

CareSuper's investment policy statement

Your guide to the objectives, strategy, policy and procedures that govern your superannuation investment with CareSuper

About your investment in CareSuper

The CareSuper Fund ("CareSuper" or "the Fund") is an accumulation style superannuation fund. That is, employers' contributions and any additional member contributions add to the existing balance of an account. Contributions are added to an account while taxes, administration fees and other costs such as insurance premiums are deducted. Earnings from investments (which can be positive or negative) are applied at 30 June each year unless an investment switch or full or partial withdrawal has been made, in which case, interest is applied at the time of the transaction using an interim rate.

Members can choose to invest their super in one or a combination of the seven Managed investment options, being Capital Guaranteed, Capital Stable, Conservative Balanced, Balanced, Sustainable Balanced, Alternative Growth and Growth, and five Asset Class options which enable them to create their own strategy. Switching between investment options is available on a weekly basis. In addition, members are able to invest directly in their choice of any of the top 200 ASX companies by using our ASX 200 option (not available to Pension members). Where members do not make an investment choice, their accounts will be invested in the Balanced option.

CareSuper operates according to a Trust Deed, which provides the Trustee with the broad authority to invest the Fund's assets.

Investment risks and rewards

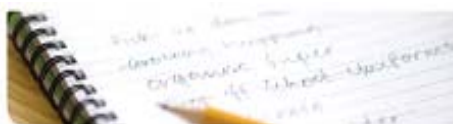
In all accumulation superannuation plans, the members themselves bear the investment risk which is reflected in the returns applied to superannuation accounts. Any movements in investment returns, either up or down, affect your investment and your final superannuation benefit.

This is why careful management of your superannuation investment is so important and why the Trustee Board retains professional investment managers and consultants to help it manage members' assets and make investment decisions.

This Investment Policy Statement will help you to understand more about CareSuper's investment objectives and strategies and the decisions that affect your superannuation account. If you have questions about the Fund's investment policy, please contact us by any of the following means:

How to contact us

Enquiries: 1300 360 149
Email: admin@caresuper.com.au
Write to CareSuper at: GPO Box 1923, Melbourne 3001



CareSuper's General Investment Policy

It is the responsibility of the Board to determine this Investment policy and ensure that the trustee adheres to principles, philosophy and guidelines contained herein. The Trustee, in turn, delegates some of this responsibility to Management which reports to the Board on a monthly basis.

CareSuper's assets will be managed according to the investment strategy for the Fund as a whole and for each investment option which has stated asset allocation benchmarks or in the case of the Balanced option, an asset allocation range. The Trustee Board has developed an investment strategy after taking into consideration the Fund's overall circumstances, reviewing membership demographics, current market conditions and all applicable legislation. An appropriately licensed Asset Consultant has been appointed to provide these services to the Trustee.

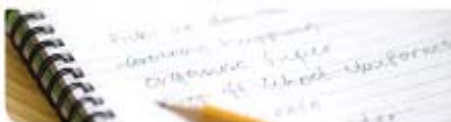
The Trustee Board has given consideration to the following investment objectives in establishing an investment strategy:

- Produce real capital growth over time;
- Provide a degree of downside protection;
- Produce a relatively less volatile return;
- Provide competitive returns;
- Provide excellent "return for risk";
- Manage liquidity;
- Social responsibility;
- Tax effectiveness; and
- Be cost conscious

The Trustee's philosophy is to actively manage investments for the long term with an aim of producing competitive returns while minimizing risk when markets are volatile.

The Trustee Board decided that the Fund should allow member investment choice in accordance with the Superannuation Industry (Supervision) Act 1993, Reg 4.02 and, as such, has developed an investment strategy with a suite of investment options. The options available to members are; seven Managed Investment options, five Asset Class options and the ASX 200 option* which allows members limited share trading choice.

The Trustee selects and appoints professional investment managers to invest members' assets consistent with the above investment options. Within most asset classes, the Trustee has diversified the management of investments between several investment managers (and varying investment styles) with the aim of moderating the volatility in the overall return of the asset class. The Trustee does not manage any investments internally other than the cash flow required for day to day operations. Professional



investment consultants help select investment managers whose investment objectives are consistent with those of the Fund. Constraints applied to the managers are consistent with the objectives and philosophy of the Trustee.

Derivative use

Investment managers may use futures, options and other derivative instruments to enhance returns or manage risk. However, these instruments may not be used to leverage the portfolio or to cause the overall exposure to any asset class or combination of classes to breach the long term strategic ranges. Each year, the Trustee seeks a statement from each investment manager on the use of derivatives within its portfolio.

Sustainable Investing

The Trustee is committed to the principles of sustainable investing and is integrating the consideration of Environmental, Social and Corporate Governance (ESG) issues into its investment decision-making and ownership practices with the aim of improving long term returns to members.

The Trustee is a signatory to the United Nation's Principles for Responsible Investment (UNPRI), a founding member of the Australian Council of Superannuation Investors (ACSI), a member of ESG Research Australia and supports the Carbon Disclosure Project (CDP).

Liquidity

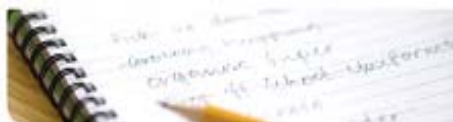
The Fund regularly monitors liquidity, in accordance with documented processes, to ensure sufficient funds are available for redemptions and/or switches. Sufficient funds are held in Cash and assets that can be easily converted to cash to meet redemptions. Cash flow is also monitored on a weekly basis to identify any relevant trends.

Currency

All international investments have an inherent currency risk as the Australian dollar will change in value against other currencies over time. As a matter of policy, the Trustee seeks to eliminate currency exposure in all international investments, except overseas shares where exposure to currency movements is held within a pre-set range. The Trustee reserves the right to make changes to the Fund's currency policy if this is considered in the best interests of members in light of prevailing or expected economic or market conditions.

Tax

The Trustee is committed to managing investments in a tax effective manner to maximize after tax returns to members. This includes monitoring turnover to minimize CGT and maximizing benefits of franking credits received on Australian equities.



Risk Management

All investments carry risk. The Trustee is vigilant in understanding and monitoring all risks inherent in the portfolio. In understanding risks, the Trustee aims at protecting member returns when markets fall and minimizing the volatility of returns of each asset class through the investment cycle.

CareSuper's Investment Strategy

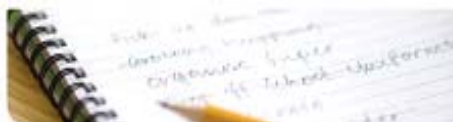
Recognising the differing risk profiles and preferences within its membership, the Fund offers multiple investment options, enabling members to create their own strategy by selecting one or a combination of these options. Three types of options are offered – pre-mixed options, asset class options and a direct share option. These options allow members to exercise the degree of investment choice with which they are comfortable.

The Fund will offer the following investment options to members:

Managed options	Asset Class options
Capital Guaranteed	Capital Secure
Capital Stable	Fixed Interest
Conservative Balanced	Direct Property
Balanced (Default)	Australian Shares
Sustainable Balanced	Overseas Shares
Alternative Growth	ASX 200*
Growth	

* The ASX 200 option is not available to Pension members

The Trustee has determined an asset allocation strategy for each managed option, with the exception of the Capital Guaranteed option (which is wholly managed by AMP and can be supplemented with guaranteed cash deposits) to meet the long term investment objectives of these options. Asset allocation is balanced back to the benchmarks each week, except in the case of the Balanced option which may deviate from its benchmark weighting for periods of time if the Trustee believes it is appropriate for reasons of risk management or performance enhancement. Asset allocation within the Balanced option will remain within the ranges specified.



Investment Policy – Default option

The underlying approach of the Trustee in managing the default option for the Fund is to determine the appropriate risk/return profile over a 5 – 10 year period relevant to the membership, taking into account its demographics. As such, the Trustee has chosen the Balanced option as the default option of the Fund.

Investment Strategy – Operational Reserve

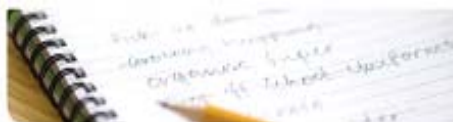
The Trustee maintains an Administration, Operating and Capital Reserve. This reserve, which is determined each year by the Trustee as a percentage of overall assets, has been established to provide for contingencies in the event of unforeseen expenses such as tax or other operating costs. This reserve is invested in the Balanced option of the Fund.

Investment Strategy - performance monitoring and review

Performance monitoring aims to:

- Assess whether the investment objectives of each option are being achieved
- Compare the performance of appointed managers with that of other professional managers and market indices
- Review any concerns identified with particular managers, and
- Allow the Trustee to continually assess each manager's ability to meet the Fund's objectives and decide whether funds should be directed to or from a particular manager.

At least annually, the Trustee reviews the investment objectives and strategy of the Fund and each option, taking into consideration current and expected future economic and financial conditions. In addition each asset class is reviewed at least biannually. This process includes reviewing each investment manager employed by the Fund, that manager's investment style, resources, organisational strength, performance, ability to meet the overall objectives of the Fund, and any other relevant factors. This review is assisted by a comprehensive report provided by the Trustee's Asset Consultant. The Trustee also meets with the Fund's investment managers as part of the review or more frequently if required.



Performance of individual asset classes will be measured against the following market indices:

Asset Class	Index
Australian Shares	S&P/ASX300 Accumulation Index
Overseas Shares	MSCI World ex-Australia Index in \$A
Direct Property	Mercer Australian Unlisted Property Index (Pre-Tax)
Growth Alternatives Investments	Consumer Price Index (CPI) plus 6% per annum
Defensive Alternatives	UBS Bank Bill index plus 5% per annum
Fixed Interest	A mix of the UBS Composite Bond Index, the UBS Government Inflation Index, and the Lehman Global Aggregate Index [hedged]
Cash	UBS Bank Bill Index

Valuation practices

Listed assets are valued at market price.

Unlisted assets are valued, at a minimum annually, with quarterly valuations obtained for some investments. A combination of internal and independent valuations is utilized. Independent valuations are obtained at least annually for all unlisted assets.

Each asset class is valued by the custodian on a weekly basis using the latest unlisted valuations and the current market valuations. These valuations are used by the asset consultant to calculate weekly crediting rates.

Care Super's valuation practices are consistent with the Australian Accounting Standard 25 as required for regulated superannuation funds.

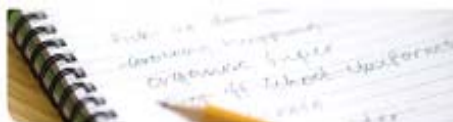
Investment Objectives, benchmarks and ranges

Capital Guaranteed option

This option aims to ensure the security of capital and to limit year-to-year variations in returns.

The specific objectives of the Capital Guaranteed option are:

- To achieve returns after tax and fees that exceeds increases in the inflation rate (as measured by the Consumer Price Index (CPI)) by at least 1% per annum over rolling five-year periods.
- Over shorter periods, ensure as far as possible that the amounts credited to members each year are competitive with those credited by comparable products in other superannuation funds.



- To achieve positive returns after tax and fees in all financial years.
- To protect capital by ensuring that contributions and accumulated earnings are not reduced by negative investment returns or any reduction in the value of underlying assets.
- Special note: It is the Trustees' intention that this option will be wholly invested in the AMP Capital Guaranteed Superannuation Fund within the AMP Statutory Fund No 1, managed by AMP Life Limited (AMP). AMP guarantees that contributions and their accumulated earnings will not be reduced by negative investment returns or any reduction in the value of underlying assets. The asset allocation is determined by AMP. However, from time to time, some of the option may be invested in bank deposits with Australian Authorised Deposit Taking Institutions. It is the Trustees' intention that any bank deposit investments held within the option will be covered by the Commonwealth Government's bank deposit guarantee, announced on 12 October 2008 to apply for a three-year period from that date.

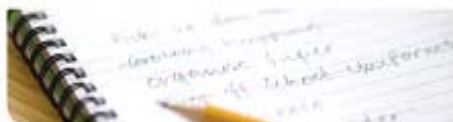
Capital Guaranteed	Allocation Range
Shares	35 - 45%
Property	15 - 25%
Fixed Interest & Cash	30 - 60%

Capital Stable option

This option aims to provide stability of capital over the medium term combined with the opportunity for limited capital growth. This option invests in a diversified mixture of assets with an emphasis on fixed interest and cash. Alternative investments for this option comprise allocations to absolute return (defensive), share strategies and infrastructure investments (growth).

The specific objectives of the Capital Stable option are:

- To achieve returns after tax and fees that exceeds increases in the inflation rate (as measured by the Consumer Price Index (CPI)) by at least 2% per annum over rolling five-year periods.
- Over shorter periods, ensure as far as possible that the amounts credited to members each year are competitive with those credited by comparable capital stable options in other superannuation funds.
- To achieve positive returns after tax and fees in at least nine out of ten financial years.



Capital Stable	Allocation Benchmark
Australian Shares	17%
Overseas Shares	11%
Property	5%
Growth Alternatives	2%
Defensive Alternatives	5%
Fixed Interest	35%
Cash	25%

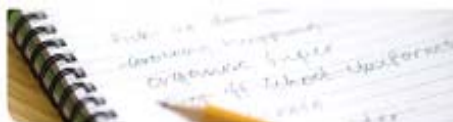
Conservative Balanced option

This option aims to achieve a balance of risk and return by investing in a blend of growth and defensive assets. The option invests in a blend of growth and defensive assets; shares (Australian and overseas), fixed income and cash assets. Alternative investments for this option comprise allocations to absolute return (defensive), share strategies and infrastructure investments (growth).

The specific objectives of the Conservative Balanced option are:

- To achieve returns after tax and fees that exceeds increases in the inflation rate (as measured by the Consumer Price Index (CPI)) by at least 2.5% per annum over rolling five-year periods.
- Over shorter periods, ensure as far as possible that the amounts credited to members each year are competitive with those credited by comparable options in other superannuation funds.
- To achieve positive returns after tax and fees in at least eight out of ten financial years.

Conservative Balanced	Allocation Benchmark
Australian Shares	22%
Overseas Shares	17%
Property	7%
Growth Alternatives	4%
Defensive Alternatives	5%
Fixed Interest	25%
Cash	20%



Balanced option

For the Balanced option, the Trustee's broad objective is to achieve above median performance with below median volatility relative to other like superannuation funds.

In the case of the Balanced option, the Trustee may take active asset allocation positions relative to the benchmark based on its view of investment markets.

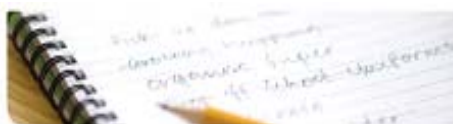
The applicability of the benchmark portfolio for each option is formally assessed at least annually and kept under review to take account of changes in the investment environment and CareSuper's investment policy.

This option aims to achieve relatively high returns in the medium to long-term, subject to containing short-term variations in returns within acceptable limits. It invests in a diversified mixture of assets with emphasis on Australian and overseas shares. Alternative investments for this option comprise allocation to absolute return (defensive), share strategies, infrastructure and private equity investments (growth).

The specific objectives of the Balanced option are:

- To achieve returns after tax and fees that exceeds increases in the inflation rate (as measured by the Consumer Price Index (CPI)) by at least 3% per annum over rolling five-year periods.
- Over shorter periods, ensure as far as possible that the amounts credited to members each year are competitive with those credited by comparable balanced options in other superannuation funds.
- To achieve positive returns after tax and fees in at least eight out of ten financial years.

Balanced	Allocation Range
Australian Shares	25-45%
Overseas Shares	10-35%
Property	0-20%
Growth Alternatives	0-40%
Defensive Alternatives	0-15%
Fixed Interest	10-35%
Cash	0-15%



Sustainable Balanced option

This option aims to achieve relatively high returns in the medium to long-term. It invests in a diversified mixture of assets with emphasis on Australian and overseas shares which incorporate a focus on environmental, social and governance issues. Alternative investments for this option comprise allocations to absolute return (defensive), share strategies, infrastructure and private equity investments (growth). Within this option equity managers seek to identify industries and companies that complement strong financial criteria with responsible action in environmental, social and governance issues.

The specific objectives of the Sustainable Balanced option are:

- To achieve returns after tax and fees that exceeds increases in the inflation rate (as measured by the Consumer Price Index (CPI)) by at least 3% per annum over rolling five-year periods.
- Within the Australian and Overseas Shares asset classes, to invest in industries and companies that achieve sound investment returns as well as maintain good environmental, social and governance standards.
- To achieve positive returns after tax and fees in at least eight out of ten financial years.

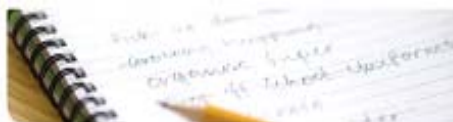
Sustainable Balanced	Allocation Benchmark
Australian Shares	30%
Overseas Shares	23%
Property	10%
Growth Alternatives	12%
Defensive Alternatives	5%
Fixed Interest	15%
Cash	5%

Alternative Growth option

This option aims to achieve long-term capital growth by investing mainly in growth assets. It invests in a diversified mixture of assets with equal weighting in shares (Australian and overseas) and a significant component of the portfolio is invested in alternative assets. It aims to deliver a more stable pattern of returns than would be expected to be experienced by the Growth option. Within the alternative investments, emphasis is on Growth assets being share strategies, infrastructure and private equity investments.

The specific objectives of the Alternative Growth option are:

- To achieve returns after tax and fees that exceeds increases in the inflation rate (as measured by the



Consumer Price Index (CPI)) by at least 4% per annum over rolling five-year periods.

- Over the long-term, to produce a less volatile return profile than the Growth option by investing a significant component of the portfolio in alternative investments.
- To achieve positive returns after tax and fees in at least eight out of ten financial years.

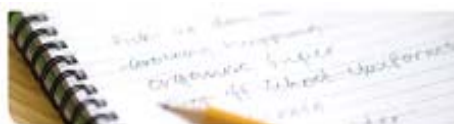
Alternative Growth	Allocation Benchmark
Australian Shares	27%
Overseas Shares	18%
Property	10%
Growth Alternatives	30%
Defensive Alternatives	15%

Growth option

This option aims to achieve long-term capital growth by investing mainly in Australian and overseas shares. The performance of the option may display a significant level of volatility and has a relatively high risk of capital loss over the short or medium term.

The specific objectives of the Growth option are:

- To achieve returns after tax and fees that exceeds increases in the inflation rate (as measured by the Consumer Price Index (CPI)) by at least 4% per annum over rolling five-year periods.
- Over shorter periods, ensure as far as possible that the amounts credited to members each year are competitive with those credited by comparable growth options in other superannuation funds.
- To achieve positive returns after tax and fees in at least seven out of ten financial years.
- This option invests predominantly in growth assets with emphasis on Australian and overseas shares. Alternative investments for this option are equally weighted between defensive (Absolute Return) and growth assets (Share Strategies, Infrastructure and Private Equity investments).



Growth	Allocation Benchmark
Australian Shares	40%
Overseas Shares	30%
Property	10%
Growth Alternatives	10%
Defensive Alternatives	10%

Asset Class options

The Asset Class options are designed to provide a high degree of flexibility for CareSuper members who would like to build their own portfolio.

Capital Secure

The Capital Secure option invests in a mix of short-dated fixed rate and floating rate securities issued by Australian and overseas governments, banks, and companies. The portfolios include bank bills, commercial paper and other discounted securities, Government and corporate bonds and asset-backed securities.

The specific objectives of the Capital Secure option are:

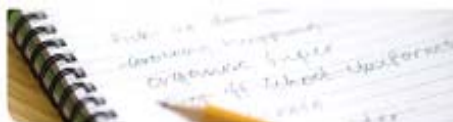
- To achieve returns after tax and fees at least in line with increases in the inflation rate (as measured by the Consumer Price Index (CPI)) over rolling five-year periods.
- Over shorter periods, to outperform the return of the Australian cash market (as measured by the UBSA Bank Bill Index).
- To achieve positive returns after tax and fees in all financial years.

Fixed Interest

The Fixed Interest option invests in a widely diversified portfolio of debt securities, mainly fixed-rate bonds issued by Australian and overseas governments and companies, and mortgage-backed securities.

The specific objectives of the Fixed Interest option are:

- To achieve returns after tax and fees that exceeds increases in the inflation rate (as measured by the Consumer Price Index (CPI)) by at least 2% per annum over rolling five-year periods.
- Over shorter periods, to outperform the return of a mix of the Australian and overseas bond markets (as measured by a benchmark consisting of the UBSA Composite Bond Index, UBSA Government Inflation Index and Lehman Global Aggregate Index [hedged]).



To achieve positive returns after tax and fees in at least nine out of ten financial years.

Direct Property

CareSuper's Direct Property option holds units in portfolios managed by professional property managers. The portfolios focus on core, high quality properties, mainly CBD office buildings and large shopping centres. The managers focus on producing returns from both rental income and capital growth, including some refurbishment and development activity.

The specific objectives of the Direct Property option are:

- To achieve returns after tax and fees that exceeds increases in the inflation rate (as measured by the Consumer Price Index (CPI)) by at least 4% per annum over rolling five-year periods.
- Over shorter periods, to outperform the return of the Australian direct property market (as measured by the Mercer Australian Unlisted Property Index (Pre-Tax)).

To achieve positive returns after tax and fees in at least eight out of ten financial years.

Overseas Shares

The Overseas Shares option invests in companies listed on stock exchanges around the world, including both developed and emerging markets. CareSuper employs a group of managers employing a wide range of different investment approaches to achieve diversification and out performance of the benchmark Index over time.

The specific objectives of the Overseas Shares option are:

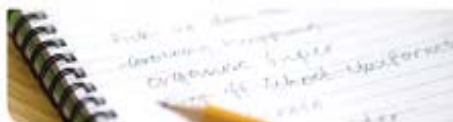
- To achieve returns after tax and fees that exceeds increases in the inflation rate (as measured by the Consumer Price Index (CPI)) by at least 5% per annum over rolling five-year periods.
- Over shorter periods, to outperform the return of the overseas share market (as measured by the MSCI World ex-Australia Index in \$A).
- To achieve positive returns after tax and fees in at least seven out of ten financial years.

Australian Shares

The Australian Shares option invests in companies listed on the Australian Stock Exchange. The managers in this asset class provide a diversified portfolio of investment style with the aim of outperforming the benchmark Index over time.

The specific objectives of the Australian Shares option are:

- To achieve returns after tax and fees that exceeds increases in the inflation rate (as measured by the Consumer Price Index (CPI)) by at least 5% per annum over rolling five-year periods.
- Over shorter periods, to outperform the return of the Australian share market (as measured by the S&P/ASX300 Accumulation Index).



- To achieve positive returns after tax and fees in at least seven out of ten financial years.

ASX 200 option

The ASX 200 option is available to Superannuation members who have an account balance in excess of \$10,000. Eligible members are able to invest up to 50% of their account balance in the ASX 200 option with no more than 20% of a member's total balance to be invested in a single stock.

Crediting Rate Application

The Trustee, with regard to the actual return on each investment option after tax and expenses, will determine the interim rate and annual crediting rate in accordance with its documented procedures.

Crediting rates are utilised as follows:

Interim crediting rates

Interim crediting rates are applied to members' accounts only if a benefit payment or a switch of investment options is made. A combination of monthly and weekly interim rates is used to calculate interest at the time of a switch or benefit claim. Monthly interim rates are calculated, using final month-end information, while weekly interim rates are updated each Monday, based on the most recent available information, and calculated as the return for the period since the last monthly interim rate. Interim crediting rates may be positive, negative or zero, as they depend on the performance of the investments held by each option.

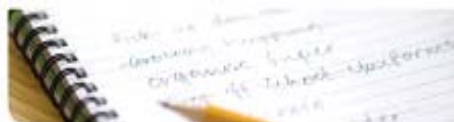
All investment option switches are processed using the interim crediting rates for the relevant option since the previous 30 June or the last investment option switch, whichever is later. Interest to be applied to a member's account is calculated on a daily pro-rata basis by applying the interim crediting rates for the option(s) where the account was invested to the daily account balance.

For members leaving CareSuper, the annualised interim crediting rates are entered into the Fund's administration system and applied to account balances on a daily pro rata basis.

Final crediting rates

At the end of each financial year, interest is credited to members' accounts based on the final crediting rates. For those members who have been members for the entire year and not switched investment options, interest is credited for the full year. For those members who joined the Fund during the year or who have made an investment option switch, interest will be credited for the period since joining or since the most recent switch was implemented. Interest is calculated using the actual post-tax and investment management fees money-weighted return for each month for each investment option.

Interest to be applied to members' accounts is calculated on a daily pro-rata basis by applying the final monthly crediting rate of the relevant investment option/s to the daily account balance.



Communications

The Trustee regularly meets with existing investments managers as well as all external service providers relevant to achieving the objectives of the Fund.

The Trustee regularly communicates with members aimed at explaining the current investment environment, the strategy of each MIC option as well as providing material that educates members of the superannuation benefits and risks of investing their superannuation.

Communication takes the form of on-line information, member seminars as well as written material that is sent out with member statements and as well as periodic mail outs.

Switching

Members are able to change the investment option or options in which their account balance and/or new contributions and rollovers are invested. An investment option switch may be made on a weekly basis. All investment option switch requests received before 5.00pm Wednesday will be processed the following Monday, or the following business day if the Monday is a public holiday.

When a switch request for part or all of an option account balance is processed, interim crediting rates are applied to the account from the date of the previous switch or the end of the last financial year, whichever is later.

For more information on CareSuper's investment products please refer to the Investment Guide available on our website at http://www.caresuper.com.au/members_form-publications.aspx or alternatively phone on 1300 360 149 to have a copy sent out to you.

