



Annual Report 2014

This Annual Report was issued in December 2014 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 2014. 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.

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. You may request a paper copy of any change, which will be provided free of charge.



Contents

CEO and Chairman's report	4
Our service teams	6
Our investment philosophy	8
Financial Year 2013–14: Economic and Market Review	10
Investment objectives and strategies	12
How returns are allocated	16
Investment management fees	18
Where your money was invested	20
Fund accounts	22
Who looks after your super?	24
Other things you need to know	26
Catholic Super teams across Australia	28

CEO and Chairman's report

Catholic Super has been in existence for over forty three years and is one of the oldest industry funds in Australia.

12.3%

BALANCED OPTION

The Balanced Option returned 12.3% for 2013/2014.

\$6.3bn

UNDER MANAGEMENT

We grew by more than 21% to \$6.3 billion by the end of 2014.

71,000

MEMBERS

Catholic Super has more than 71,000 members and more than 10,000 employers as at June 2014.

We have over 71,000 members, \$6.3bn funds under management and more than 10,000 employers making contributions on behalf of our members.

2014 has been a very exciting year for the fund. It's been a year of growth, with a new office in Darwin, and an increase in size and member funds. At the same time, our returns have been outstanding, remaining in the top ten in Australia over the last ten years. Our pension section continues to grow as well and we have introduced new options for those in this phase of their lives. Look out for more exciting developments in 2015.

As Chairman, I wish to say thanks to Mr Frank Pegan, our Chief Executive Officer, for another year of exceptional leadership and to his executive team and all staff for making it possible. For many years, Frank has been involved in the global initiative for a more sustainable investment environment. This includes consideration of issues around climate change and sustainable assets. He was recently invited to attend and speak at the United Nations gathering of world leaders to address these matters and particularly to seek support from governments to enable the development of renewable energy sources. One of many options considered included the introduction of policies which support long term investments by superannuation and pension funds in these new, sustainable industries.

Looking after your retirement future

Catholic Super is governed by a trustee board of ten directors, five elected by members and five by employers for five year terms. The chair and deputy chair are appointed by the directors for terms of three years each. The fund has five committees of the board with each director serving on at least one of those. The committees are: Investment Management Group, Audit, Risk Management, Insurance Reference Group and Remuneration & Nomination.

Directors undertake professional development courses, conferences and other activities each year to maintain and increase their knowledge of the superannuation sector and its place within the financial services industry and to ensure that there is a diverse spread of skills across the board. I would like to welcome Ms Carolyn Harkin to the trustee board after being elected several months ago and to thank retiring director Brian Reed for his many years of diligent and committed service to the board.

There are always new issues for directors to address in this industry as governments grapple with fiscal challenges and lobby groups battle for influence in policy making. The most interesting new challenge for the fund and the industry as a whole will be the outcome of the Murray Inquiry into the financial services industry in Australia and how the government will eventually respond to its recommendations.

Our clear focus

This annual report sets out our achievements and successes but in the end it is you the member that matters. Your support and continuing involvement gives us the purpose to do better. As you go about your daily lives we are here to support and give comfort to your achievements. In your personal life, being a member of a community, or a family, or a parent, or simply enjoying the friendship of life, we are here to support and comfort you through the different stages.

Thank you for your support and may our journey continue to meet your desires and needs. Our team (including our financial planners) are ready, able and willing to work closely with you. As the old Chinese proverb states "a journey of a thousand miles begins with a single step": our role is to walk the first single step with you to assist you in your journey.

Thank you.

Peter Bugden, *Chairman*

Frank Pegan, *Chief Executive Officer*



Peter Bugden
Chairman



Frank Pegan
Chief Executive Officer

Our service teams

240,000km

TRAVELLED BY OUR TEAM IN 2013/2014

Our team on the road has covered more than 240,000 kilometers to see our members and employers in 2013/2014.

THAT'S THE EQUIVALENT OF DRIVING AROUND THE AUSTRALIAN MAINLAND MORE THAN...

15 TIMES



Being a Senior Superannuation Specialist in our ACT office means travelling all over ACT, regional NSW and Victoria as well as South Australia. It's a long way to go, but I relish the opportunity to meet face-to-face with our members and employers.

Max Bruins, Senior Superannuation Specialist – Canberra office



171

SEMINARS

Member services have run over 170 seminars/presentations on superannuation and retirement.



I really love helping people. But it goes further than that: it's about giving our Catholic Super members confidence and security about their retirement.

Paul Hales, Senior Superannuation Specialist – Melbourne office

In 2014 we opened Catholic Super's first Darwin branch. Alan Tate, a Financial Adviser and Senior Superannuation Specialist with more than 30 years financial planning experience will be heading up our brand new office.

Craig Voyer, General Manager Financial Planning (Melbourne) serviced NT until new location opened

NEW

Darwin office

With our new Darwin office opened in 2014, members and employers of Catholic Super in the Northern Territory now have a local on the ground to provide superannuation and financial advice.



6,200
MEMBER MEETINGS

Our Superannuation Specialists and Financial Advisers are getting out and seeing more members across Australia.

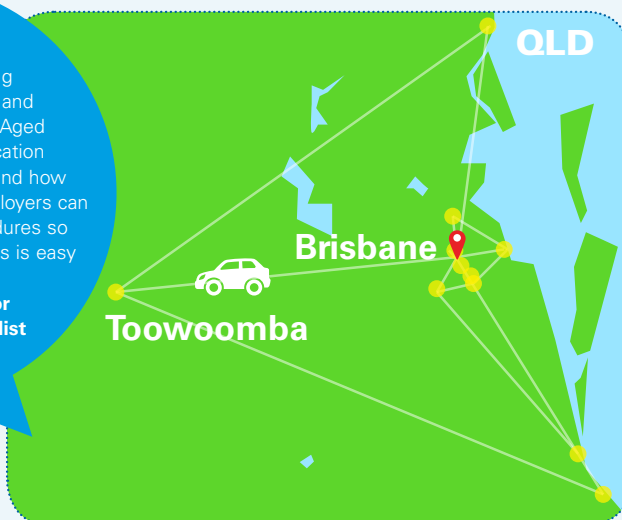


I spend time with our members, getting an understanding of their situation and helping them achieve a dignified retirement. This means arriving at an understanding of what members need to do to maximise their retirement savings – and what Catholic Super can do to help them achieve that.

Ian McRae, Financial Planner – Perth office

I travel around our local employer sites, providing support to our employers and members who work in the Aged Care, Community and Education sectors. I help them understand how their super works and how employers can streamline their payroll procedures so that making super contributions is easy for everyone involved.

Katie Lightfoot, Senior Superannuation Specialist – Brisbane office



Our investment philosophy

At Catholic Super we take the responsibility of investing our members' money very seriously.

We know you've entrusted us to manage your super investment over the long term – often decades – and for us this translates into a simple focus: everything we do is about our members.

At the end of the day, you want to know that you're going to be okay in retirement – and not just okay, comfortable and able to relax in the knowledge that the hard investing work has been done and you can now enjoy these years.

Our investment approach and target

Our overarching investment approach is to generate real returns for our members – that is, we aim for a certain return over and above inflation (CPI) and that we take only the necessary investment risks to achieve this. Our target to exceed inflation means we're aiming to not only grow your investment, but also increase your purchasing power as you head into retirement.

Assessment and response to risk forms a very important part of our investment philosophy. We manage risk to reduce the chance that we won't meet our medium-to-long-term objectives. We couple this with a focus on reducing our exposure to volatility on a year-by-year basis. And whilst we won't make speculative investments, we recognise that we won't achieve our investment objectives if we don't take any risks at all.

Catholic Super's investment in social infrastructure



New Royal Adelaide Hospital

Currently under construction and due for completion in 2016, it will be the largest, most technologically advanced hospital in South Australia employing almost 6000 people.

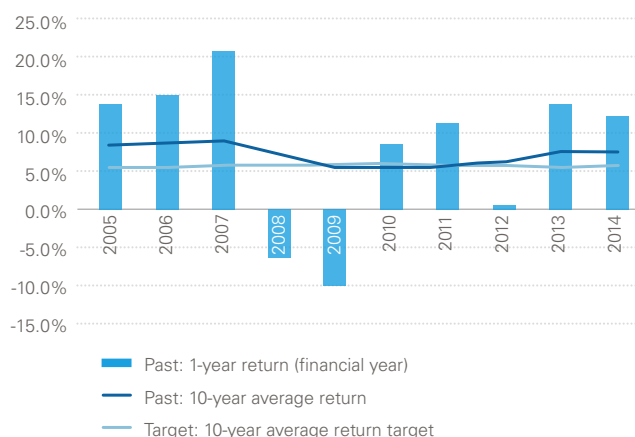
This philosophy really comes to life in the construction of our Balanced option, which is the default option provided for members who don't make an investment choice. This option has been developed with our "average" member in mind, taking into account the specific needs of our Catholic Super members. That doesn't mean we're going to require you to take a certain path: if you want flexibility to make your own investment choices, we provide a range of options that allow you to set your own path.

Our performance

Over the long-term, our investment philosophy has produced returns that we're really proud of – in fact, we've consistently performed in the top ten funds in Australia. Since our inception in 1971, our Balanced option has returned an average 10.46% per annum, significantly above our current investment target of 3% above inflation.

The following graph shows our annual performance for our Balanced option tracked over the past 10 years. Whilst we've had the expected ups and downs over the period, we have continued to exceed our investment target and produced a return that is almost three times the average rate of inflation. This has resulted in our members gaining real purchasing power from their superannuation investments.

Past 10 year returns of the Catholic Super Balanced option





Aspire Schools Catholic Super was part of a consortium involved in the building and maintenance of 7 new schools in South East Queensland – one of the fastest growing corridors in Australia.



Queen Elizabeth II Medical Car Park Redevelopment and expansion of car park facilities at QEII medical centre in Perth.

What does this mean for our members?

Whilst we are aware of our results compared to other superannuation funds, we are careful not to get drawn into the competition over short-term returns inherent in the Australian superannuation industry. By focusing largely on the targets we set ourselves for the long-term, we're not swayed to change our tactics by short-term market events or forces; or even by our competitors' behaviour.

Protection during market volatility

Superannuation is by its nature a long term investment, and because investment markets are volatile and driven by 'noise' over shorter periods, we need to focus on fundamentals and maintain diversified portfolios. Indeed it's this strategy and approach that helped us to stay our course during the Global Financial Crisis (GFC). And whilst we experienced negative returns like the rest of the industry did during that time, sticking to our investment plan and targets meant our losses were not as great as others.

For example, in 2008/09 – the worst year for investment during the GFC – our Balanced option lost 9.93%. This compares very favourably with other Australian retail superannuation fund Balanced options which, on average lost 14.6%, which amounts to a loss of 47% more than the Catholic Super Balanced option. This example demonstrates the power of our investment philosophy and approach aimed at protecting our members' investments as best we can during market volatility. This also means that our members can have some peace of mind to retire when they are ready rather than timing retirement based on "what the market is doing".

Investment in our future

Another important aspect of our investment philosophy – and indeed something that's been a part of Catholic Super since our establishment in 1971 – is responsible investments. Responsible investment is all about achieving returns as well as investing in socially and/or environmentally responsible investments. During this financial year we surpassed half a billion dollars of investments in low carbon transition assets. These assets met both our risk and return objectives and are also contributing towards a climate resilient economy.

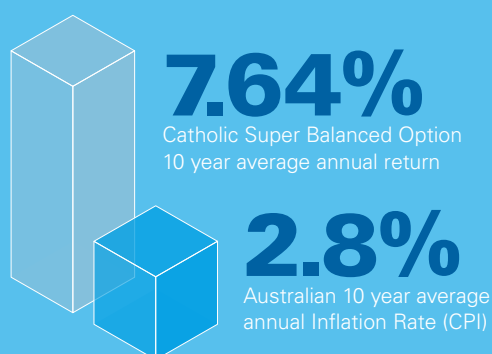
Active management of your investments

Our member focus also draws us to concentrate on another important area that influences long-term returns – the costs of running a super fund and associated fees charged to members. As a not-for-profit fund, our fees are relatively lower and as such do not erode your returns as much as fees charged by some other funds. We focus on providing the "best value for money" in a competitive fee structure that promotes active management of your assets for the longer term growth and security of your superannuation savings.

If you would like more information about our investment philosophy – or if you want to discuss the options available to you from Catholic Super – we encourage you to get in touch with us on **1300 655 002**.

Investment Performance over the past 10 years

Over the last 10 years our Balanced option has achieved an average return that is nearly three times the Australian average inflation rate, providing our members with a significant increase in their real purchasing power from their superannuation investments.



Financial Year 2013–14: Economic and Market Review

The 2013–14 financial year ended with volatility at, or close to, historically low levels.

All major asset classes delivered positive returns; most in double digits. As we entered 2014–15, economic growth looked stronger than 12 months previously, particularly in the US. Meanwhile, the Australian economy was holding up better than many had expected.

However, it wasn't smooth sailing throughout 2013–14. The financial year began on a slightly jittery note as markets pondered when the US Federal Reserve (the Fed) would begin to "taper" or decrease the size of its asset purchasing program and whether it would trigger a market downturn. Bond yields rose (prices down), while emerging markets (particularly emerging market debt) see-sawed. The Aussie dollar sold off. Markets welcomed the delayed commencement of tapering, from September to December 2013, but when the Fed started tapering there was no significant impact on global developed markets, which had, in fact, rallied. Not so emerging markets, which were hampered by persistent concerns once tapering began. These concerns were focussed on the so-called "fragile five" (Brazil, India, Indonesia, South Africa and Turkey) whose high account deficits and structural issues affected all emerging markets, which performed very poorly in January 2014. This, in turn, resulted in softer performance in January as risk aversion set in and investors sold off shares and sought shelter in bonds.

Come February 2014, it seemed that we had suddenly entered a different environment. While geopolitical issues (in Ukraine and the Middle East) kept investors alert, it wasn't enough to stop emerging markets and the Australian dollar bouncing back, while global shares and sovereign bonds (ex-Europe) traded within a relatively narrow range for the first three months of 2014. Meanwhile, the US economy experienced

significant weather-induced setbacks, prompting some to question if slower activity was actually weather induced, or a sign of a loss of momentum in the US economy. Fortunately, the official data showed that the weather was to blame.

Locally, Australian economic growth actually surprised throughout the three months to 31 March, with better-than-expected labour, consumer and capex data, before easing toward the end of the financial year. Through the final three months to 30 June 2014, "Goldilocks" (i.e. just right) conditions prevailed globally. Shares continued to rally, volatility fell to ultra-low levels, and positive returns were abundant.

Australian large cap shares returned 17.3% in the year to 30 June 2014, outperforming local small caps, which returned 13.1% for the financial year. Overseas large cap shares (hedged to the Australian dollar) were the top performers for the year, returning 24.6%, followed closely by overseas small caps, which returned 24.0%. The impact of the high Australian dollar can be seen in the return for unhedged overseas large cap shares. Although still very impressive with a financial year return of 20.4%, the stronger Australian dollar meant that unhedged overseas shares could not outperform their hedged counterparts. Despite the setbacks half-way through the financial year, emerging markets shares still managed to record double-digit growth over the year, albeit lower, returning 10.9%.

Fixed interest also recorded solid performance, returning 7.4% offshore and 6.1% locally. Cash delivered the lowest return for the financial year at 2.7%

The strong performance of sharemarkets can be attributed to a positive macro backdrop and earnings growth, particularly in developed markets, and relatively cheap emerging market share valuations. Despite softer commodity prices and tighter interest rate spreads, the Australian dollar remained high amid forecasts of potentially higher cash rates in Australia.

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 2014, 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.

Investment objectives and strategies

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 and www.csf.com.au/pension-pds.

Managed Choice Options

	Aggressive		Moderately Aggressive		Balanced (MySuper option)		Conservative Balanced	
Aim	To achieve strong investment returns over the long term. Returns are likely to be extremely volatile and risk of capital loss over short to medium term periods is very high.		To achieve attractive returns over the long term. Returns are likely to be very volatile and risk of capital loss over short to medium term periods is high.		To achieve favourable returns over the long term. Returns are likely to be volatile and a risk of capital loss over short to medium term periods is substantial.		To achieve solid long term returns over the long term. Returns are likely to be moderately volatile and risk of capital loss over short to medium term periods is significant.	
Return Objective (Super)	CPI + 4.0% over rolling 10 years		CPI + 3.5% over rolling 10 years		CPI + 3.0% over rolling 10 years		CPI + 2.75% over rolling 10 years	
Standard Risk Measure	Estimated number of negative annual returns over any 20 year period, 4 to less than 6 years.		Estimated number of negative annual returns over any 20 year period, 4 to less than 6 years.		Estimated number of negative annual returns over any 20 year period, 3 to less than 4 years.		Estimated number of negative annual returns over any 20 year period, 3 to less than 4 years.	
Risk Band and Label	Risk Band 6, High		Risk Band 6, High		Risk Band 5, Medium to High		Risk Band 5, Medium to High	
Target Asset Allocation	96% Growth assets, 4% defensive assets		80% Growth assets, 20% defensive assets		70% Growth assets, 30% defensive assets		55% Growth assets, 45% defensive assets	
Suggested minimum timeframe	Very long (7 – 10 years +)		Very long (7 – 10 years +)		Long (5 – 10 years +)		Medium (5 years +)	
Strategic asset allocation*	Australian Shares	38%	Australian Shares	30%	Australian Shares	27%	Australian Shares	21%
	Overseas Shares	37%	Overseas Shares	30%	Overseas Shares	27%	Overseas Shares	21%
	Property	5%	Property	6%	Property	8%	Property	9%
	Private Equity	4%	Private Equity	4%	Private Equity	3%	Private Equity	2%
	Growth Alternatives	7%	Growth Alternatives	6%	Growth Alternatives	6%	Growth Alternatives	6%
	Infrastructure	9%	Fixed Interest	7%	Fixed Interest	13%	Fixed Interest	18%
			Cash	2%	Cash	3%	Cash	10%
			Infrastructure	8%	Infrastructure	6%	Infrastructure	5%
			Defensive Alternatives	7%	Defensive Alternatives	7%	Defensive Alternatives	8%

	Moderately Conservative	Conservative	RetirePlus
Aim	To achieve reasonable returns over the long term. Volatility of returns is likely to be lower than that of more equity-oriented options, although still significant and risk of capital loss over short to medium term periods lower, although still significant.	To minimise the risk of loss of capital, whilst accepting that this is likely to result in lower investment returns over the long term. Volatility of returns is likely to be lower than that of more equity-oriented options, although still material, and over short to medium term periods some risk of capital loss exists.	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 in or approaching retirement, being market risk and inflation risk. Returns are expected to be moderately volatile and risk of capital loss over short to medium periods is significant although lower than that of more equity oriented options.
Return Objective (Super)	CPI + 2.5% over rolling 10 years	CPI + 2.0% over rolling 10 years	CPI + 2.5% over rolling 10 years
Standard Risk Measure	Estimated number of negative annual returns over any 20 year period, 2 to less than 3 years.	Estimated number of negative annual returns over any 20 year period, 1 to less than 2 years.	Estimated number of negative annual returns over any 20 year period, 2 to less than 3 years.
Risk Band and Label	Risk Band 4, Medium	Risk Band 3, Low to Medium	Risk Band 4, Medium
Target Asset Allocation	40% Growth assets, 60% defensive assets	25% Growth assets, 75% defensive assets	50% Growth assets, 50% defensive assets
Suggested minimum timeframe	Short to Medium (3 – 5 years +)	Short to Medium (3 – 5 years +)	Medium (5 years +)
Strategic asset allocation*	Australian Shares 16% Overseas Shares 16% Property 9% Growth Alternatives 6% Fixed Interest 21% Cash 19% Infrastructure 3% Defensive Alternatives 10%	Australian Shares 10% Overseas Shares 9% Property 10% Fixed Interest 28% Cash 27% Infrastructure 2% Defensive Alternatives 14%	Australian Shares 20% Overseas Shares 17% Property 7% Growth Alternatives 6% Cash 11% Infrastructure 6% Defensive Alternatives 10% Inflation Linked Securities 18% Target Return 5%

Build Your Own Options

	Australian Shares	Overseas Shares	Property
Aim	To achieve strong investments returns. Returns are likely to be very volatile and risk of capital loss over short to medium term periods is very high.	To achieve strong investment returns. Returns are likely to be very volatile and risk of capital loss over short to medium term periods is very high.	To achieve solid investment returns. Risk of capital loss over short to medium term periods is significant.
Return Objective (Super)	CPI + 4.0% over rolling 10 years	CPI + 4.0% over rolling 10 years	CPI + 3.0% over rolling 10 years
Standard Risk Measure	Estimated number of negative annual returns over any 20 year period, 6 or greater.	Estimated number of negative annual returns over any 20 year period, 4 to less than 6 years.	Estimated number of negative annual returns over any 20 year period, 3 to less than 4 years.
Risk Band and Label	Risk Band 7, Very High	Risk Band 6, High	Risk Band 5, Medium to High
Target Asset Allocation	100% Growth assets	100% Growth assets	20% Growth assets, 80% defensive assets
Suggested minimum timeframe	Very long (7 – 10 years+)	Very long (7 – 10 years +)	Long (5 – 10 years +)
Strategic asset allocation*	Australian Shares 100%	Overseas Shares 100%	Property 80% Listed Property 20%

	Diversified Fixed Interest	FlexiTerm Deposit	Cash
Aim	To achieve positive real returns over the medium to long term with volatility of returns expected to be lower than that of equities options.	To invest in a diversified pool of term deposits with Australian banks with a view to providing slightly higher return than the Cash option and similar stability of cashflow.	To produce a return equal to or above the official cash rate.
Return Objective (Super)	CPI + 2% over rolling 10 years	To achieve positive returns in all monthly periods	To achieve positive returns in all monthly periods
Standard Risk Measure	Estimated number of negative annual returns over any 20 year period, 1 to less than 2.	Estimated number of negative annual returns over any 20 year period, less than 0.5.	Estimated number of negative annual returns over any 20 year period, less than 0.5.
Risk Band and Label	Risk Band 3, Low to Medium	Risk Band 1, Very Low	Risk Band 1, Very Low
Target Asset Allocation	100% defensive assets	100% defensive assets	100% defensive assets
Suggested minimum timeframe	Medium (3 – 5 years +)	Short (1 year +)	Short (1 year +)
Strategic asset allocation*	Fixed Interest 100%	Term Deposit 95% Cash 5%	Cash 100%

Our Investment Returns

The tables below show the performance of our investment options over the longer term and the last financial year for both Super and Pension accounts. Returns shown are after all fees and taxes as at 30 June 2014.

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	10 yrs pa	7 yrs pa	5 yrs pa	1 yr
Aggressive	8.4%	4.0%	11.2%	14.9%
Moderately Aggressive	7.9%	4.0%	10.3%	12.8%
Balanced	7.6%	4.0%	9.3%	12.3%
Conservative Balanced	N/A	N/A	N/A	9.9%
Moderately Conservative	6.7%	4.2%	8.1%	8.8%
Conservative	6.4%	4.9%	7.1%	7.4%
RetirePlus	N/A	N/A	N/A	9.3%
Australian Shares	10.4%	4.2%	11.8%	19.3%
Overseas Shares	5.8%	2.6%	10.4%	15.8%
Property	7.7%	5.4%	8.9%	10.0%
Diversified Fixed Interest	4.9%	4.8%	5.5%	4.5%
Flexi Term Deposit	N/A	N/A	N/A	3.1%
Cash	4.5%	4.2%	3.8%	2.6%

Pension	10 yrs pa	7 yrs pa	5 yrs pa	1 yr
Aggressive	9.2%	4.4%	12.6%	16.5%
Moderately Aggressive	8.8%	4.5%	11.6%	14.4%
Balanced	8.6%	4.5%	10.6%	13.9%
Conservative Balanced	N/A	N/A	N/A	11.1%
Moderately Conservative	7.6%	4.8%	9.3%	10.1%
Conservative	7.3%	5.6%	8.1%	8.5%
RetirePlus	N/A	N/A	N/A	10.5%
Australian Shares	11.0%	4.5%	12.6%	20.4%
Overseas Shares	6.6%	3.1%	12.8%	18.3%
Property	8.2%	5.7%	9.7%	10.7%
Diversified Fixed Interest	5.7%	5.6%	6.4%	5.3%
Flexi Term Deposit	N/A	N/A	N/A	3.5%
Cash	5.2%	4.9%	4.4%	3.0%

Returns shown after fees and taxes. *As at 30 June 2014.

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

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

How returns are allocated

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 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 authorization (in writing) of the Chief Executive Officer, and any allocation from the reserve must be reported to the next scheduled Board 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:

Financial Year	Reserve amount
2013/2014	\$39,547,853
2012/2013	\$51,772,088
2011/2012	\$19,440,755





Investment management fees

The base fee covers the cost of investing Catholic Super's assets and 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.

Some of Catholic Super's investment managers charge performance fees when they exceed agreed performance benchmarks. When performance fees are incurred, they are accompanied by a more than commensurate increase in returns by the investment manager. If a manager does not meet agreed benchmarks, then no performance fee will be paid.

The table on the next page shows the annual investment management fees for our investment options for the financial year ended 30 June 2014 in percentage terms, as well as the equivalent 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
Managed Choice Options						
Aggressive	0.66%	0.12%	0.78%	\$66	\$12	\$78
Moderately Aggressive	0.64%	0.10%	0.74%	\$64	\$10	\$74
Balanced	0.61%	0.10%	0.71%	\$61	\$10	\$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%	0.04%	0.46%	\$42	\$4	\$46
RetirePlus	0.52%	0.02%	0.54%	\$52	\$2	\$54
Build Your Own Options						
Australian Shares	0.50%	0.17%	0.67%	\$50	\$17	\$67
Overseas Shares	0.67%	0.11%	0.78%	\$67	\$11	\$78
Property	0.61%	0.00%	0.61%	\$61	\$0	\$61
Diversified Fixed Interest	0.36%	0.03%	0.39%	\$36	\$3	\$39
FlexiTerm Deposit	0.19%	0.00%	0.19%	\$19	\$0	\$19
Cash	0.07%	0.00%	0.07%	\$7	\$0	\$7

* Performance fees: Some 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.

The above investment management fees are the same for our Super and Pension accounts.

Where your money was invested

The table shows the investment managers appointed by Catholic Super for each asset class as at 31 October 2014. Catholic Super uses a range of leading Investment Managers. These managers may change over time with regular reviews and monitoring. For updates please visit our website www.csf.com.au/investment-managers.

Asset Class	Investment Managers
Australian Shares	Allan Gray Australia Alliance Bernstein Colonial First State Global Asset Management Cooper Investors Denning Pryce L1 Capital Ophir Asset Management Paradice Investment Management Plato Investment Management RealIndex Investments Renaissance Asset Management
Overseas Shares	Acadian Asset Management Colonial First State Global Asset Management Copper Rock Capital Partners Generation Investment Management Janus Capital MFS Investment Management Northcape Capital Orbis Investment Advisory RealIndex Investments Thompson Horstmann and Bryant
Property	AMP Capital Investors Colonial First State Eureka Funds Management Fiduciary International Real Estate Goodman Australia Industrial Fund GPT Wholesale Office Fund Industry Superannuation/Grosvenor International Lend Lease Real Estate Investment SG Hiscock
Fixed Interest	AMP Capital Investors Industry Funds Management Members Equity Metric Credit Partners Perpetual Investments Wellington Management
Cash	Macquarie Funds Management
Term Deposits	Internally managed
Infrastructure	Capital Dynamics Industry Funds Management Infrastructure Capital Group Macquarie Specialised Asset Management

Asset Class	Investment Managers
Defensive Alternative	Apollo Management BlackRock Asset Management Hastings Fund Management Industry Funds Management Morrison & Co Vinva Investment Management
Growth Alternatives	Apollo Management Bentham Asset Management Campus Living Generation Investment Management Japara Healthcare Shenkman Capital Management QEII Car Park Portfolio
Private Equity	Continuity Capital Partners Harbour Vest Partners Limited Pantheon Ventures Limited Siguler Guff
Inflation Linked Securities	Ardea Investment Management
Currency	State Street Global Advisors
Target Return	Schroders

Fund accounts

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 2014

	30-Jun-14 (\$)	30-Jun-13 (\$)
ASSETS		
Cash and Cash Equivalents		
Cash at bank	25,293,062	25,920,787
Cash Investments	761,948,209	716,111,522
Trade and Other Receivables		
Contributions Receivable	51,191	–
Sundry Debtors	351,993	150,000
GST Receivable	761,927	148,515
Investments		
Australian Shares	1,435,509,157	1,290,120,380
International Shares	1,528,520,816	1,227,056,221
Listed Property	86,874,140	74,627,519
Unlisted Property	372,000,203	352,118,806
Diversified Fixed Interest	470,384,395	485,052,955
Private Equity	172,088,320	148,142,651
Alternatives – Growth	410,086,690	300,913,560
Alternatives – Defensive	517,020,541	348,916,568
Infrastructure	336,726,636	321,266,179
Target Return	9,378,023	–
Tax Assets		
Deferred Tax Asset	340,659	276,333
Other Assets		
Fixed Assets	2,556,204	1,060,534
TOTAL ASSETS	6,129,892,166	5,291,882,530
LIABILITIES		
Trade and Other Payables		
Benefits Payable	1,019,793	1,579,743
Accounts Payable	11,423,666	9,252,034
Tax Liabilities		
Current Tax Liability	17,128,341	9,743,114
Deferred Tax Liability	56,101,789	23,651,913
Provisions		
Provision for Employee Benefits	885,698	780,686
TOTAL LIABILITIES	86,559,287	45,007,490
NET ASSETS AVAILABLE TO PAY BENEFITS	6,043,332,879	5,246,875,040
Represented by:		
LIABILITY FOR ACCRUED BENEFITS		
Allocated to Members' Accounts – Superannuation	4,648,734,320	4,179,039,865
Allocated to Members' Accounts – Pension	1,355,045,884	1,016,059,307
Not Yet Allocated	4,822	3,780
Reserves	39,547,853	51,772,088
	6,043,332,879	5,246,875,040

Operating Statement For The Year Ended 30 June 2014

	30-Jun-14 (\$)	30-Jun-13 (\$)
INVESTMENT REVENUE		
Interest	421,580	947,325
Distributions	253,412,273	182,344,361
Changes in Net Market Value	450,819,878	513,196,792
	704,653,731	696,488,478
CONTRIBUTIONS REVENUE		
Employer Contributions	280,013,772	258,136,143
Member Contributions	114,663,436	90,991,385
Transfers In	157,699,198	150,472,404
Government Contributions	4,016,938	2,741,925
	556,393,344	502,341,857
OTHER REVENUE		
Proceeds from Group Life Insurance	7,329,638	6,802,778
Other Income	4,047	918
TOTAL REVENUE	1,268,380,760	1,205,634,031
INVESTMENT EXPENSES		
Direct Investment Expenses	17,843,895	13,721,234
GROUP LIFE INSURANCE EXPENSES	22,047,886	20,132,512
GENERAL ADMINISTRATION EXPENSES		
Member Fee Expenses	5,235,497	5,467,307
Audit Fees	226,261	136,393
Operating Expenses	13,500,174	12,876,927
Anti-Detriment Payments	910,271	861,222
Superannuation Contributions Surcharge	698	(1,915)
TOTAL EXPENSES	59,764,682	53,193,680
BENEFITS ACCRUED AS A RESULT OF OPERATIONS BEFORE INCOME TAX	1,208,616,078	1,152,440,351
INCOME TAX EXPENSE	79,039,372	80,089,848
BENEFITS ACCRUED AS A RESULT OF OPERATIONS AFTER INCOME TAX	1,129,576,706	1,072,350,503

Who looks after your super?

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 elected by members and employers respectively.

Congratulations to Mr Greg Quinn who was re-elected as a Member Representative Director and Ms Carolyn Harkin who was elected as an Employer Representative Director during our 2014 Trustee Board elections.

The Board and staff of Catholic Super would like to thank Mr Brian Reed, who has retired as Director after representing the employers of Catholic Super for 6 years. We wish to acknowledge Brian's valuable contribution during a period of significant change for the Fund.



From left to right: Chris Harkin, John Connors, Peter Haysey, Marcia Clohesy, Peter Bugden, Debra James, Paul Murphy, Carolyn Harkin, Greg Quinn. **Inset:** John Mildren.

The current Directors (as at 31 October 2014) are:

Member Representative Directors

Peter Haysey (Deputy Chair)	Economics Teacher, Diocese of Lismore Online Education Centre, on secondment from Diocese of Wagga Wagga
John Mildren	Manager, Complaints and Student Services, Victorian Registration and Qualifications Authority
Debra James	General Secretary, Independent Education Union Victoria Tasmania
John Connors	Principal, St Anne's School, Kew East
Greg Quinn	Senior Science teacher, Marist College, North Sydney

Employer Representative Directors

Peter Bugden (Chair)	Retired
Marcia Clohesy	Retired
Carolyn Harkin	Assistant to the Director Finance & Resources, Catholic Education Office Diocese of Sandhurst
Chris Harkin	Chaplain at Princess Alexandra Hospital Brisbane
Paul Murphy	General Manager, Holy Spirit Care Services, Brisbane

"The dominant culture of this Board is underpinned by strong values aligned with the ethos of the Catholic Faith. The Board operates with clarity around its purpose and commitment to do the best in a responsible manner for the people it serves."

Jackie Knight
Independent Board Review – 2014

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
- Remuneration & Nomination Committee.

Board Remuneration

Directors receive sitting fees for their services and presently are remunerated between \$28,000 and \$33,000 depending upon whether or not they sit on committees.

The Chair receives \$84,995 in total remuneration for fulfilling his responsibilities as Chair of Catholic Super and those associated companies of which the Trustee is the owner or a major investor.

Executive Remuneration

Total remuneration bands* as at 30 June 2014	Number of Key Management personnel in band
\$100,000 – \$200,000	0
\$200,001 – \$300,000	4
\$300,001 – \$400,000	2
\$400,001 – Above	0
Total executive remuneration paid by the Trustee Company	\$1,879,475

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

Reviews of 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. During 2014, an independent review of executive remuneration was undertaken confirming the alignment of salaries to the market median.

Key Executive 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 Executive personnel of the Fund (as at 30 June 2014) include:

F. Pegan, Chief Executive Officer
 R. Faorlin, Deputy Chief Executive Officer
 G. Lette, Chief Investment Officer
 T. Sammann, Chief Operating Officer
 R. Clancy, Executive Officer – Services
 J. Farrugia, Company Secretary

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.

Administration	Catholic Church Insurance Limited
Master Custodian	NAB Asset Servicing
Investment Managers	Refer to 'Where your money was invested' on page 20 for a full list of managers
Bank	Westpac Banking Corporation
Investment Consultant	JANA Investment Advisers
Auditor	Grant Thornton
Solicitors	IFS Legal
Tax Advisor	PriceWaterhouseCoopers

Other things you need to know

Eligible Rollover Fund

If 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.

If your account becomes inactive and falls below \$2,000, we may transfer your superannuation benefit to an Eligible Rollover Fund (a fund that protects the value of your benefit). The details of our Eligible Rollover Fund are as follows:

AUSfund	Australia's Unclaimed Super Fund PO Box 543 Carlton South VIC 3053
Email:	admin@ausfund.net.au
Phone:	1300 361 798
Fax:	1300 366 233
Internet:	www.unclaimedsuper.com.au
International phone:	+61 3 9814 6400
International fax:	+61 8 8205 4990

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 – \$14 administration fee per annum. 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 \$2,000, 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.

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 for more information.

Compliance

Catholic Super is a regulated superannuation fund under the Superannuation Industry (Supervision) Act 1993. For the period 1 July 2013 to 30 June 2014, 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

Catholic Super is governed by a Trust Deed dated 11 January 1971, together with subsequent amendments. There have been no amendments to the Trust Deed during the 2013/14 financial year. A copy of the Trust Deed is available on Catholic Super's website.



Catholic Super teams across Australia

Services team 1300 655 002
8:00 am – 8:00 pm (Melbourne time)

Victoria

Melbourne
Level 1
535 Bourke Street

Geelong
Ashby House
1 Malone Street

Catholic Super Services team

Rob Clancy Executive Officer – Services (Melbourne)
Mirella Bermudez Senior Superannuation Specialist (Melbourne)
Susan Capes Superannuation and Pension Specialist (Melbourne)
Vanessa Colenso Superannuation Specialist (Melbourne)
Loretta Drago Services Group Manager (Melbourne)
Brooke Faorlin Services Assistant (Melbourne)
Paul Hales Senior Superannuation Specialist (Melbourne)
Guy Jordan Superannuation Specialist (Melbourne)
Naz Kosaros Superannuation Specialist (Melbourne)
Natalie Kovac Services Co-coordinator (Geelong)
Pauline MacKinnon Services Co-coordinator (Geelong)
Eric Marshall Senior Superannuation Specialist (Geelong)
Matthew McAlpine Superannuation Specialist (Melbourne)
Emily Muscat Superannuation Specialist (Melbourne)
Adam Niblett Superannuation Specialist (Melbourne)
Patricia Pantelios Superannuation Specialist (Melbourne)
Katrina Perry Superannuation Specialist (Melbourne)
Emidio Romito Superannuation and Pension Specialist (Melbourne)
Paul Steward Services Group Manager (Melbourne)
Melissa Venn Senior Superannuation Specialist & Financial Adviser (Melbourne)

Catholic Financial Services team

Craig Voyer General Manager, Catholic Financial Services (Melbourne)
Daniel Anevski Paraplanner (Melbourne)
Chris Carlin Paraplanner (Melbourne)
Andrew Chatelier Team Leader – Paraplanning (Melbourne)
Bryan Coster Financial Planner (Melbourne)
Gavin Dealy Financial Planner (Geelong)
Jessica Higgins Financial Planner (Geelong)
Mark Juricskay Manager Vic/Tas, Financial Planner (Melbourne)
Peter Naumenko Financial Planner (Melbourne)
Caroline Ngoi Paraplanner (Melbourne)
Tania Novo Practice Support Manager (Melbourne)
Lisa Ostrom Paraplanner (Melbourne)
Bette Sewell Financial Planner (Melbourne)

Queensland

Lavalla Centre
Level 2, 58 Fernberg Road
Paddington Qld 4064

Neville Griffiths Financial Planner, Catholic Financial Services
Matthew Kalz Financial Planner, Catholic Financial Services
Katie Lightfoot Senior Superannuation Specialist, Catholic Super

New South Wales

Suite 1.14
22–36 Mountain Street
Ultimo NSW 2007

Scott Jackson Financial Planner, Catholic Financial Services
Greg Leaney Senior Superannuation Specialist, Catholic Super
Anthony McCarthy Senior Superannuation Specialist, Catholic Super

Australian Capital Territory

Unit 3
59 Wentworth Avenue
Kingston ACT 2604

Max Bruins Senior Superannuation Specialist & Financial Adviser, Catholic Super
David Meakin Financial Planner, Catholic Financial Services

Western Australia

St Brigid's Centre
60 John Street
Northbridge WA 6003

Ian McRae Financial Planner, Catholic Financial Services

Tasmania

35 Tower Road
New Town TAS 7008

Jeremy Ayliffe Senior Superannuation Specialist & Financial Adviser, Catholic Super

Northern Territory

Unit 28
1 Dashwood Place
Darwin
NT 0820

Alan Tate Senior Superannuation Specialist & Financial Adviser, Catholic Super

1300 655 002
www.csf.com.au

GPO Box 180
 Melbourne VIC 3000

Email: info@csf.com.au

Fax: 03 9934 3465

