This Annual Report was issued in December 2012 by CSF Pty Limited (ABN 30 006 169 286; AFSL 246664) (trading as Catholic Super), the Trustee of the Catholic Superannuation Fund (ABN 50 237 896 957; SPIN CSF0100AU). It provides important details about the Fund's activities and investments for the financial year ended 30 June 2012. A summary of the benefits and features of the Fund can be found in the Product Disclosure Statements available upon request or via our website, [www.csf.com.au](http://www.csf.com.au).

The information contained in this Annual Report is about the Fund and is general information only. It has been prepared without taking into account your personal investment objectives, financial situation or needs. It is not intended to be, and should not be construed in any way as, investment, legal or financial advice.

We recommend you assess your own financial situation before making a decision based on the information contained in this Annual Report. To help you with your decision-making you may wish to seek assistance from a qualified financial advisor before making any changes to your financial affairs.

Neither Catholic Super, nor any of Catholic Super's service providers, guarantees the performance of the Fund or any particular rate of return. Past performance is not a reliable indicator of future performance.

Catholic Super does not accept any liability, either directly or indirectly, arising from any person relying, either wholly or partially, upon any information shown in, or omitted from, this Annual Report. Under no circumstances will Catholic Super be liable for any loss or damage caused by a user's reliance on information obtained from reading this Annual Report.

The information in this Annual Report is correct as at the date of publication. In the event of a material change occurring to any information contained in this Annual Report, Catholic Super will notify existing members in writing within the timeframes required by law. Where a change to information in this Annual Report is not materially adverse, Catholic Super will provide updated information online at [www.csf.com.au](http://www.csf.com.au). You may request a paper copy of any change, which will be provided free of charge.

# Report from the Chairman and Chief Executive Officer

Thank you for being a member of Catholic Super's community, your ongoing support is greatly appreciated by the Board of Directors and staff. Your trust in Catholic Super gives us strength to continue to provide the best outcomes possible.



**Peter Bugden**  
Chair of Trustee Board



**Frank Pegan**  
Chief Executive Officer

The annual report is our accountability to you, of the activities of Catholic Super for the last 12 months. The annual report covers the changes on the Board that have occurred, investments and other news for your perusal. If you have any questions please feel free to make contact with Catholic Super. We try to keep it simple within the context of government regulations.

As another year passes into history we all face similar challenges around our lives, whether you are starting a job or continuing your career, looking after your family's finances or paying a mortgage, it is no different for us with our families.

We are all part of a community of people and Catholic Super's goal is be part of your life/work cycle, working together to help you prepare for your retirement future.

## Board

This past year has seen the final stages of the merger process referred to in the 2011 report. The Board has been reduced from sixteen directors to ten as a result of natural attrition and elections. As a consequence of this, we pay tribute to seven retiring directors, Mr Joseph Sirianni, Ms Fran Renehan, Mr Peter Rush, Mr John Pollock, Mr Paul Newman, Ms Rosemary Scarlett and Mr Frank Pegan (who retains his CEO role), for their unique individual contributions over many years. We also welcome Mr Paul Murphy from the Aged Care sector to the Board.

All directors of Catholic Super are elected, five by members and five by employers for five year terms. Each year, two directorships are decided. The Board Chair is elected by the directors from amongst their number.

## Staff

With the merger in 2010, Catholic Super became a national fund and part of the strategy was to service members and employers by having local offices employing local staff. The staff numbers increased with new offices located in Perth, Sydney, Canberra, Brisbane and Geelong. As the CEO of the fund I am proud and blessed with the staff Catholic Super has engaged. Their professionalism and willingness to work as a team is extraordinary and gives me a sense of pride that we are providing members with the best outcomes possible.

## Super Industry

Superannuation has constantly appeared in the media in the past year, including the level of returns, the move to 12% employer contributions, the new MySuper provisions being legislated by the Federal Government and the effects of the European and United States economies on world investment markets. Whatever the scenario, you are assured that the directors, management and staff of Catholic Super have your best interests at the core of the investment decisions which are made on your behalf.

## Conclusion

The future remains unknown. What is known is that change is occurring in the regulatory environment; investment markets and the forces of competition are moving. We are well placed to meet the challenges because of the people we have engaged. The Directors and staff would like to thank you for your contribution to the success of the fund. What has been achieved is the result of our focus on delivering the best outcomes for members and employers.

## The 2011/12 financial year was another difficult one for investment markets.

The sovereign debt crisis in Europe was a source of great stress for markets and the process of finding a convincing solution is proving to be tortuous. Even now, at the end of October 2012, many uncertainties remain as to the future of the Eurozone and large parts of Europe are enduring a very deep recession, with no end in sight. In the United States, the recovery from the economic downturn following the Global Financial Crisis (GFC) of 2007 and 2008 remains lacklustre. In particular, the rate of job creation has been insufficient to achieve the desired reduction in the level of unemployment. The weak economic growth in both Europe and the US makes the task of reducing sovereign debt levels to more manageable levels all the more difficult. Even in the developing world, notably in China, economic growth rates have fallen back from the levels achieved through much of the 2000s decade.

The Australian sharemarket struggled under the weight of the offshore influences and the difficulties which the strong Australian dollar caused for large parts of our economy. Even including dividends, the market suffered a fall of 7% over the year.

Largely as a result of the weakness in sharemarkets, particularly the Australian market, returns on our growth-oriented Managed Choice options were disappointing. Our Balanced Option scraped through with a marginally positive return of 0.6% for the year (many of our peers failed to deliver a positive return). Clearly, however, this result is well below that which we expect to achieve on average over the medium to long term. The flat return for the 2011/12 year follows a very strong return of 11.4% in 2010/11.



**Catholic Super investment management team**

Left to right: Bill Currey, Garrie Lette, Libby Sparshatt, Alf Sirait. Danyelle Guyatt is also a member of our investment management team, but was overseas at the time this photo was taken.



**Garrie Lette**  
Chief Investment Officer

Nevertheless, it has to be said that investment returns have for a number of years been significantly below those to which we became accustomed through the 1980s and 1990s. The five years ended June 2012 now takes in the two negative years following the onset of the GFC. In nominal terms, the 0.5% pa return is easily the lowest return which Catholic Super has recorded for a five year period over its 40-year history, although in inflation-adjusted terms there was an even worse five year period in the 1970s. We do not see this period as being representative of longer term outcomes. Over the seven years ended June 2012, our Balanced Option's return of 5.2% pa is just slightly behind our CPI-based investment objective (CPI plus 3.5% pa over rolling 5 and 7 year periods). Over the 10 years, our Balanced Option's return of 6.4% pa slightly exceeds the CPI plus 3.5% pa objective.

Of course, investors worldwide have experienced difficulties over the last decade or so in matching the returns delivered through the 1980s and 1990s. Indeed, it has been virtually impossible to do so. Catholic Super has fared better than most peers in Australia and Australian investors have generally recorded better results than peers overseas, partly due to the relatively strong performance of our domestic sharemarket.

As for the future, we remain confident that our investment strategies can meet our long term CPI-based objectives. Cash and long term bond rates in Australia are now less than 3.5% pa. In most parts of the developed world, the equivalent rates are even lower, virtually zero in the case of cash and in many cases at centuries-long lows.

Accordingly, we need to look elsewhere to find investments which will deliver on the expectations of our members. In doing so, we recognise that it is vital to be cautious and diligent. We must ensure that our portfolios are at all times well-diversified and not exposed to excessive risk.

Fortunately, we do think it is possible to structure our portfolios so that under most plausible scenarios they will meet our objectives when measured on a medium to long term basis. Of course, over shorter term periods volatility and occasional setbacks must be anticipated.

**Garrie Lette**  
Chief Investment Officer

## Investment Policy

The broad investment aim of the Trustee is to maximise the Fund's long term investment returns, subject to acceptable risk parameters (which vary across the options). Each investment option has clearly defined investment objectives and strategies. These are shown in the tables on the following pages.

For full details, ask for a copy of Catholic Super's Investment Policy Statement by calling **1300 655 002** or emailing **info@csf.com.au**.

The Trustee 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 2012, the Trustee was not aware of any individual investments, or any combination of investments, that were invested either directly or indirectly in any single enterprise or group of associated enterprises, that had a total value of more than 5% of the Fund's total assets.

## Use of Derivatives

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

External investment managers may utilise derivatives in managing the investments of the Fund. Where this is the case, the Trustee confirms with the relevant investment managers on an annual basis that they have appropriate risk management processes in place in relation to the use of derivatives and the purposes for which they are used.

These tables explain each of our investment options, their current objectives, strategies and asset allocations. For more information, please read our Product Disclosure Statements available from our website at [www.csf.com.au/super-pds](http://www.csf.com.au/super-pds) and [www.csf.com.au/pension-pds](http://www.csf.com.au/pension-pds).

## Managed Choice Options

	Aggressive	Moderately Aggressive	Balanced (Default option)	Conservative Balanced
<b>Aim</b>	Achieve strong long-term investment returns, while tolerating a very high level of volatility in returns.	Achieve attractive long term investment returns, while tolerating a high level of volatility in returns.	Achieve reasonably attractive long term investment returns while accepting a reasonable level of volatility in returns.	Achieve solid long term returns, that are likely to be moderately volatile.
<b>Risk</b>	High	High	Medium to high	Medium
<b>Return Objective</b>	CPI + 4.5%	CPI + 4.0%	CPI + 3.5%	CPI + 3.25%
<b>Target Asset Allocation</b>	96% Growth 4% Defensive	80% Growth 20% Defensive	70% Growth 30% Defensive	55% Growth 45% Defensive

	Moderately Conservative	Conservative	RetirePlus
<b>Aim</b>	Limit investment risk while accepting that this is likely to result in lower investment returns over the long term.	Minimise the risk of loss of capital while accepting that this is likely to result in lower investment returns over the long term.	To achieve solid investment returns over the long term. Compared with other options with a similar overall risk profile, RetirePlus is expected to provide some additional protection against key risks facing those approaching retirement, being market risk and inflation risk.
<b>Risk</b>	Medium to low	Low	Medium
<b>Return Objective</b>	CPI + 3.0%	CPI + 2.5%	CPI + 3.0%
<b>Target Asset Allocation</b>	45% Growth 55% Defensive	25% Growth 75% Defensive	50% Growth 50% Defensive

## Strategic Asset Allocation

	Aggressive		Moderately Aggressive		Balanced		Conservative Balanced	
	2012*	2011	2012*	2011	2012*	2011	2012*	2011
<b>Asset Class</b>								
Australian Shares	40%	44%	32%	36%	30%	33%	24%	N/A
Overseas Shares	35%	35%	28%	28%	24%	24%	18%	N/A
Property	5%	5%	6%	9%	8%	12%	9%	N/A
Infrastructure	9%	9%	8%	8%	6%	6%	5%	N/A
Private Equity	4%	4%	4%	4%	3%	3%	2%	N/A
Fixed Interest	0%	0%	7%	8%	13%	14%	18%	N/A
Cash	0%	0%	2%	2%	3%	3%	10%	N/A
Defensive Alternatives	0%	0%	7%	3%	7%	3%	8%	N/A
Growth Alternatives	7%	3%	6%	2%	6%	2%	6%	N/A
Inflation Linked Securities	0%	0%	0%	0%	0%	0%	0%	N/A

	Moderately Conservative		Conservative		RetirePlus	
	2012*	2011	2012*	2011	2012*	2011
<b>Asset Class</b>						
Australian Shares	19%	20%	11%	13%	24%	N/A
Overseas Shares	13%	13%	8%	8%	15%	N/A
Property	9%	14%	10%	2%	7%	N/A
Infrastructure	3%	3%	2%	2%	6%	N/A
Private Equity	0%	0%	0%	0%	0%	N/A
Fixed Interest	21%	23%	28%	28%	0%	N/A
Cash	19%	19%	27%	27%	12%	N/A
Defensive Alternatives	10%	6%	14%	8%	10%	N/A
Growth Alternatives	6%	2%	0%	0%	6%	N/A
Inflation Linked Securities	0%	0%	0%	0%	20%	N/A

\* As at 23 October 2012

## Build Your Own Options

	Australian Shares	Overseas Shares	Property
<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.
<b>Risk</b>	High	High	Medium
<b>Return Objective</b>	CPI + 4.5%	CPI + 4.5%	CPI + 3.0%
<b>Target Asset Allocation</b>	100% Growth	100% Growth	20% Growth 80% Income
<b>Strategic Asset Allocation</b>	100% Australian Shares	100% Overseas Shares	20% Listed Property 80% Property

	Diversified Fixed Interest	FlexiTerm Deposit*	Cash
<b>Aim</b>	Earn moderate returns over the medium term mainly through income returns. In the short term returns can be negative from time to time.	To invest in a diversified pool of term deposits with Australian banks with a view to providing a slightly higher return than the Cash option and similar stability of cashflow.	Produce a return equal to or above the official cash rate.
<b>Risk</b>	Medium	Negligible	Low
<b>Return Objective</b>	CPI + 2.0%	Achieve positive returns in all monthly periods	Achieve capital stability
<b>Target Asset Allocation</b>	100% Defensive Assets	100% Defensive Assets	100% Defensive Assets
<b>Strategic Asset Allocation</b>	100% Fixed Interest	95% Term Deposit 5% Cash	100% Cash

\* FlexiTerm Deposit commenced on 23 October 2012

## Long Term Returns

As superannuation is a long-term investment, it is generally appropriate to consider performance over five years or more.

The tables below show the performance of our investment options over the last five years for both super and pension accounts. Returns shown are after fees and taxes as at 30 June 2012.

The actual returns credited to a member's account balance will be influenced by the timing of payments into and out of the account, allowing for contributions, taxes, fees and switches between investment options.

	Super Account	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008	Annualised compound returns over 5 years
Managed Choice Options	Aggressive	-1.4%	12.4%	11.6%	-12.1%	-12.2%	-0.9%
	Moderately Aggressive	0.0%	11.4%	10.8%	-10.7%	-9.4%	0.0%
	Balanced	0.6%	11.4%	8.6%	-9.9%	-6.4%	0.5%
	Moderately Conservative	2.9%	8.8%	9.0%	-6.0%	-3.9%	2.0%
	Conservative	4.1%	7.4%	7.6%	-3.3%	2.3%	3.5%
Build Your Own Options	Australian Shares	-6.0%	16.7%	13.5%	-12.2%	-13.0%	-1.0%
	Overseas Shares	-3.1%	6.9%	8.7%	-10.0%	-19.1%	-3.9%
	Property	6.9%	12.5%	8.1%	-12.1%	7.0%	4.1%
	Diversified Fixed Interest	7.3%	6.6%	4.8%	6.2%	0.3%	5.0%
	Cash	4.4%	4.7%	3.6%	4.9%	5.9%	4.7%
	Inflation Rate (CPI)	1.2%	3.6%	3.1%	1.5%	4.5%	N/A

	Pension Account	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008	Annualised compound returns over 5 years
Managed Choice Options	Aggressive	-1.6%	13.6%	13.4%	-13.8%	-13.3%	-1.1%
	Moderately Aggressive	0.0%	12.6%	12.6%	-12.2%	-10.3%	0.0%
	Balanced	0.8%	12.6%	10.1%	-11.4%	-7.1%	0.6%
	Moderately Conservative	3.5%	9.8%	10.4%	-6.8%	-4.6%	2.2%
	Conservative	4.8%	8.2%	8.5%	-3.6%	2.7%	4.0%
Build Your Own Options	Australian Shares	-6.6%	17.8%	14.7%	-12.6%	-13.9%	-1.0%
	Overseas Shares	-1.8%	8.2%	11.6%	-13.0%	-22.1%	-4.3%
	Property	7.9%	12.4%	9.1%	-13.4%	7.6%	4.3%
	Diversified Fixed Interest	8.6%	7.7%	5.5%	7.2%	0.3%	5.8%
	Cash	5.3%	5.5%	4.1%	5.6%	6.8%	5.4%
	Inflation Rate (CPI)	1.2%	3.6%	3.1%	1.5%	4.5%	N/A

Past performance is not a guarantee of future performance. Returns have been rounded to one decimal place.

Note: The Conservative Balanced and RetirePlus options commenced at the end of June 2012 and therefore no annual performance is available. The FlexiTerm Deposit option commenced on 23 October 2012 and no annual performance is available.

## Unit Prices

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

The value of those units, called the 'unit price', is updated weekly and is available on the Fund's website. The unit price moves 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.

To work out the current value of an account balance, simply multiply the number of units held by the latest unit price available for the relevant investment option.

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

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

## Fund Reserves

Annual returns for each investment option are set closely in line with the actual investment return 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 enable the Trustee to efficiently meet and mitigate the cost of an unexpected operational risk event on members and/or the Fund.

The reserve is a contingency reserve and is for short term funding requirements such as funding the rectification of errors where such costs are not met by third parties, or are recoverable from third parties or insurance but only at a much later stage. The reserve may also assist in meeting excesses applicable under insurance or indemnity arrangements.

The reserve may only be allocated with the authorisation (in writing) of the Chief Executive Officer, and any allocation from the reserve must be reported to the next scheduled Audit Committee meeting.

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 at 30 June
2011/2012	\$19,440,755
2010/2011	\$31,197,181
2009/2010	\$22,696,011

Investment management fees and tax are deducted from the applicable unit price for your investment option(s) before being applied to your account.

The investment management fee is based on the investment managers in place, their fee structure and the asset allocation for a particular financial year. It also covers the cost of custodian fees and investment advice.

The table below shows the annual investment management fees for the financial year ended 30 June 2012 in percentage terms as well as a dollar cost for every \$10,000 invested.

	Base Management Expense Ratio (MER)	Performance Fee*	Total Fee	Base Management Expense Ratio (MER) per \$10,000	Performance Fee* per \$10,000	Total Fee per \$10,000
<b>Managed Choice Options</b>						
Aggressive	0.69%	0.08%	0.77%	\$69	\$8	\$77
Moderately Aggressive	0.66%	0.08%	0.74%	\$66	\$8	\$74
Balanced	0.63%	0.08%	0.71%	\$63	\$8	\$71
Conservative Balanced**	0.55%	0.08%	0.63%	\$55	\$8	\$63
Moderately Conservative	0.48%	0.07%	0.55%	\$48	\$7	\$55
Conservative	0.42%	0.07%	0.49%	\$42	\$7	\$49
RetirePlus**	0.51%	0.01%	0.52%	\$51	\$1	\$52
<b>Build Your Own Options</b>						
Australian Shares	0.53%	0.17%	0.70%	\$53	\$17	\$70
Overseas Shares	0.75%	0.03%	0.78%	\$75	\$3	\$78
Property	0.66%	0.02%	0.68%	\$66	\$2	\$68
Diversified Fixed Interest	0.37%	0.18%	0.55%	\$37	\$18	\$55
FlexiTerm Deposit***	0.19%	0.00%	0.19%	\$19	\$0	\$19
Cash	0.09%	0.00%	0.09%	\$9	\$0	\$9

\* 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, Infrastructure and Property. Investment management fees will vary from year to year depending on the total amount of funds under management in each option, the investment managers appointed, and the investment performance of each option.

\*\* Conservative Balanced and RetirePlus were not operational for the full financial year ended 30 June 2012 and therefore the fees associated with these options are estimates only based on strategic asset allocation.

\*\*\* FlexiTerm Deposit commenced on 23 October 2012 and fees are estimates only.

To help invest your super, we use professional investment managers and regularly monitor their performance. The following is a list of Catholic Super's investment managers during 2011/12.

Asset Class	Investment Managers	
<b>Australian Shares</b>	Acorn Capital Allan Gray Australia (Orbis) Colonial First State Global Asset Management** Cooper Investors Denning Pryce**	LI Capital Paradice Investment Management Perpetual Investment Management* Realindex Investments Renaissance Asset Management
<b>Overseas Shares</b>	Aberdeen Asset Management Acadian Asset Management** Five Oceans Asset Management Generation Investment Management Lazard Asset Management	Marathon Asset Management MFS Asset Management Orbis Investment Advisory QS Investors
<b>Direct Property</b>	AMP Capital Investors Colonial First State Global Asset Management Eureka Funds Management Fiduciary International Real Estate	Goodman Funds Management GPT Group Industry Superannuation Property Trust Lend Lease Real Estate Investment
<b>Listed Property</b>	Perennial Investment Partners Renaissance Asset Management	SG Hiscock
<b>Diversified Fixed Interest</b>	Aberdeen Asset Management Colonial First State Global Asset Management Members Equity – Super Loans Trust Perpetual Investments**	Vianova Asset Management* Wellington Management
<b>Cash</b>	Catholic Development Fund	Macquarie Funds Management
<b>Infrastructure</b>	AMP Capital Investors Capital Dynamics** Infrastructure Capital Group	Industry Funds Management Macquarie Specialised Asset Management QEII Car Park
<b>Defensive Alternative</b>	Apollo Capital Management** Bentham Asset Management Colonial First State Global Asset Management	Hastings Funds Management Industry Funds Management Quellos Capital Management
<b>Private Equity</b>	AMP Capital Investors Continuity Capital HarbourVest Partners Limited	Pantheon Ventures Limited Siguler Guff & Company
<b>Growth Alternatives</b>	Bentham Asset Management	Transfield Services – Campus Living Villages
<b>Currency</b>	State Street Global Advisors	

\* Terminated during the year. \*\*Appointed during the year.

The following is the Statement of Financial Position and Operating Statement from the audited Fund Accounts. The complete Financial Statements are available on request.

## Statement of Financial Position as at 30 June 2012

	30-Jun-12 (\$)	30-Jun-11 (\$)
<b>ASSETS</b>		
<b>Cash and Cash Equivalents</b>		
Cash at Bank	30,367,088	43,619,223
Cash Investments	675,846,861	525,168,657
<b>Trade and Other Receivables</b>		
Contributions Receivable	771,946	2,000
Sundry Debtors	2,034,148	66,102
GST Receivable	84,816	118,508
<b>Investments</b>		
Australian Shares	1,161,827,361	1,284,297,827
International Shares	894,884,457	809,797,174
Listed Property	110,972,338	101,039,827
Unlisted Property	409,049,590	396,763,816
Diversified Fixed Interest	389,652,538	378,145,000
Private Equity	136,161,840	135,907,252
Alternatives – Growth	101,713,752	93,518,846
Alternatives – Defensive	236,619,844	179,895,211
Infrastructure	303,531,099	283,554,970
<b>Tax Assets</b>		
Deferred Tax Asset	26,345,685	44,782,467
<b>Other Assets</b>		
Fixed Assets	1,132,757	727,240
<b>TOTAL ASSETS</b>	<b>4,480,996,120</b>	<b>4,277,404,120</b>
<b>LIABILITIES</b>		
<b>Trade and Other Payables</b>		
Benefits Payable	1,317,500	243,672
Accounts Payable	10,262,682	7,793,825
<b>Tax Liabilities</b>		
Current Tax Liability	12,574,543	17,364,845
<b>Provisions</b>		
Provision for Employee Benefits	711,924	415,276
<b>TOTAL LIABILITIES</b>	<b>24,866,649</b>	<b>25,817,618</b>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS</b>	<b>4,456,129,471</b>	<b>4,251,586,502</b>
Represented by:		
<b>LIABILITY FOR ACCRUED BENEFITS</b>		
Allocated to Members' Accounts – Superannuation	3,648,003,104	3,556,763,423
Allocated to Members' Accounts – Pension	788,679,256	663,623,098
Not Yet Allocated	6,356	2,800
Reserves	19,440,755	31,197,181
	<b>4,456,129,471</b>	<b>4,251,586,502</b>

## Operating Statement For The Year Ended 30 June 2012

	30-Jun-12 (\$)	30-Jun-11 (\$)
<b>INVESTMENT REVENUE</b>		
Interest	1,694,102	1,965,638
Distributions	190,095,897	219,688,148
Changes in Net Market Value	(131,623,602)	211,972,278
	<b>60,166,397</b>	<b>433,626,064</b>
<b>CONTRIBUTIONS REVENUE</b>		
Employer Contributions	277,578,716	268,522,922
Member Contributions	69,613,116	54,558,567
Transfers In	152,729,490	75,951,677
Government Contributions	3,323,922	4,003,397
	<b>503,245,244</b>	<b>403,036,563</b>
<b>OTHER REVENUE</b>		
Proceeds from Group Life Insurance	6,599,867	4,332,945
Other Income	808,123	2,515
<b>TOTAL REVENUE</b>	<b>570,819,631</b>	<b>840,998,087</b>
<b>INVESTMENT EXPENSES</b>		
Direct Investment Expenses	14,009,791	18,549,108
<b>GROUP LIFE INSURANCE EXPENSES</b>		
	19,955,853	18,636,866
<b>GENERAL ADMINISTRATION EXPENSES</b>		
Member Fee Expenses	5,583,716	5,251,562
Audit Fees	192,909	143,305
Operating Expenses	10,014,023	7,615,391
Anti-Detriment Payments	597,502	555,792
Superannuation Contributions Surcharge	(7,512)	-48,002
<b>TOTAL EXPENSES</b>	<b>50,346,282</b>	<b>50,704,022</b>
<b>BENEFITS ACCRUED AS A RESULT OF OPERATIONS BEFORE INCOME TAX</b>	<b>520,473,349</b>	<b>790,294,065</b>
<b>INCOME TAX EXPENSE</b>	<b>57,510,669</b>	<b>23,466,952</b>
<b>BENEFITS ACCRUED AS A RESULT OF OPERATIONS AFTER INCOME TAX</b>	<b>462,962,680</b>	<b>766,827,113</b>



From left to right: Peter Haysey, John Connors, Angela Ryan, Greg Quinn, Peter Bugden, John Mildren, Marcia Clohesy, Brian Reed, Deb James, Paul Murphy

## Board of Directors

The role of the Board is to ensure that the Fund is operated and managed in the best interests of members and in accordance with its Governing Rules and superannuation legislation.

The Board meets in accordance with a schedule of meetings that is established prior to the start of each calendar year.

The Board consists of equal numbers of member and employer representative Directors who are nominated by relevant organisations in accordance with their particular nomination procedures.

The final phase of the transition program following the merger of National Catholic Super Fund and Catholic Super has been completed. After the recent elections the Trustee Board has been reduced from sixteen to ten directors and a five year election cycle will maintain a board of ten with opportunities to renew each year.

Congratulations to Mr John Connors who was re-elected as a member representative director and to Mr Paul Murphy who was elected for his first term as an employer representative director. Paul is the first director to come from the Health and Aged Care sector.

We would particularly like to thank the retiring directors: Mr Peter Rush, Mr John Pollock, Mr Paul Newman, Mr Joe Sirianni, Ms Fran Renehan, Ms Rosemary Scarlett and Mr Frank Pegan (Mr Pegan continues to serve as CEO) each of whom have spent many years working for the benefit of members and enhancing the reputation of the Fund as a leading superannuation and pension provider Australia-wide.

The current Directors (as at 31 October 2012) are:

### Member Representative Directors

<b>John Mildren (Deputy Chair) until December 2012)</b>	Manager, Student Services and Industry Liaison, Victorian Registration and Qualifications Authority
<b>Mr Peter Haysey (Deputy Chair)</b>	Economics Teacher, Diocese of Lismore Online Education Centre, on secondment from Diocese of Wagga Wagga
<b>Debra James</b>	General Secretary, Independent Education Union Victoria Tasmania
<b>John Connors</b>	Principal, St Anne's School, Kew East
<b>Greg Quinn</b>	St Joseph's College, Brisbane

### Employer Representative Directors

<b>Peter Bugden (Chair)</b>	Part-time Executive Manager, Catholic Super
<b>Marcia Clohesy</b>	Former Team Leader, Human Resources, Catholic Education Office, Melbourne
<b>Brian Reed</b>	Deputy Principal, Sacred Heart College, Kyneton
<b>Sr Angela Ryan</b>	Executive Officer to the National Committee for Professional Standards and Director of the Religious Institutes Support Fund
<b>Paul Murphy</b>	General Manager, Holy Spirit Care Services, Brisbane

## Trustee Committees

The Trustee Board has a number of Committees and Management Groups, all chaired by a Director, to which it delegates various responsibilities. These are:

- Risk Management Committee
- Audit Committee
- Investment Management Group
- Insurance Reference Group
- Executive Officer Remuneration Committee.

## Board Remuneration

Directors receive sitting fees for their services and presently are remunerated between \$20,000 and \$25,000 depending upon whether or not they sit on committees. The Chair receives \$75,000 in remuneration for fulfilling his responsibilities as Chair of Catholic Super and those associated with companies of which Catholic Super is the owner or a major investor.

## Executive Remuneration

Total remuneration bands* as at 30 June 2012	Number of key management personnel in band
\$75,000 – \$175,000	2
\$175,001 – \$250,000	2
\$250,001 – \$350,000	5
\$350,000 and above	0
<b>Total executive remuneration paid by the Trustee Company</b>	<b>\$2,159,481</b>

\* Total remuneration for Key Management includes cash salary, non-monetary benefits (e.g. provision of company vehicle) and superannuation. Key Management personnel are not remunerated with variable performance payments of any kind and remuneration is fixed.

Reviews to salary are conducted annually, at which time remuneration is compared with internal and external benchmarks to ensure it is aligned with market medians. Depending on performance and relativities, an adjustment to salary generally no larger than the AWOTE movement may be made annually to salary.

Key Management personnel are defined as those individuals who form part of the leadership team and have a key role in determining and executing the strategic objectives of the Fund.

### Key Management personnel of the Fund include:

F. Pegan, Chief Executive Officer
B. Faorlin, Deputy Chief Executive Officer
G. Lette, Chief Investment Officer
T. Sammann, General Manager Member & Employer Services
C. Voyer, General Manager Catholic Financial Services
R. Clancy, General Manager Strategy
J. Farrugia, Company Secretary
P. Lyon, Human Resources Manager
S. McDonald, Marketing & Communications Manager

## Human Resources

During 2011/12 the Fund appointed a Human Resources Manager, for the purpose of aligning the people strategy with the business strategy. Over the past 12 months, this role has been responsible for:

- recruiting people who have capability and cultural fit to deliver high quality service to our members
- ensuring all roles are clearly defined and performance measures are in place
- ensuring our policies and procedures are compliant and staff are working within a set of rules that govern conduct in the workplace
- working closely with the senior team on leadership behaviours and development of leadership skill and ability
- monitoring health and safety issues in the workplace and implementing safe driving policies and defensive driver education for all our professional drivers
- the introduction of compulsory compliance training for all staff covering areas including:
  - Occupational Health and Safety
  - Equal Employment Opportunity
  - Privacy
  - Sexual Harassment
  - Information Security.

## Other People Who Help Us Manage Catholic Super

The Trustee employs various professional advisers and service providers to assist in the management of the Fund. The Trustee is not associated with any of these organisations.

<b>Administration Manager</b>	Catholic Church Insurances Limited
<b>Master Custodian</b>	NAB Asset Servicing
<b>Investment Managers</b>	Refer to 'Where your money was invested' on page 10 for a full list of managers
<b>Bank</b>	Westpac Banking Corporation
<b>Investment Consultant</b>	JANA Investment Advisers
<b>Auditor</b>	Grant Thornton
<b>Solicitors</b>	IFS Legal
<b>Tax Advisor</b>	Deloitte

## Eligible Rollover Fund

If your super account balance falls below \$1,000 and you no longer work for a Catholic Super participating employer, there are two ways to keep your Catholic Super account open. You could ask your new employer to send your contributions to your Catholic Super account, or you could make a personal contribution or rollover benefits from another super fund to your Catholic Super account in order to maintain a balance of more than \$1,000.

If you don't take any of these actions within six months of the most recent contribution being paid into Catholic Super on your behalf, or you become a 'lost' member and your account balance is less than \$9,500, any insurance cover you have with Catholic Super will stop, and your super account balance will be transferred to:

<b>AUSfund</b>	Australia's Unclaimed Super Fund PO Box 2468 Kent Town SA 5071
<b>Email:</b>	admin@ausfund.net.au
<b>Phone:</b>	1300 361 798
<b>Fax:</b>	1300 366 233
<b>Internet:</b>	www.ausfund.net.au
<b>International phone:</b>	+61 8 8205 4953
<b>International fax:</b>	+61 8 8205 4990

These transfers are processed by Catholic Super on a quarterly basis. If your account is transferred to AUSfund you will cease to be a member of Catholic Super. We encourage you to obtain a Product Disclosure Statement (PDS) from AUSfund in order to understand their fee structure and how they will manage your account balance.

AUSfund is an eligible rollover fund into which lost super fund members or members with small inactive accounts are transferred. AUSfund has a low fee structure designed to protect members with small balances. All members' balances are member protected, which means that administration charges will generally not be more than interest earned. Most members will continue to accumulate interest in AUSfund. AUSfund does not offer insurance cover.

## Unclaimed Monies

By law, Catholic Super must transfer lost super accounts with balances under \$200, or those that are unidentified and have been inactive for more than five years, to the Australian Taxation Office (ATO). To find out more, visit [www.ato.gov.au](http://www.ato.gov.au).

## Temporary Residents' Benefits

Catholic Super is required to pay the super of former temporary residents to the ATO, if it has been more than six months since the former temporary resident employee departed Australia, and their visa has expired or been cancelled. Visit [www.ato.gov.au](http://www.ato.gov.au) for more information.

## Compliance

Catholic Super is a regulated superannuation fund under the Superannuation Industry (Supervision) Act 1993. For the period 1 July 2011 to 30 June 2012, and all previous reporting periods, the Trustee is of the opinion that the Fund complied with all statutory requirements of superannuation, taxation and other relevant legislation, and that the Australian Prudential Regulation Authority (APRA) would be satisfied with the Fund's compliance for those years.

## Trust Deed Changes

Catholic Super is governed by a Trust Deed dated 11 January 1971, together with subsequent amendments.

The Deed was last amended on 12 September 2012 to make provision for the Federal Government's MySuper Legislation and to clarify the provisions regarding receipt of electronic applications.

The Trustee certifies that the above amendment to the Deed did not diminish the value of the interest in the Fund of any member or beneficiary.

A copy of the Trust Deed is available upon request by calling **1300 655 002**.

## Victoria

Call 1300 655 002 to make an appointment



**Melbourne**  
Level 1  
535 Bourke Street



**Geelong**  
Ashby House  
1 Malone Street

### Catholic Super Member and Employer Services team



- |                  |   |   |   |  |   |
|------------------|---|---|---|--|---|
| <b>Back row</b>  | <b>Pauline Kenfield</b><br><i>Client Services Officer (Geelong)</i> | <b>John Frogley</b><br><i>Client Services Manager (Melbourne)</i>             | <b>Eric Marshall</b><br><i>Client Services Manager (Geelong)</i>  | <b>Tom Sammann</b><br><i>General Manager, Member &amp; Employer Services (Melbourne)</i> | <b>Loretta Drago</b><br><i>National Client Services Manager (Melbourne)</i> |
| <b>Front row</b> | <b>Paul Hales</b><br><i>Client Services Manager (Melbourne)</i>     | <b>Linh Nguyen</b><br><i>Fund Administration Services Manager (Melbourne)</i> | <b>Paul Steward</b><br><i>Client Services Manager (Melbourne)</i> | <b>Susan Capes</b><br><i>Pension Services Officer (Melbourne)</i>                        |   |

### Catholic Financial Services team



- |                  |  |   |  |   |   |   |
|------------------|--|---|--|---|---|---|
| <b>Back row</b>  | <b>Andrew Chatelier</b><br><i>Team Leader – Paraplanning (Melbourne)</i> | <b>Ben Costigan</b><br><i>Paraplanner (Melbourne)</i>         | <b>Gavin Dealy</b><br><i>Financial Planner (Geelong)</i> | <b>Romesh Ochwani</b><br><i>Paraplanner (Melbourne)</i>     | <b>Craig Voyer</b><br><i>General Manager, Catholic Financial Services (Melbourne)</i> | <b>Mark Juricskay</b><br><i>Financial Planner (Melbourne)</i> |
| <b>Front row</b> | <b>Bette Sewell</b><br><i>Financial Planner (Melbourne)</i>              | <b>Peter Naumenko</b><br><i>Financial Planner (Melbourne)</i> | <b>Lisa Ostrom</b><br><i>Paraplanner (Melbourne)</i>     | <b>Bryan Coster</b><br><i>Financial Planner (Melbourne)</i> | <b>Tania Novo</b><br><i>Practice Support Manager (Melbourne)</i>                      |   |

## Brisbane

Call **07 3367 0447** to make an appointment



Lavalla Centre  
Level 2, 58 Fernberg Road  
Paddington Qld 4064



**Matthew Kalz**

*Financial Planner,  
Catholic Super*

**Neville Griffiths**

*Financial Planner,  
Catholic Financial  
Services*

**Katie Lightfoot**

*Client Services  
Manager,  
Catholic Super*

**George Turner**

*Client Services  
Manager,  
Catholic Super*

**Ian Geach**

*Client Services  
Officer,  
Catholic Super*

## Sydney

Call **02 9211 5622** to make an appointment



Suite 1.14  
22-36 Mountain Street  
Ultimo NSW 2007



**Bruce Cockerill**

*Client Services Officer,  
Catholic Super*

**Greg Leaney**

*Client Services Manager,  
Catholic Super*

**Anthony McCarthy**

*Market Development  
Manager, Catholic Super*

**Scott Jackson**

*Financial Planner, Catholic  
Financial Services*

## Canberra

Call **02 6232 6716** to  
make an appointment



Unit 3  
59 Wentworth Avenue  
Kingston ACT 2604



**David Meakin**  
*Financial Planner,*  
*Catholic Financial Services*

**Max Bruins**  
*Client Services Manager,*  
*Catholic Super*

## Perth

Call **08 9228 8365** to  
make an appointment



St Brigid's Centre  
60 John Street  
Northbridge WA 6003



**Nunzio Papotto**  
*Client Services Manager,*  
*Catholic Super*

**Ian McRae**  
*Financial Planner,*  
*Catholic Financial Services*

### Melbourne

Level 1  
535 Bourke Street  
Melbourne  
VIC 3000

### Geelong

Ashby House  
1 Malone Street  
Geelong  
VIC 3220

### Sydney

Suite 1.14  
22-36 Mountain St  
Ultimo  
NSW 2007

### Canberra

Unit 3  
59 Wentworth Ave  
Kingston  
ACT 2604

### Brisbane

Lavalla Centre  
Level 2  
58 Fernberg Road  
Paddington QLD 4064

### Perth

St Brigid's Centre  
60 John Street  
Northbridge  
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