

Pension Annual Report 2009

CareSuper Pension and Transition to Retirement Pension members

*every day
feels like a
Sunday*



Left: Barry Watchorn, Chairman

Right: Julie Lander, Chief Executive Officer

From the Chairman & CEO

Having just experienced two years of negative returns from financial markets, it's pleasing to report we've managed to outperform most other Pension balanced funds for the financial year to 30 June 2009.

The Pension Balanced option's return of -8.3%* for the year ended 30 June 2009 must be viewed in the context of the investment climate and overall industry performance. While no-one likes to see a negative return, this is a favourable result in comparison to most other pension balanced fund returns – this year the median return was -13.5%**. While the CareSuper Pension has existed for two years, our industry fund performance history extends beyond 20 years. Take a look at page 5 for our comparative industry fund performance over 1, 3, 5 and 10 years. CareSuper's Balanced returns have been amongst the best over all time frames. CareSuper has diligently stuck by our Investment Policy in these tough markets. Our risk averse investment strategy, combined with our disciplined approach to reviewing investments and the team of experts managing the Fund, has contributed to our performance. On page 4 our General Manager – Investments, Greg Nolan, gives you the bottom line on investments.

As always, our IFFP^ financial planners are available to assist with your financial needs. If you're concerned about how this year's investment performance will affect your overall investment strategy, it may pay to speak to a financial planner. Call the CareSuper PensionLine on 1300 664 781 to be directed to this service.

Over the past year we conducted member satisfaction research to determine what is it important to members. Members were particularly satisfied with the range of investment options, the performance of the Fund, our competitive fee structure and member communications.

Once again CareSuper has been awarded top ratings by independent ratings for the Pension and Industry Funds. Take a look at our achievements opposite.

In the coming year we'll continue to provide you with access to member news and seminars to help you stay informed about your Fund. As part of our commitment to the environment we'd like to communicate more via electronic mediums and less on paper, so we encourage you to provide us with your current email address.

And as always we encourage your feedback and look forward to a promising 2009/10.

Barry Watchorn

Julie Lander

* Please note that past performance is not necessarily an indication of future performance.

** Source: SuperRatings Pension Crediting Rate Survey – Balanced options (60–76), June 2009

^ Financial planning is offered through CareSuper's relationship with Industry Fund Financial Planning (IFFP), a division of Industry Fund Services Pty Ltd (IFS), ABN 54 007 016 195, AFSL 232514.

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2008/09 at a glance

CareSuper Pension investment returns as at 30 June 2009

Annual returns				
Investment option	2007/08 (%)	2008/09 (%)	Compound average return [^] (% p.a.)	Median all fund return [*] (1 year)
Managed options				
Capital Guaranteed	6.6	4.0	5.3	NA
Capital Stable	-0.6	-2.4	-1.5	-3.9
Conservative Balanced	-3.3	-4.7	-4.0	-8.3
Balanced	-6.5	-8.3	-7.4	-13.5
Sustainable Balanced	-8.0	-11.4	-9.7	NA
Alternative Growth	-6.0	-8.8	-7.4	NA
Growth	-10.5	-11.4	-10.9	-16.7
Asset Class options				
Capital Secure	5.2	3.7	4.4	4.8
Fixed Interest	6.3	4.9	5.6	5.2
Direct Property	10.2	-13.4	-2.3	NA
Australian Shares	-15.8	-16.1	-15.9	-17.7
Overseas Shares	-18.2	-9.9	-14.1	-20.4

[^] Compound average return – for the 2 years since inception (% p.a.)

^{*} Source: SuperRatings Pension Crediting Rate Survey – Balanced options (60–76), June 2009.

Please note that past performance is not necessarily an indication of future performance. The long-term returns shown will differ from your personal long-term returns.

Facts and figures

On 30 June 2009 CareSuper comprised:

- Over 202,000 members
- Recorded \$3.4 billion in funds under management

The CareSuper Pension comprised:

- Over 400 members
- Total funds under management \$85.2 million.
- Over 50% of members registered for CareSuper Pension MemberOnline

A top rating for peace of mind

CareSuper Pension

The CareSuper Pension fund has been awarded the highest ratings by independent organisations SuperRatings, The Heron Partnership and Chant West.



Top Ratings by the experts

The CareSuper Industry Fund has been awarded the highest ratings by independent organisations SuperRatings, Chant West, The Heron Partnership and Selecting Super.

CareSuper has also been awarded six stars – 'the Top Rated Product' by The Heron Partnership.



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The bottom line

CareSuper has performed exceptionally well in the most testing of times.

CareSuper's Pension Balanced option return of -8.3% for the year to 30 June 2009 was considerably better than most other pension Balanced funds – this year the median return was -13.5%.* While a negative return is disappointing, it is a result of the extremely turbulent investment environment of the past 18 months.

For the 12 months to June 2009, the Australian Equity market was down 20%, the worst financial year in 28 years, despite a very strong rally in equity markets throughout the last quarter of the financial year. Over the last 2 financial years, the equity market has fallen 34%, the worst performance by the Australian Equity market over two consecutive financial years in the past 73 years. Global equity markets experienced similar declines while property and other asset classes have also seen lower valuations. These events have led to Pension Balanced funds experiencing negative returns.

It must be remembered that your investment is long term, even in retirement. For most members, this means they should have at least a 5–10 year timeframe. For some, their investment will traverse 15+ years.

Markets will always go through cycles such as recently experienced. Informed investors will be aware of this and maintain their long-term strategy. Changing strategy midstream increases the risk of missing the market upswing and thereby failing to meet long-term objectives.

Why CareSuper performed well

- 1 CareSuper's Balanced option was defensively positioned leading into the recent crisis. The Fund had no exposure to markets that were assessed as being overpriced and in fact, before the crisis emerged, moved to reduce exposures to some markets that were considered expensive. (CareSuper had no exposure to highly leveraged investment vehicles and minimal exposure to listed property trusts and Global Small Cap stocks).
- 2 As a consequence of being defensively positioned, the Trustee was able to manage exposures to equity markets throughout 2009 and subsequently benefited from the recent strong equity market rally.
- 3 Our manager selection process paid dividends in recent times as our active equity managers outperformed their respective benchmarks.
- 4 Appropriate management of the Fund's liquidity through the financial crisis ensured there were no forced asset sales.

* SuperRatings Pension Crediting Rate Survey – Balanced options (60–76) June 2009.

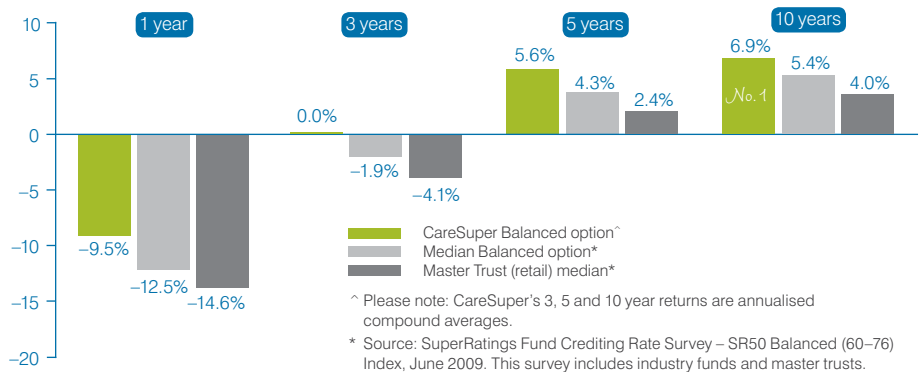
This information is of a general nature and is not intended as financial advice. It does not take into account specific needs, so members should look at their own personal situation, objectives and requirements before taking any action.



Compare our Industry Fund returns – we're ranked No.1 for our 10 year return

It's important to view fund performance over longer time periods. While the CareSuper Pension has only operated for two years, our Industry Fund performance history extends beyond 20 years. Take a look at our Industry Fund results below compared to the median benchmark return for all super funds, which may assist you in understanding CareSuper's longer term historical performance.

CareSuper's Pension returns are featured on page 3. They differ from the Industry Fund returns displayed below due to tax, cash flows and currency management.



Applying investment returns

Returns are applied to members' accounts at the end of each financial year. For members who have been with CareSuper for the entire year and have not switched investment options, returns are applied for the full year. Returns to be applied to members' accounts are calculated on a daily pro-rata basis by applying the final monthly crediting rates for the option(s) where the account balance was invested to the daily account balance. For members who joined CareSuper during the year or who have made an investment option switch, returns will be applied for the period since joining or since the most recent switch was implemented.

If a switch or redemption request of your account balance is processed during the course of a

financial year (eg between 1 July 2008 and 30 June 2009) an interim rate is applied to the account balance being switched or redeemed.

Interim rates are calculated for each investment option weekly. The Trustee reserves the right to declare interim rates more often. These interim rates are based on the estimated returns for each investment option (adjusted for investment management and other costs and any applicable tax credits) since the beginning of the financial year.

Interim rates can either be either positive or negative. In a period of volatile financial markets, it is not uncommon for an interim rate to be negative, meaning that interest would be deducted from your account at the time of the switch or payment of your benefit.

Please note: Interim rates are only applied when you switch investment options or when you withdraw your benefit from CareSuper. Interim rates are not applied when regular pension payments or partial commutations are paid.

Professionals overseeing CareSuper



CareSuper's Board of Directors. Seated from left: Catherine Wood, Barry Watchorn (Chairman), Michael O'Sullivan (Deputy Chairman), Angela Emslie. Standing from left: Gabriel Szondy, Sandy Grant, Michael Want, Julie Lander (CEO), Sue-Anne Burnley and John Burge.

The CareSuper Board is responsible for ensuring CareSuper is managed in the best interests of members.

The Board brings to the table specialist skills and years of experience to ensure your fund is professionally managed.

The CareSuper Board for 2008/09 consists of equal numbers of Member and Employer-representative Directors; and an Independent Director. Directors are nominated by relevant organisations in accordance with their particular nomination procedures.

The numbers in brackets represent the number of meetings attended out of the number of meetings the Director was eligible to attend. There were 11 meetings held during the 2008/09 financial year.

Member representatives

Sue-Anne Burnley (6/11 meetings).
Director since 2000.

Michael O'Sullivan* (9/11 meetings).
Director since 1996 and Deputy Chairman (appointed 4 March 2008).

Michael Want (10/11 meetings).
Director since 1994.

Catherine Wood* (10/11 meetings).
Director since 2000.

Employer representatives

Barry Watchorn* (10/11 meetings).
Director since 1998 and Chairman (appointed 4 March 2008).

John Burge* (11/11 meetings).
Director since 2002.

Angela Emslie (9/11 meetings).
Director since 2004.

Sandy Grant# (9/10 meetings).
Director since August 2008.

Independent Director

Gabriel Szondy* (8/11 meetings).
Director since 2001.

Associated directorships

The following Directors occupy positions on related bodies representing CareSuper's interests.

John Burge Director, Industry Superannuation Property Trust.

Michael O'Sullivan President, Australian Council of Super Investors.

Remuneration

Directors receive a fair remuneration for their responsibilities on the Board. This year, two Directors received fees in the range of \$40,000 to \$50,000 and the remaining seven Directors received fees in the range of \$30,000 to \$36,000 or pro rata.

The Trustee

The Trustee of CareSuper has taken out indemnity insurance to protect the directors of the Trustee, and consequently the Fund, from the potential costs of legal action against them.

The Trustee of CARE Super is CARE Super Pty Ltd ABN 91 006 670 060 and it is a holder of Australian Financial Services License number 235226. CARE Super is registered as a Registrable Superannuation Entity, Licence number L0000956 and Registration number R1004120.

* Member of Compliance, Audit and Risk Management Committee.

^ Member of Benefit Payments Committee.

Sandy Grant replaced David Purchase as Employer Director from 5 August 2008. Mr Purchase attended two meetings prior to his resignation.

Our independent experts

CareSuper works with a range of independent experts to assist with the key operations of your super fund.

CareSuper's independent advisers during 2008/09 were:

Administration: Australian Administration Services Pty Ltd

Asset Consultant: JANA Investment Advisers Pty Ltd

Auditor: Ernst & Young

Credit Control Services: Industry Funds Credit Control Pty Ltd

Custodian: NAB Asset Servicing

Insurer: CommInsure

Legal Adviser: IFS Legal

Tax Adviser: KPMG

Compliance: CareSuper is a regulated superannuation fund under the Superannuation Industry (Supervision) Act. The Trustee will lodge its annual return for 2009 as required by that Act and will continue to operate in accordance with all statutory requirements of superannuation, taxation and other relevant legislation.

Our professional investment adviser

JANA Investment Advisers Pty Ltd (JANA) was established in 1987 as a specialist investment adviser to large institutional investors such as CareSuper. JANA provides extensive research and recommendations on investment markets and managers for the fund. With JANA's assistance, the Trustee monitors and reviews the performance of each investment manager on a regular basis.

CareSuper's investment managers during 2008/09 were:

Australian Equities	452 Capital Acadian Asset Management (Australia) AMP Capital – Sustainable Shares	GMO Renaissance Asset Management Challenger Managed Investments Ltd*	Paradise Investment Management Solaris Investment Management Limited** Industry Funds Management Pty Ltd**
Overseas Shares	Acadian Asset Management Baillie Gifford Overseas Ltd Colonial First State Investments Limited Capital International	Dexia Asset Management – Sustainable Shares Orbis Investment Advisory Pty Ltd T Rowe Price Global Investment Services Limited	Wellington International Management Company MFS Investment Management Pzena Investment Management**
Direct Property	CharterHall Group Grosvenor Fund Management	Dexus Property Group***	Industry Super Property Trust (ISPT)
Growth Alternatives	Holowesko Partners Ltd Mesirow/Warakirri Asset Management* AMP Capital Investors Hastings Funds Management	Industry Funds Management Pty Ltd Macquarie Investment Management Limited RARE Infrastructure Limited	Members Equity Bank Wilshire Australia Pty Ltd LGT Capital Partners Ltd Partners Group Management**
Fixed Interest	Industry Funds Management Vanguard Investments Australia Ltd	Bridgewater Associates Principal Global Investors (Australia) Limited	Brandywine Global Investment Management
Cash and Capital Guaranteed	AMP Capital Investors		
Defensive Alternatives	Harris Alternatives L.L.C	Fauchier Partners	

* Terminated during the year. ** Appointed during the year. *** Name change

A range of investment options

Managed options	Capital Guaranteed*	Capital Stable
Investment objectives	<ul style="list-style-type: none"> To achieve returns after fees that exceed the inflation rate (as measured by the Consumer Price Index [CPI]) by at least 1% per year over rolling 5-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 secure options in other superannuation funds To achieve positive returns after fees in all financial years 	<ul style="list-style-type: none"> To achieve returns after fees that exceed the inflation rate (as measured by the CPI) by at least 2% per year over rolling 5-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 fees in at least 9 out of 10 financial years
Risk profile	Very low risk	Low to moderate risk
Investment strategy and asset allocation	<p>2009</p> <p>From 1/7/09 Benchmark %</p> <ul style="list-style-type: none"> ● Shares 40 ● Property 20 ● Fixed Interest & Cash 40 	<p>2008 2009</p> <p>At 30/6/08 Benchmark % From 1/7/09 Benchmark %</p> <ul style="list-style-type: none"> ● Australian Shares 17 16 ● Overseas Shares 11 10 ● Property 5 5 ● Growth Alternatives 2 4 ● Defensive Alternatives 5 5 ● Fixed Interest 35 35 ● Cash 25 25

Note: past performance is not necessarily an indication of future performance.



* Under the Capital Guaranteed fee structure, the manager providing the guarantee, AMP, charges 1.15% plus 20% of investment returns. Where the Trustee chooses to invest in bank deposits that are covered by the Commonwealth Government's guarantee, the government may apply a fee of 0.7% – 1.5% depending on the credit rating of the eligible institution holding the deposits.

You can choose one or any combination of CareSuper's Managed and Asset Class investment options. The seven Managed options, detailed below, have a mix of investments predetermined by CareSuper.

Conservative Balanced	Balanced (default)	Sustainable Balanced																																																																								
<ul style="list-style-type: none"> To achieve returns after fees that exceed the inflation rate (as measured by the CPI) by at least 2.5% per year over rolling 5-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 fees in at least 8 out of 10 financial years 	<ul style="list-style-type: none"> To achieve returns after fees that exceed the inflation rate (as measured by the CPI) by at least 3% per year over rolling 5-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 super funds To achieve positive returns after fees in at least 8 out of 10 financial years 	<ul style="list-style-type: none"> To achieve returns after fees that exceed the inflation rate (as measured by the CPI) by at least 3% per year over rolling 5-year periods Within the Australian and Overseas Shares asset classes, to favour industries and companies that are expected to achieve sound investment returns, maintain good social and/or environmental records and have a sustainable future To achieve positive returns after fees in at least 8 out of 10 financial years 																																																																								
Low to moderate risk	Moderate risk	Moderate risk																																																																								
<div> <div>2008</div> </div> <div> <div>2009</div> </div> <table> <thead> <tr> <th></th><th>At 30/6/08 Benchmark %</th><th>From 1/7/09 Benchmark %</th></tr> </thead> <tbody> <tr><td>Australian Shares</td><td>22</td><td>21</td></tr> <tr><td>Overseas Shares</td><td>17</td><td>16</td></tr> <tr><td>Property</td><td>7</td><td>6</td></tr> <tr><td>Growth Alternatives</td><td>4</td><td>7</td></tr> <tr><td>Defensive Alternatives</td><td>5</td><td>5</td></tr> <tr><td>Fixed Interest</td><td>25</td><td>25</td></tr> <tr><td>Cash</td><td>20</td><td>20</td></tr> </tbody> </table>		At 30/6/08 Benchmark %	From 1/7/09 Benchmark %	Australian Shares	22	21	Overseas Shares	17	16	Property	7	6	Growth Alternatives	4	7	Defensive Alternatives	5	5	Fixed Interest	25	25	Cash	20	20	<div> <div>2008</div> </div> <div> <div>2009</div> </div> <table> <thead> <tr> <th></th><th>At 30/6/08 Benchmark %</th><th>From 1/7/09 Benchmark %</th></tr> </thead> <tbody> <tr><td>Australian Shares</td><td>30</td><td>28</td></tr> <tr><td>Overseas Shares</td><td>23</td><td>21</td></tr> <tr><td>Property</td><td>10</td><td>10</td></tr> <tr><td>Growth Alternatives</td><td>12</td><td>16</td></tr> <tr><td>Defensive Alternatives</td><td>5</td><td>5</td></tr> <tr><td>Fixed Interest</td><td>15</td><td>15</td></tr> <tr><td>Cash</td><td>5</td><td>5</td></tr> </tbody> </table>		At 30/6/08 Benchmark %	From 1/7/09 Benchmark %	Australian Shares	30	28	Overseas Shares	23	21	Property	10	10	Growth Alternatives	12	16	Defensive Alternatives	5	5	Fixed Interest	15	15	Cash	5	5	<div> <div>2008</div> </div> <div> <div>2009</div> </div> <table> <thead> <tr> <th></th><th>At 30/6/08 Benchmark %</th><th>From 1/7/09 Benchmark %</th></tr> </thead> <tbody> <tr><td>Australian Shares</td><td>30</td><td>28</td></tr> <tr><td>Overseas Shares</td><td>23</td><td>21</td></tr> <tr><td>Property</td><td>10</td><td>10</td></tr> <tr><td>Growth Alternatives</td><td>12</td><td>16</td></tr> <tr><td>Defensive Alternatives</td><td>5</td><td>5</td></tr> <tr><td>Fixed Interest</td><td>15</td><td>15</td></tr> <tr><td>Cash</td><td>5</td><td>5</td></tr> </tbody> </table>		At 30/6/08 Benchmark %	From 1/7/09 Benchmark %	Australian Shares	30	28	Overseas Shares	23	21	Property	10	10	Growth Alternatives	12	16	Defensive Alternatives	5	5	Fixed Interest	15	15	Cash	5	5
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A range of investment options continued

Managed options (cont)	Alternative Growth	Growth																																				
Investment objectives	<ul style="list-style-type: none"> To achieve returns after fees that exceed the inflation rate (as measured by the CPI) by at least 4% per year over rolling 5-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 fees in at least 8 out of 10 financial years 	<ul style="list-style-type: none"> To achieve returns after fees that exceed the inflation rate (as measured by the CPI) by at least 4.5% per year over rolling 5-year periods Over shorter periods, ensure as far as possible that the amounts credited to members each year are competitive with that credited by comparable growth options in other superannuation funds To achieve positive returns after fees in at least 7 out of 10 financial years 																																				
Risk profile	Moderate to high risk	High risk																																				
Investment strategy and asset allocation	<div>  <table> <thead> <tr> <th></th><th>At 30/6/08 Benchmark %</th><th>From 1/7/09 Benchmark %</th></tr> </thead> <tbody> <tr> <td>● Australian Shares</td><td>27</td><td>27</td></tr> <tr> <td>● Overseas Shares</td><td>10</td><td>18</td></tr> <tr> <td>● Property</td><td>10</td><td>10</td></tr> <tr> <td>● Growth Alternatives</td><td>30</td><td>30</td></tr> <tr> <td>● Defensive Alternatives</td><td>15</td><td>15</td></tr> </tbody> </table> </div>		At 30/6/08 Benchmark %	From 1/7/09 Benchmark %	● Australian Shares	27	27	● Overseas Shares	10	18	● Property	10	10	● Growth Alternatives	30	30	● Defensive Alternatives	15	15	<div>  <table> <thead> <tr> <th></th><th>At 30/6/08 Benchmark %</th><th>From 1/7/09 Benchmark %</th></tr> </thead> <tbody> <tr> <td>● Australian Shares</td><td>40</td><td>40</td></tr> <tr> <td>● Overseas Shares</td><td>30</td><td>30</td></tr> <tr> <td>● Property</td><td>10</td><td>10</td></tr> <tr> <td>● Growth Alternatives</td><td>10</td><td>10</td></tr> <tr> <td>● Defensive Alternatives</td><td>10</td><td>10</td></tr> </tbody> </table> </div>		At 30/6/08 Benchmark %	From 1/7/09 Benchmark %	● Australian Shares	40	40	● Overseas Shares	30	30	● Property	10	10	● Growth Alternatives	10	10	● Defensive Alternatives	10	10
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Did you know...

You can access free financial advice about selecting an investment strategy that suits your objectives by calling the CareSuper PensionLine on 1300 664 781.

Your asset class options

Choose any one or a combination of the following investment options. You can also integrate your Asset Class selection with one or more of the Managed options outlined previously.

Asset Class options	Capital Secure*	Fixed Interest	Direct Property
Investment objectives	<ul style="list-style-type: none"> To achieve returns after fees at least in line with the inflation rate (as measured by the CPI) over rolling 5-year periods Over shorter periods, to outperform the return of the Australian cash market (as measured by the UBS Bank Bill Index) To achieve positive returns after fees in all financial years 	<ul style="list-style-type: none"> To achieve returns after fees that exceed the inflation rate (as measured by the CPI) by at least 2% per year over rolling 5-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 UBS Composite Bond Index, UBS Government Inflation Index and Lehman Global Aggregate Index [hedged]) To achieve positive returns after fees in at least 9 out of 10 financial years 	<ul style="list-style-type: none"> To achieve returns after fees that exceed the inflation rate (as measured by the CPI) by at least 4% per year over rolling 5-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 fees in at least 8 out of 10 financial years
Risk profile	Very low	Low	Moderate

Asset Class options (cont)	Overseas Shares	Australian Shares
Investment objectives	<ul style="list-style-type: none"> To achieve returns after fees that exceed the inflation rate (as measured by the CPI) by at least 5% per year over rolling 5-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 fees in at least 7 out of 10 financial years 	<ul style="list-style-type: none"> To achieve returns after fees that exceed the inflation rate (as measured by the CPI) by at least 6% per year over rolling 5-year periods Over shorter periods, to outperform the return of the Australian share market (as measured by the S&P/ASX 300 Accumulation Index) To achieve positive returns after fees in at least 7 out of 10 financial years
Risk profile	High	High

Note: past performance is not necessarily an indication of future performance.

The returns are calculated after investment fees and taxes.

The risk profile in this section represents an assessment of the possibility of your investment losing value, including possible loss of your original capital.

* Previously known as Cash.

Managing your investment

CareSuper's investment policy

It is the responsibility of the Board to manage the investment policy, and ensure the Trustee adheres to its principles, philosophy and guidelines.

CareSuper's assets are managed according to the investment strategy for each investment option which has stated asset allocation benchmarks. 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 minimising risk when markets are volatile.

The Trustee selects and appoints professional investment managers to invest members' assets consistent with the investment options (refer to pages 8 to 11 of this Annual Report). 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.

Managing benchmark risk

The investment strategy for each Managed option includes benchmark allocations to different asset classes. These allocations represent those which, based on historical analysis, will most likely achieve the investment objectives of each particular option. As the value of assets in each option will vary depending on changes in the market, each portfolio may require adjustment to ensure the allocation to each asset class remains consistent with its benchmark. This rebalancing is conducted weekly for each investment option.



Managing currency risk

As a matter of policy, the Trustee eliminates 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 alter the Fund's currency exposure if this is considered in the interests of CareSuper members.

Rebalancing

Each investment option is rebalanced back to its benchmark asset allocation on a weekly basis.

Use of derivatives

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).

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 CareSuper's Balanced option.



Did you know?

CareSuper's Investment Policy statement is available at caresuper.com.au

CareSuper's operational reserve over the last 3 years

2008/09	\$20,018,094
2007/08	\$25,841,398
2006/07	\$23,024,630

Fees and other costs

CareSuper is a profit-for-members Fund. It shares your vision of maximising your retirement savings. It does not have shareholders to pay dividends.



Every type of fee that may be charged by CareSuper is described in this section.

They include:

- Fees paid from your CareSuper account
- Fees paid from the assets of CareSuper as a whole or from a particular investment option.

Understanding fees and costs

Investment expenses cover the cost of investing the Fund's assets and include base and performance fees paid to investment managers, asset consulting fees, bank fees and custody costs.

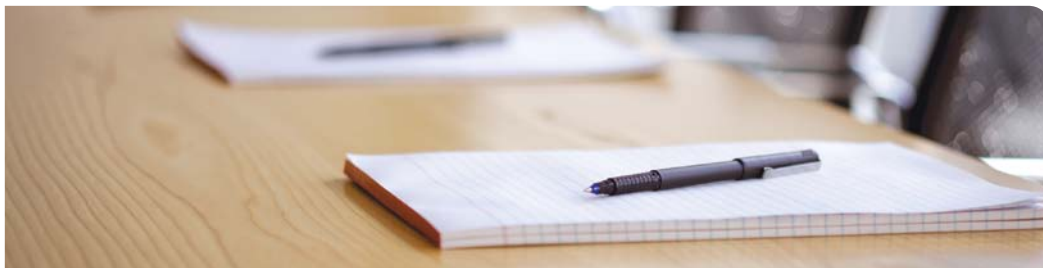
Performance fees are payments made to those investment managers whose fee is partly linked to their performance. They are paid when the management portfolio performs above an agreed benchmark. CareSuper has a number of managers whose fee is partly aligned to their performance, predominantly in the Australian Shares and Alternative asset classes.

These expenses, officially known as indirect cost ratio (ICR), are deducted from investment returns before the after-tax crediting rates for each option are declared. The amount paid annually for each investment option is calculated at 30 June and takes into account the expenses that have accrued and/or been paid over the year ending on 30 June.

These investment expenses may change from time to time because of changes in performance and/or other fees. Revisions to the ICR for an investment option will be available at caresuper.com.au.

Additions or alterations to fees and charges for your CareSuper Pension

The Trustee has the power to alter, increase or introduce new charges at its discretion. You will be advised of the charges before they are implemented. CareSuper is unable to negotiate lower fees and management costs as described in the Consumer Advisory Warning. If you require general information about CareSuper's fees, please call CareSuper PensionLine on 1300 664 781.



Type of fee or cost	Amount	How and when paid																																																				
Fees when members' money moves into or out of the fund																																																						
Establishment fees The fee to open your account.	\$0	Not applicable																																																				
Contribution fees The fee on each amount contributed to your pension account.	\$0	Not applicable																																																				
Withdrawal fee This is the fee charged each time you withdraw an amount from your pension account.	Pension payments \$0 Lump sum withdrawals \$0	Not applicable																																																				
Termination fee The fee to close the account.	\$0	Not applicable																																																				
Management costs																																																						
Fees deducted from the members' accounts																																																						
Administration fee – asset based The fees and costs for administering your account.	First \$100,000 invested = 0.6%, subject to a minimum annual fee of \$600. Over \$100,000 invested = 0.2%. Total fee capped at \$1200 per annum	This fee is calculated weekly, and debited from your pension account monthly. Minimum & maximum fees will be prorated on weekly basis. The maximum fee applies at \$400,000 invested.																																																				
Expenses indirectly deducted																																																						
ICR or investment fee The cost of investment for each option. Indirect cost ratio (ICR) or investment fees are the annual percentage fees for managing investments. The fees can differ from year to year as some of the investment managers are paid partly on a performance fee basis. The performance fee is paid when the investment managers exceed their agreed performance targets. The figures shown are based on estimate calculations for the 2008/09 financial year. This information may change from time to time. Call the CareSuper PensionLine to get the latest version, or download it from caresuper.com.au	The ICR varies according to the chosen investment options. <table><tr><th></th><th>Base fee</th><th>Performance fee</th><th>Total ICR</th></tr><tr><td>Capital Guaranteed</td><td>1.20%</td><td>0.52%</td><td>1.72%</td></tr><tr><td>Capital Stable</td><td>0.54%</td><td>0.03%</td><td>0.57%</td></tr><tr><td>Conservative Balanced</td><td>0.58%</td><td>0.06%</td><td>0.64%</td></tr><tr><td>Balanced (default)</td><td>0.76%</td><td>0.10%</td><td>0.86%</td></tr><tr><td>Sustainable Balanced</td><td>0.93%</td><td>0.02%</td><td>0.95%</td></tr><tr><td>Alternative Growth</td><td>1.08%</td><td>0.06%</td><td>1.14%</td></tr><tr><td>Growth</td><td>0.84%</td><td>0.15%</td><td>0.99%</td></tr><tr><td>Capital Secure</td><td>0.14%</td><td>0.00%</td><td>0.14%</td></tr><tr><td>Fixed Interest</td><td>0.48%</td><td>0.00%</td><td>0.48%</td></tr><tr><td>Direct Property</td><td>0.60%</td><td>0.00%</td><td>0.60%</td></tr><tr><td>Overseas Shares</td><td>0.71%</td><td>0.22%</td><td>0.93%</td></tr><tr><td>Australian Shares</td><td>0.40%</td><td>0.14%</td><td>0.54%</td></tr></table>		Base fee	Performance fee	Total ICR	Capital Guaranteed	1.20%	0.52%	1.72%	Capital Stable	0.54%	0.03%	0.57%	Conservative Balanced	0.58%	0.06%	0.64%	Balanced (default)	0.76%	0.10%	0.86%	Sustainable Balanced	0.93%	0.02%	0.95%	Alternative Growth	1.08%	0.06%	1.14%	Growth	0.84%	0.15%	0.99%	Capital Secure	0.14%	0.00%	0.14%	Fixed Interest	0.48%	0.00%	0.48%	Direct Property	0.60%	0.00%	0.60%	Overseas Shares	0.71%	0.22%	0.93%	Australian Shares	0.40%	0.14%	0.54%	These fees are deducted from the investment option before interest is allocated to your account at the end of the financial year – they are not withdrawn from your account.
	Base fee	Performance fee	Total ICR																																																			
Capital Guaranteed	1.20%	0.52%	1.72%																																																			
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Australian Shares	0.40%	0.14%	0.54%																																																			
Service fees																																																						
Investment switching fee The fee for changing investment options.	\$0	Not applicable																																																				
Family law fee The fee for family law requests and changes.	\$0	Not applicable																																																				
UK Pension Transfer Administration fee The fee for members who transfer their UK Pension Scheme to CareSuper, a Qualifying Recognised Overseas Pension Scheme (QROPS).	\$100	Once off fee if applicable.																																																				

What you need to know

Important changes to super laws

Minimum pension payments halved

The minimum drawdown amount for account-based pensions and term allocated pensions will be halved for the 2009/10 income year.

This extends the current concession provided to self-funded retirees.

Age	2009/10*
<65	2%
65–74	2.5%
75–79	3%
80–84	3.5%
85–89	4.5%
90–94	5.5%
95>	7%

* Percentage of your account balance at 1 July 2009

Changes to the Trust Deed

During 2008/09 minor amendments were made to the CareSuper Trust Deed to bring it in line with recent changes to legislation and regulations affecting super. This includes expanded definitions of 'child' and 'spouse' for superannuation purposes.

Death benefit nominations for same-sex couples

Recent changes to tax and super laws mean that super funds must treat same-sex de facto couples the same as opposite-sex de facto couples when it comes to deciding on the payment of a deceased member's benefit. People in same-sex relationships can now also nominate their partner as a spouse for the purpose of binding death benefit nominations.

Reduction in concessional contributions cap

In the 2009 Federal Budget, the Government announced a reduction for the concessional (employer and salary sacrifice) contributions cap. The new caps are as follows:

Concessional contributions		
Year	Age <50	Age 50>
2008/09	\$50,000	\$100,000
2009/10	\$25,000	\$50,000

This reduced cap will apply for the 2009/10, 2010/11 and 2011/12 financial years, after which individuals aged 50 and over will revert to the lower cap of \$25,000 p.a. (indexed). The contribution cap change may affect individuals who utilise strategies that combine salary sacrifice and Transition to Retirement Pensions.

Salary sacrifice assessed as income

From 1 July 2009, salary sacrificing into superannuation will not assist in obtaining or improving any social security benefit.

Salary sacrificing into super will also be considered as income when assessing the following tax matters:

- Medicare surcharge
- Mature age workers tax offset
- Senior Australians / pensioner tax offsets
- Spouse superannuation contributions tax offset
- Meeting 10% rule for making concessional (tax-deductible) contributions to super.

In addition, gross payments (including lump sum payments) from a taxed superannuation fund (either in accumulation or income stream phase) will be included in the income test for the Commonwealth Seniors Health Card (CSHC).



Temporary reduction of the super co-contribution

As announced in the 2009 Federal Budget, from 1 July 2009 the government has temporarily reduced the:

- co-contribution matching rate
- maximum amount payable by the Government as a co-contribution on an individual's eligible personal non-concessional super contribution.

Under this measure, the new matching rates are now:

- 100% for the 2009/10, 2010/11 and 2011/12 financial years, with a maximum co-contribution of \$1,000
- 125% for the 2012/13 and 2013/14 financial years, with a maximum co-contribution of \$1,250
- 150% from 2014/15 onwards, with a maximum co-contribution of \$1,500.

Now that salary sacrifice is counted as income, it can no longer be used to help you qualify for the super co-contribution.

TFN checks

The ATO is checking Tax File Numbers (TFN) provided by members/employers to super funds to ensure they are valid. If a TFN is identified by the ATO as invalid, the member will be given the opportunity to provide a valid TFN. Otherwise a higher rate of tax may be applied or the contribution may be returned to the member/employer.

Protect your personal documents

There have been reported cases of identity fraud and money laundering involving organised crime groups producing counterfeit documents used to access a range of financial documents, including super accounts.

While CareSuper is employing every effort to mitigate this risk to members, it's important that you are diligent in the way that you dispose of your personal documents, such as bank statements and superannuation statements.

ASIC has prepared a brochure that covers these issues. Visit fido.asic.gov.au for your copy.

2008/09 annual reports online

Super funds can now publish their member Annual Reports online and are not required to mail out a printed copy to members. Members can request a printed copy by calling the CareSuper PensionLine on 1300 664 781.



Don't forget to...

Visit caresuper.com.au to keep up-to-date with the latest changes to super and pensions

Getting help

Enquiries and complaints

The Trustee has established procedures to deal fairly with enquiries and complaints from members, employers and beneficiaries.

Complaints can be received in a variety of ways – by telephone, email or letter. If you make an enquiry or complaint by telephone we will endeavour to answer it immediately.

In some cases we may ask you to submit your complaint in writing so it can be investigated further, and we will provide you with a written response.

The procedures to follow, time limits and other details are included in the brochure 'Making enquiries & other complaints', available on request or on our website caresuper.com.au.

All complaints will be handled in a courteous and confidential manner.

Members, employers and beneficiaries with enquiries or complaints should contact us in one of the following ways:

Call the CareSuper PensionLine on **1300 664 781** between 8am and 6pm Monday to Friday EST

Email: admin@caresuper.com.au

Write to this address:

The Enquiries and Complaints Officer

CareSuper Pension

GPO Box 1923

Melbourne Vic 3001



Make sure we can find you

If you have changed your address or if you are about to, don't forget to let CareSuper know. This way, you'll be sure to receive your important pension statements and other valuable information.

Call the CareSuper PensionLine, or log on to caresuper.com.au to advise your new details.

Help is available

CareSuper is obliged to provide you with any information you may reasonably require to understand your CareSuper account.

For more information call the CareSuper PensionLine on **1300 664 781** between 8am and 6pm Monday to Friday EST or email us at admin@caresuper.com.au

CareSuper's financial statements

CareSuper has an obligation to members to disclose the financial position of your Fund.

In order to maintain a healthy Fund, CareSuper's Trustees keep a close watch on the Fund's investment performance and spending. The result is a financially fit Fund.

This financial summary is based on unaudited accounts and shows CareSuper's main financial transactions for the year ended 30 June 2009 and corresponding figures to 30 June 2008. A copy of the audited accounts is available on request (from October 2009). Refer to back cover for our contact details.

Operating Statement for the year ended 30 June 2009	30-Jun-09*	30-Jun-08**
Investment revenue		
Interest	5,053,645	5,785,087
Distributions	147,268,992	178,168,374
Other Investment Income	3,885,653	5,420,440
Changes in Net Market Value	(551,364,838)	(378,841,957)
	(395,156,548)	(189,468,056)
Contributions revenue		
Employer Contributions	362,293,883	369,057,514
Member Contributions	51,694,344	84,074,135
Transfers In	89,468,904	150,850,164
	503,457,131	603,981,813
Other revenue		
Proceeds from Group Life Policies	6,426,312	14,255,336
Other Income	67,935	20,284
Total revenue	114,794,830	428,789,377
Investments expenses		
Direct Investment Expenses	7,157,091	9,912,731
Group life insurance expenses	20,057,247	19,264,848
General administration expenses		
Administrator Expenses	7,998,226	7,618,326
Auditor's Remuneration	173,135	63,645
Operating Expenses	12,663,944	8,993,958
Anti-Detriment Payments	147,504	332,196
Superannuation Contribution Surcharge	51,887	210,372
Total expenses	48,249,034	46,396,076
Benefits accrued before income tax	66,545,796	382,393,301
Income tax expense/(benefit)	(18,388,962)	23,399,716
Benefits accrued after income tax	84,934,758	358,993,585

Statement of Financial Position as at 30 June 2009	30-Jun-09*	30-Jun-08**
Assets		
Cash and Cash Equivalents		
Cash at Bank	5,697,462	7,599,043
Cash & Floating Rate Instruments	392,700,171	239,019,367
Trade and Other Receivables		
Contributions Receivable	26,066,512	27,020,685
Proceeds from Group Life Policies Receivable	0	6,692,163
Investments		
Financial Assets		
Australian Equities	893,904,136	1,014,246,373
International Equities	678,835,466	728,233,175
Other Investments	557,566,697	583,907,506
Fixed Interest Securities	428,716,888	520,116,420
Property Trusts	405,086,162	471,751,350
Other Assets		
Fixed Assets	473,627	569,203
Tax Assets		
Deferred Tax Assets	59,835,298	2,172,785
Total Assets	3,448,882,419	3,601,328,070
Liabilities		
Trade and Other Payables		
Group Life Insurance Premium Payable	1,522,063	1,516,950
Provision for Employee Benefits	328,674	291,927
Benefits Payable	4,910,458	21,625,194
Accounts Payable	992,532	2,386,441
Sundry Creditors	141,757	340,674
GST Payable	29,077	214,624
Tax Liabilities		
Superannuation Contribution Surcharge	34,541	36,458
Current Tax Liabilities	3,699,728	19,893,977
Deferred Tax Liabilities	7,782,723	5,058,104
Total Liabilities	19,441,553	51,364,349
Net assets available to pay benefits	3,429,440,866	3,549,963,721
Represented by:		
Liability for accrued benefits		
Allocated to members' accounts	3,409,322,772	3,524,022,323
Administration, Operating & Capital Reserve	20,018,094	25,841,398
Regulatory Reserve	100,000	100,000
	3,429,440,866	3,549,963,721

* Unaudited accounts ** Audited accounts

contact us

For more information about your super, you can reach us in the following ways:

call CareSuper PensionLine 1300 664 781
Monday to Friday 8am to 6pm EST

visit caresuper.com.au

email admin@caresuper.com.au

write CareSuper Pension
Locked Bag 5042
Parramatta NSW 2124

Stay in touch with us too!

If you have changed any of your personal details, such as your name, address or any of your contact numbers, or you are about to, then don't forget to let us know. Remember if we can't contact you, you may lose track of your super savings. Contact us in any way to let us know.

CARE Super Pty Ltd (Trustee) ABN 91 006 670 060 AFSL 235226 CARE Super ABN 98 172 275 725. RSE L0000956 RSE R1004120.

Disclaimer: This Annual Report is issued by the Trustee of CARE Super Pty Ltd, CareSuper Pty Ltd ABN 91 006 670 060, the holder of Australian Financial Services Licence 235226. The information contained in this Annual Report is about CareSuper and is not intended as financial advice. It does not take into account specific needs, so members should look at their own personal position, objectives and requirements before taking any action. Past performance is not necessarily an indicator of future performance. This 2009 Annual Report to Members is a regulated document that summarises CareSuper's performance over the past year. The Trust Deed is the legal document governing your superannuation benefit. Other information about CareSuper: a copy of the Trust Deed, Investment Policy Statement, the CareSuper's audited accounts and auditor's report, are available upon request. You should also obtain and read the Product Disclosure Statement before making any investment decision. If you would like to see these documents, please call the CareSuperLine on 1300 360 149.



australian
made



carbon
neutral



elemental
chlorine
free



mill
accredited



renewable
energy



sustainable
forest