

2016

CareSuper Annual Report





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From the CEO



Welcome to the CareSuper Annual Report for the 2015/16 year. We hope you find this information of interest and welcome your feedback.

Over the last 12 months, CareSuper has continued to grow and the Fund has now reached over \$11 billion in funds under management.

Our investment philosophy once again led to top quartile returns for our Balanced option to 30 June 2016 (for both super and pension),* even with the volatile and subdued market conditions experienced over the financial year.

We believe our focus on consistent long-term performance is vital to help provide members with the best possible outcomes to support their future lifestyle in retirement.

We also know it's just as important to support members during their working years. That's why we are continually looking to improve product features and services.

To find out more about how we're helping members and employers, watch the video available at caresuper.com.au/annualreport16.

A handwritten signature in black ink that reads "Julie".

Julie Lander
CEO

*As measured by the SuperRatings Fund Crediting Rate survey and the SuperRatings Pension Fund Crediting Rate survey, June 2016.

From the Chair



CareSuper has been making super easy for members and employers since 1986. Our values and principles help guide us to provide the best outcomes for members over the long term.

As an industry super fund, CareSuper is run only to profit members – not shareholders or financial planners. This 'members first' ethos is at the core of how we operate, and has continued to be something we've focused on throughout 2015/16.

Once again, CareSuper's investment performance has been consistently strong, notably our Balanced option, which continued to outperform similar funds and deliver top quartile performance for both our superannuation and pension members, according to SuperRatings.*

We are proud to have been consistently recognised as a top performer by independent ratings agencies, so our members can be confident their super is in good hands.

To find out more about how we're managing our members' retirement savings and what you can do to grow your super, visit caresuper.com.au or call the CareSuperLine on **1300 360 149**.

Catherine (Cate) Wood
CareSuper Chair

*As measured by the SuperRatings Fund Crediting Rate survey and the SuperRatings Pension Fund Crediting Rate survey, June 2016.

About CareSuper

Our purpose

Superannuation is intended to help deliver a better standard of living in retirement, by providing members with a reliable and sustainable income stream to either supplement or replace the Age Pension. The value of an individual's income stream will depend on the contributions and investment returns they accumulate during their working life.

We focus on maximising the net benefit, which is derived from returns and fees and complemented by relevant product features and services (including advice), so that members can enjoy a more comfortable lifestyle in retirement.

Our values

SPIRIT is the backbone of CareSuper – it defines what we stand for and how we behave. The staff jointly devised our values of service, professionalism, integrity, relationships, innovation and teamwork.

At CareSuper, we are committed to delivering superior service and developing long-term relationships with our members and employers. We draw on our experience, integrity, teamwork and innovative approach to business when working with stakeholders to achieve common goals.



Our vision

*to empower our members to achieve
long-term financial security*



Our mission

CareSuper's mission is to maximise financial outcomes for members during and after their working lives and to make super easy for employers. The Fund does this by:

- Adopting sound investment principles to manage members' funds
- Offering choices of investment strategy to suit members' differing objectives and risk profiles
- Offering meaningful default insurance cover as well as the ability to apply for additional cover at competitive rates to meet members' needs at various stages of their lives
- Keeping operating costs low, thereby maintaining competitive administration costs for members and providing value for money in a transparent manner
- Offering relevant pension products to provide an income in retirement
- Maintaining a not-for-profit ethos and returning profits to members
- Enhancing the value of a CareSuper membership by providing additional products and services for members through strategic partnerships
- Committing to providing high quality customer service and ease of transacting for participating employers and members
- Building trust and affinity with all members and stakeholders by communicating fully and clearly
- Continuing to consider and introduce innovative investment, insurance and other benefit options, as well as education and communication programs.

An award-winning fund



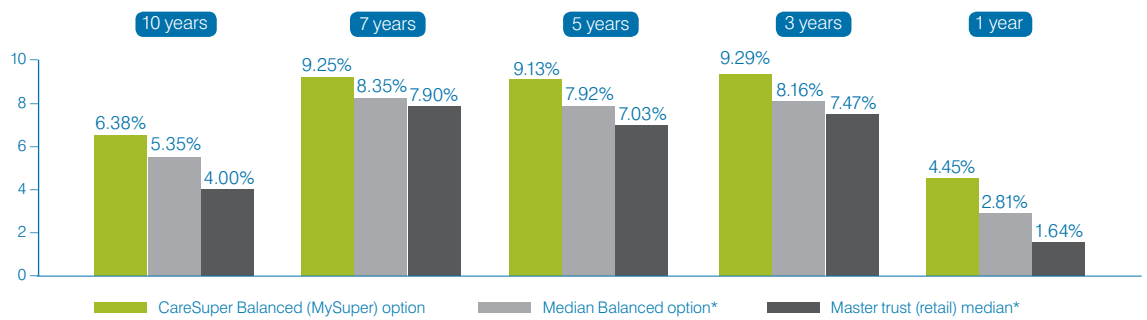
For more information on all of our awards, go to caresuper.com.au/awards.

Year at a glance

Superior returns

Super Balanced option returns

Compare CareSuper's Balanced (MySuper) option returns to 30 June 2016 with other Balanced option returns and see how we've delivered strong performance year after year.

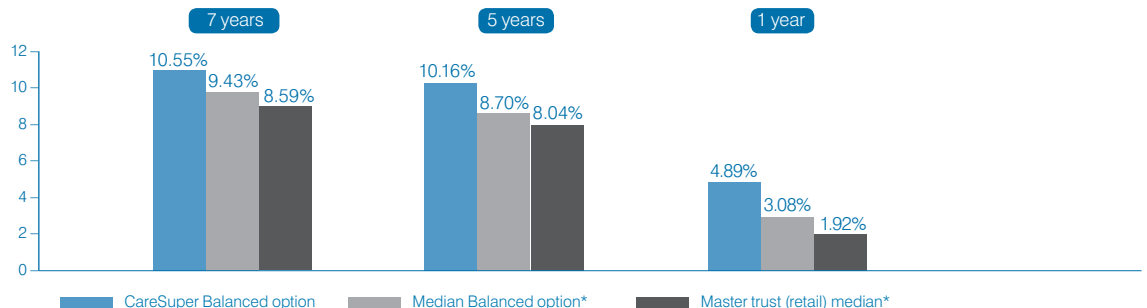


Please note: CareSuper's 10, 7, 5 and 3-year returns are compound average annual returns. CareSuper returns are net of fees and taxes. Past performance is not a reliable indicator of future performance and other factors should be considered before choosing a fund or changing investments. Returns have been rounded to two decimal places.

* Source: SuperRatings Fund Crediting Rate Survey – SR50 Balanced (60–76) Index, June 2016. This survey includes Balanced options for industry funds and master trusts.

Pension Balanced option returns

Compare CareSuper's Pension Balanced option returns to 30 June 2016 with other balanced options and see how we've delivered strong performance year after year.



Please note: CareSuper's 7 and 5 year returns are compound average annual returns. CareSuper returns are net of fees and taxes. Past performance is not a reliable indicator of future performance and other factors should be considered before choosing a fund or changing investments. Returns have been rounded to two decimal places.

* Source: SuperRatings Pension Fund Crediting Rate Survey – SRP50 Balanced (60–76) Index, June 2016. This survey includes Balanced options for industry funds and master trusts.

\$11bn funds under management

9.1% average return
since inception for the
Balanced (MySuper)
option to June 30 2016*



63,000 
employers contributing to the fund

3,000 workplace visits made
by the client partnership
team across Australia

+60 events in 2016
1500 attendees around
the country

125,000 
calls were received from members

The outbound calling
team spoke to almost

10,000
 **members**
over the year

2,500
members spoke
to one of our
financial planners

Over
20,000
visits to MyFutureMe

 **30%**
increase in followers

 **2,000**
twitter followers

 **1.3** million
visits

to the CareSuper website
with **20%** from mobile devices

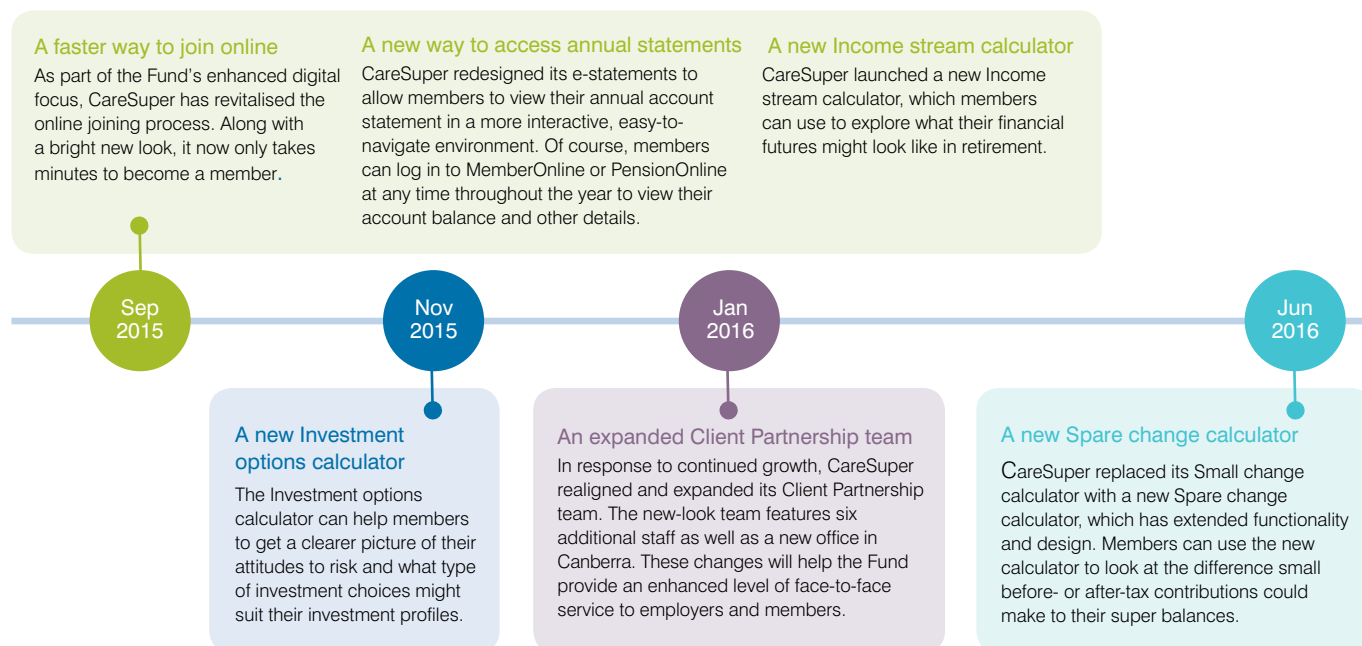


 **80,000** members received
an online statement

* The inception date of the Balanced option is the 1986/87 financial year.

What's new?

With a focus on digital engagement, making super easy and enhancing the member experience, here's what's new at CareSuper this year.



Try out all of CareSuper's calculators at caresuper.com.au/supercalculators

What's next?

Over the last year, CareSuper has focused on continually improving the Fund's services and products. Here's what's in store for the year ahead.



A more innovative range of retirement options

CareSuper will continue its Pension project, which highlighted the need for a greater range of retirement options for members. After examining the research conducted over the 2014/15 year, CareSuper decided to extend its product range to offer a new Guaranteed Income product, available from late 2016.



Enhanced digital experiences for members

As part of CareSuper's efforts to make things easy for members, the Fund has recently launched a new mobile app, which members can use to keep track of their super while on the go. Members can check their balances, update some of their details and access a pre-populated Choice form, which they can forward on to their employer. The app is available to download from the App Store and Google Play.

CareSuper is also innovating the pension joining process by introducing a 'pension join online' capability. Eligible members will be able to apply to join the CareSuper Pension or Transition to Retirement Pension via MemberOnline, rather than using paper forms.



A new insurance partnership

From January 2017, MetLife will commence as CareSuper's new insurer. MetLife will work with the Fund to ensure future design options continue to provide meaningful and relevant cover for members.

Super update

Defining the purpose of superannuation

In October 2015 the Government announced that it would develop legislation to enshrine the objective of superannuation, as part of its response to the Financial System Inquiry (FSI).

The Government released a discussion paper in March 2016, setting out its proposal to accept the FSI's recommendation that the primary objective of the system is to 'provide income in retirement to substitute or supplement the Age Pension'.

If legislated, the Government's proposed objective is expected to be effective from 1 July 2017.

Productivity Commission review of superannuation competitiveness and efficiency

In February 2016 the Government tasked the Productivity Commission with developing and releasing criteria to assess the efficiency and competitiveness of the superannuation system. The task also included a review of the choice and default markets to consider alternative models for allocating default fund members to products. This work will inform a Productivity Commission review of the efficiency and competitiveness of the system following the full implementation of the MySuper reforms in 2017.

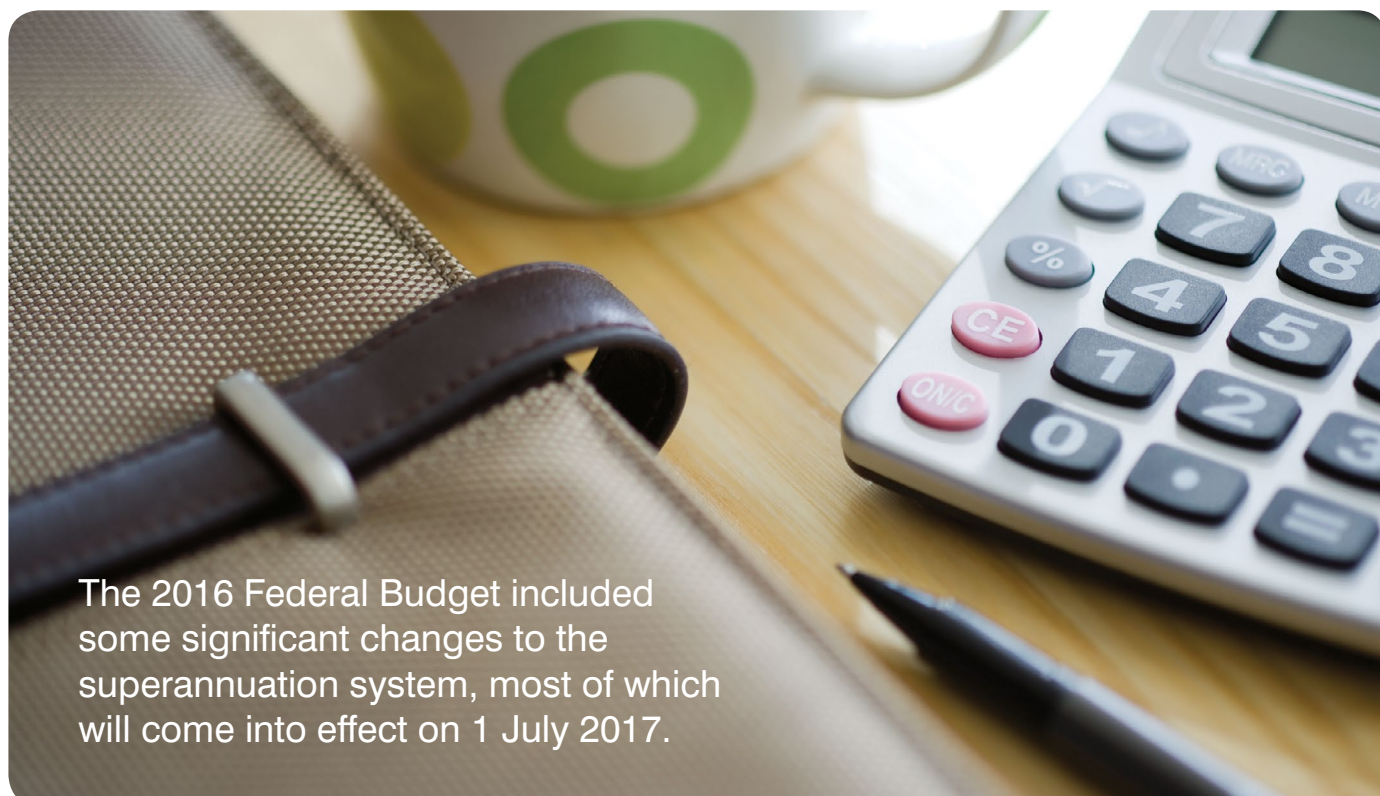
Federal Budget

The 2016 Federal Budget included some significant changes to the superannuation system. Some of the key proposals included lowering the concessional and non-concessional contribution caps, lowering the income threshold at which the additional 15% contributions tax applies and introducing a \$1.6 million cap on the amount of superannuation a person can transfer into the retirement phase.

Most of the changes proposed in the Federal Budget will come into effect on 1 July 2017.

Age Pension assets test

From 1 January 2017 the thresholds for the Centrelink assets test, which determines eligibility for the Age Pension, are changing. This could mean a significant reduction in the Age Pension for some members.



The 2016 Federal Budget included some significant changes to the superannuation system, most of which will come into effect on 1 July 2017.

Inside CareSuper

The Board

The CareSuper Board, which is responsible for ensuring CareSuper is managed in the best interests of members, has a strong focus on governance.

The Board brings to the table specialist skills and experience to ensure the Fund is professionally managed to deliver the best outcomes for members. The CareSuper Board consists of equal numbers of Member and Employer representative Directors, and an Independent Director. Member and Employer Directors are nominated by relevant organisations in accordance with their particular nomination procedures and appointed by the Board following an interview process and assessment of fit and proper requirements. Board decisions are made by at least a two-thirds majority.



Catherine (Cate) Wood
Chair – Member Director

Cate Wood is an experienced director who holds positions on numerous boards, providing depth of knowledge in superannuation, governance, strategy and diversity.

She is a current Director of Industry Super Australia, ISPT Pty Ltd and IGPT Pty Ltd (Property Trusts), the Mother's Day Classic Foundation, the Australian Institute of Superannuation Trustees and Women in Super (where she is also National Chair).

She has previously held executive positions as CEO of AGEST Super and The Trade Union Training Authority. She was Deputy Chair of CareSuper from March 2012 until her appointment to Chair in March 2014.

Cate was nominated to the CareSuper Board by the Australian Services Union (ASU).

Committees: Investment Committee, Governance and Remuneration Committee



David Michaelis
Deputy Chair – Employer Director

David Michaelis joined the CareSuper Board in October 2012 as an Employer Director, following the merger with Asset Super and on the nomination of the New South Wales Business Chamber (NSWBC). Previously he was the Chairman of Asset Super, also having been nominated to that Board by the NSWBC.

David previously held senior legal, company secretarial and management roles in a number of public companies. He has also served as a director and president of the NSWBC and The Australian Chamber of Commerce and Industry.

Committees: Chair, Governance and Remuneration Committee, Investment Committee



Julie Bignell
Member Director

Julie Bignell is a professional non-executive director and is on the Board of Austin Health and was a member of the Board of the North Queensland Bulk Ports Corporation from 2000 to 2011.

From 2000 to 2015 Julie was the Branch Secretary of the Central and Southern Queensland Branch of the Australian Services Union (ASU). She served for a period as the National Vice President. She was also Vice President of the Queensland Council of Unions and the Assistant Secretary of Together. She brings extensive strategic and business planning skills to the Board.

Julie was nominated to the CareSuper Board by the ASU.

Committees: Chair, Member and Employer Services Committee, Investment Committee

The Trustee

The Trustee of CARE Super has an indemnity insurance policy in place to protect the Directors of the Trustee from the potential costs of legal action. The Trustee of CARE Super is CARE Super Pty Ltd ABN 91 006 670 060 and it is a holder of Australian Financial Services licence number 235226. CARE Super Pty Ltd is a Registered Superannuation Entity licensee, licence number L0000956 and authorised to offer a MySuper product, MySuper identification number 98172275725867.



Chris Christodoulou

Member Director

Chris Christodoulou is the Chief Executive Officer of Greenacres Disability Services.

From 1999 to 2013, Chris worked at Unions NSW, where he served as Senior Industrial Officer and reached the position of Assistant Secretary. He was also a Director of Asset Super prior to its merger with CareSuper in 2012. He brings management, governance and strategic planning skills to the Board and has extensive experience with membership organisations.

Chris was nominated to the CareSuper Board by Unions NSW.

Committees: Member and Employer Services Committee, Governance and Remuneration Committee



Michelle Gardiner

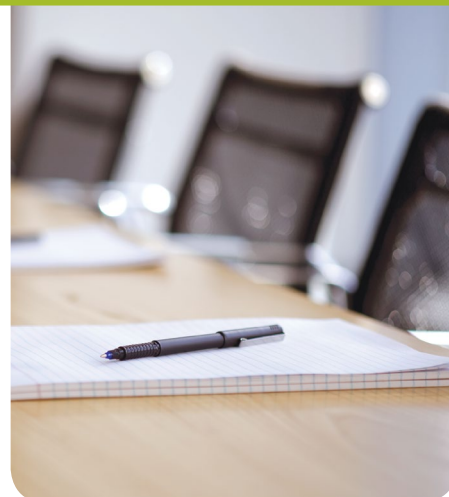
Member Director

Michelle's career in the financial services industry spans 30 years and includes senior management roles in funds management, asset consultancy, research and strategic planning.

From 1994 to 2000, Michelle worked at Rothschild Australia in a variety of senior roles including business development and product management. After moving to Queensland she joined van Eyk Research and a Queensland based super fund, where she was appointed CEO of its subsidiary advice service. In 2004 Michelle joined CANNEX as head of banking product research and was subsequently appointed acting General Manager to assist the business through a transition period in 2005/06.

Michelle was nominated to the CareSuper Board by the Shop, Distributive and Allied Employees' Association (SDA).

Committees: Compliance, Audit and Risk Committee, Investment Committee



Inside CareSuper

continued



Keith Harvey
Member Director

Keith Harvey currently chairs Aspire Learning Resources, a not-for-profit training resources publisher specialising in the business and community services sectors.

Through his roles with the Federated Clerks Union (FCU), and subsequently the Australian Services Union, Keith has represented the interests of clerical and administrative employees for over 30 years.

Keith's varied responsibilities have included international exposure, and he brings a breadth of knowledge regarding superannuation, industrial relations, management and strategic and business planning to the Board.

Committees: Compliance, Audit and Risk Committee, Member and Employer Services Committee



Gregory (Greg) McLean OAM
Member Director

Greg McLean OAM is an experienced director with expertise in social and competition policy, political engagement, industrial relations, superannuation and financial management. He is the Assistant National Secretary of the Australian Services Union (ASU), and has held various elected positions with the ASU and its predecessors since 1982.

Greg has been a director of several corporate and not-for-profit organisations. He was awarded an Order of Australia for services to industrial relations and a range of boards.

He was nominated to the CareSuper Board by Unions NSW.

Committees: Compliance, Audit and Risk Committee



Graeme (Sandy) Grant
Employer Director

Sandy Grant brings a wealth of experience in superannuation, management, investments and governance to the CareSuper Board, having held senior managerial roles over 30 years with the Colonial Mutual Group, including General Manager of superannuation administration business.

He has also served as a Director of Members Equity Bank, Industry Super Holdings and Industry Fund Services, and was CEO of a Melbourne-based industry fund.

Committees: Chair, Investment Committee, Governance and Remuneration Committee



Katherine Sampson
Employer Director

Katherine is Managing Director and principal of Mahlab Recruitment (Vic) Pty Ltd, a specialist legal recruitment firm. Katherine joined Mahlab Recruitment after a career in law at Corr & Corr.

Katherine has served on a number of boards and committees in the past, in both legal and non-legal spheres, including the Monash Law School Foundation, Walter & Eliza Hall Institute Ethics Committee, the Melbourne International Arts Festival and Deputy Chair of the Australian Press Council.

Committees: Investment Committee, Member and Employer Services Committee

“ as an industry super fund, we are run solely
for the benefit of our members ”



Mark Sibree
Employer Director

Mark Sibree has executive management experience in the financial services, building society, health and general insurance, pharmacy and other industries. He is currently a self-employed consultant.

Previously, Mark was a Director and President of the Victorian Employers Chamber of Commerce and Industry, as well as Group Managing Director of Australian Unity and General Manager – Investment & Ventures within the Amcor Group.

Mark was nominated to the CareSuper Board by the Victorian Chamber.

Committees: Compliance, Audit and Risk Committee, Member and Employer Services Committee



Andrea Waters
Employer Director

Andrea is a chartered accountant. She spent 28 years at KPMG and was Partner – Financial Services Audits from July 1996 to July 2012. She is now a professional non-executive Director, serving on the Boards of the Chartered Accountants Australia and New Zealand, Citywide and the Lord Mayors Charitable Foundation. She has in-depth knowledge of finance and accounting, superannuation, compliance and risk.

Committees: Compliance, Audit and Risk Committee



Terence (Terry) Wetherall
Employer Director

Terry Wetherall serves as a current Director and Committee Member of the New South Wales Business Chamber (NSWBC).

Terry is also the current Director of TCW Consulting, and a previous Director of JBA Planning. He holds membership in the Planning Institute of Australia and the Property Institute of Australia.

Terry's working career has spanned both local government and private business management, including roles in the meat and steel industries, and more recently the property industry.

Terry has been a long-time participant in the Chamber of Commerce movement and is the President of the Australian Chamber of Commerce and Industry. He is a past President of the NSWBC.

Committees: Compliance, Audit and Risk Committee, Member and Employer Services Committee



Gabriel Szondy
Independent Director

Gabriel is a qualified Chartered Accountant and was a Senior Partner of Pricewaterhouse Coopers (PwC), specialising in superannuation and taxation.

He is a Director and Chair of Frontier Advisers and, in addition to accounting and tax skills, he has extensive knowledge in investments.

Gabriel's involvement in the superannuation industry spans over 30 years. He has been involved with CareSuper since its inception and became a Board member in 2001.

Committees: Chair, Compliance, Audit and Risk Committee



Associated directorships

During 2015/16 the following Directors held directorships with organisations CareSuper engages, invests or partners with:

Terence (Terry) Wetherall Director, New South Wales Business Chamber Ltd.

Catherine (Cate) Wood Director, ISPT Pty Ltd (remunerated position). Director, IGIPT Pty Ltd, Industry Super Australia Pty Ltd, Australian Institute of Superannuation Trustees, Women in Super and Mother's Day Classic Foundation (non-remunerated positions).

Committees

The Board has established several committees to assist it to meet its obligations and oversee certain operations of the Fund.

All Directors are required to serve on a minimum of one and a maximum of two Committees for which they receive an attendance fee. The Chair is a member of two Committees and attends other Committee meetings on an *ex officio* basis.

Compliance, Audit and Risk Management Committee

The purpose of the Compliance, Audit and Risk Management Committee (CARC) is to assist the Board in meeting its compliance and risk management responsibilities. The main activities of the CARC include:

- Internal and external audit monitoring
- Various policy document reviews
- Ongoing monitoring of all risks within the Fund's Risk Management Framework.

Governance and Remuneration Committee

The key tasks for the Governance and Remuneration Committee (GRC) include:

- Various policy document reviews
- Ongoing monitoring of the risks designated to the Committee
- Training for Directors – planning for the year based on skills matrix and competency assessment
- Review of intended governance changes by the Government
- Review of Board and Committee structures and delegations.

Investment Review Committee

The primary function of the Investment Review Committee (IRC) is to monitor the implementation of the investment strategy and investment operations of the Fund within the framework approved by the Board. The IRC is responsible for the ongoing review of all external providers who manage the investments of the Fund.

Member and Employer Services Committee

The Member and Employer Services Committee (MESC) is responsible for oversight of:

- The Fund's administration function, policies and services
- The Fund's insurance management framework and strategy and the performance of outsourced providers
- All aspects of the Fund's insurance policies and assessment of all relevant claims
- The Fund's marketing, service, education, communications and product strategies
- The performance of providers of ancillary products
- Risk elements that may arise in relation to the relevant areas.

Board and Committee attendance and remuneration

To reflect the time and commitment provided to the Fund, and take into account the additional responsibilities of those who serve on and chair Committees, CareSuper uses a 'total fee' approach to set its Director remuneration. This total fee includes an annual base fee, a fee for meeting attendance for Board and Committee meetings and superannuation contributions.

The target level of income for a Director is the average of the median fees paid by superannuation funds in the 'profit to members' sector in the same bracket of asset size, contribution income and member of numbers, assuming attendance at all Board meetings per year.

The following table outlines the attendance and remuneration for the 2015/16 financial year.

Director	Board meetings attended	Committee meetings attended	Director's fee	Super (where paid to an individual)	Fees paid to
Cate Wood (Chair)	10/10	11/11 ⁶	\$71,250.04	\$6,759.25	Director
David Michaelis	9/10	12/12 ⁷	\$65,103.96	\$6,184.88	Director
Julie Bignell	9/10	10/10	\$57,708.00	\$5,482.26	Director
Sue-Anne Burnley ¹	4/6	4/6	\$30,183.85	n/a	SDA
Chris Christodoulou	10/10	9/11	\$51,932.04	\$4,933.54	Director
Michelle Gardiner ²	3/4	3/3	\$21,798.85	\$2,070.89	Director
Keith Harvey	10/10	31/31 ⁸	\$64,445.04	\$6,122.28	Director
Monica Clavijo ³	5/7	6/6	\$35,941.97	n/a	USU
Greg McLean ⁴	1/1	0/0	\$3,257.67	\$309.48	ASU
Sandy Grant	10/10	11/11	\$58,350.00	\$5,543.25	Director
Katherine Sampson	10/10	11/11	\$54,500.04	\$5,177.50	Director
Mark Sibree	9/10	29/31 ⁹	\$63,161.04	\$6,000.30	Director
Andrea Waters	10/10	9/9	\$51,932.04	\$4,933.54	Director
Terry Wetherall ⁵	8/9	7/7	\$46,159.87	\$4,385.19	Director
Gabriel Szondy	8/10	6/6	\$55,154.04	\$5,239.63	Director

¹ Ceased 31 January 2016

² Commenced 9 February 2016

³ Ceased 29 February 2016

⁴ Commenced 23 May 2016

⁵ Commenced 1 August 2015

⁶ The Chair attends additional meetings of other Committees on an *ex officio* basis.

⁷ Includes 1 claims review committee meeting

⁸ Includes 20 claims review committee meetings

⁹ Includes 19 claims review committee meetings

Governance

CareSuper has a number of governance policies and documents including, but not limited to, the Trust Deed, Board and Committee Charters and Constitution. These policies can be viewed on our website at caresuper.com.au/governance.

The Trustee's approach to managing the Fund is detailed in the corporate governance framework, which consists of a number of these documents. They outline the powers and responsibilities vested in the Trustee (CARE Super Pty Ltd) and how the Trustee will operate. This includes provisions for the appointment and removal of Directors. The Board Charter outlines the principle functions, policies and operations of the Board.

Privacy Policy

The Trustee has recently updated the Fund's Privacy Policy, effective November 2016. This policy can be viewed on the website at caresuper.com.au/privacypolicy.

Risk Management Framework

As part of the overall governance of the Fund, CareSuper has developed a Risk Management Framework that covers risks across all operations. The framework is actively managed and reviewed by the Board and Committees. The material risks covered by this framework include investment governance, liquidity, insurance, fraud, operations, strategy and outsourcing. In addition, ongoing monitoring includes a risk radar to identify any potential future risks.

Related parties

CARE Super Pty Ltd is a shareholder of ISPT Pty Ltd and Industry Super Holdings Pty Ltd (ISH). ISH is the holding company for IFM Holdings Pty Ltd (IFM), Industry Super Australia Pty Ltd and Industry Fund Services Ltd. CARE Super Pty Ltd invests in products of ISPT, IGIPT Pty Ltd and IFM. All investments are made at arm's length and on standard commercial terms, after appropriate due diligence, and carry the recommendation of our independent asset consultant. Industry Fund Services Ltd (IFS) has a number of subsidiaries including Industry Fund Investments Ltd, Super Members Investments Ltd and IFS Insurance Solutions Pty Ltd. CARE Super Pty Ltd engages the services of a number of these entities.



Executive staff

The CareSuper Board has appointed an executive group who manage the day-to-day operations of CareSuper.



Julie Lander

CEO

Julie joined CareSuper in 2001 as General Manager – Trustee, Investment & Member Services and was appointed Chief Executive Officer in 2002. She is responsible for developing and implementing the Fund's strategy and business plan to meet the needs of members, employers and other stakeholders, and for overall management of the Trustee's operations through the executive team and staff.

Her experience in superannuation has been developed over 30 years with corporate superannuation funds, both defined benefit and accumulation, as well as with industry funds. Julie holds a Bachelor of Business, a Graduate Certificate in Organisational Leadership and has completed RG146 (Superannuation). She serves on the Policy Committee of the Australian Institute of Superannuation Trustees (AIST), and is an Executive of Industry Funds Forum, a Fellow of the AIST, a Member of the Australian Human Resources Institute and a Director of the Fund Executives Association.



Suzanne Branton

General Manager – Investments

Suzanne joined CareSuper in February 2015 as General Manager – Investments. She is responsible for managing the investment program of the Fund and CareSuper's internal investment team. Suzanne works with the Fund's external managers and advisers to manage the investments of the Fund in accordance with the investment strategy and policies determined by the CareSuper Board and Investment Review Committee.

Suzanne has over 20 years' experience in financial markets, primarily in direct investment roles. Her experience encompasses both research and portfolio management, with a long-standing focus on strategy and asset allocation. Prior to joining CareSuper, Suzanne spent nine years at another industry super fund. Her role extended across the fund's investment functions and included manager research and selection, asset class responsibility and fund strategy. Suzanne has also held senior positions at Goldman Sachs JBWere. She holds a Bachelor of Economics (Honours) and a Graduate Diploma of Applied Finance and is a Fellow of the Financial Services Institute of Australasia.



Belinda Ray

General Manager – Compliance, Risk and Finance Company Secretary

Belinda joined CareSuper in January 2012 and is responsible for managing risk and finance, the compliance team and major projects for CareSuper.

Belinda has over 18 years' experience in superannuation including consulting, auditing and accounting.

Belinda started her career as an auditor at Ernst & Young before moving to Towers Watson where she held numerous roles including Senior Consultant for corporate super funds and Head of Research, Information and Compliance. Belinda holds a Bachelor of Business (Accounting & Information Systems) and is a Member of the Institute of Chartered Accountants in Australia.



Rachel Reynolds

General Manager – Operations

Rachel joined CareSuper in January 2015 as General Manager – Operations. She is responsible for managing the administration of the Fund, as well as providing reporting and analysis to internal stakeholders.

Rachel has previously worked in administration and operations management at law firms and other super funds. Her experience in the super industry spans 14 years, and she has developed an extensive knowledge of superannuation operations and associated systems. Rachel holds an Advanced Diploma of Financial Services (Superannuation) and has also studied continuous improvement programs, focused on delivering efficient and effective processes and services.



Peter Theodorakopoulos

General Manager – Marketing and Client Services

Peter joined CareSuper in 2002 as General Manager – Marketing & Client Services. He is responsible for marketing strategy and execution, and for the delivery of member and employer services, including education, communications, business services and ancillary products.

His experience in the superannuation industry spans over 20 years across a variety of roles which include marketing, sales, relationship management, product development, sponsorship agreements and administration. Peter has experience in accumulation and defined benefit schemes, as well as corporate superannuation. Peter is a Fellow of the Association of Superannuation Funds of Australia (ASFA) and has completed RG146 (Superannuation).

The CareSuper team

Diversity

At CareSuper we believe that the quality of decision making is enhanced by having a range of views represented at Board, Executive and staff levels. We consciously strive to achieve balance by seeking diversity across a number of factors including gender, age, experience, skills and professional qualifications.

CareSuper aims to achieve equal gender representation at Board level, and when seeking to fill Director vacancies nominating organisations are asked to consider this, along with other criteria, when proposing candidates. In recruitment of staff, selection is made on merit, taking into account the skills, qualifications, experience and other attributes required to perform the role and contribute to the team.

Gender diversity*

Area	Females	Males
Board	5	8
CEO and Executive team	4	1
Middle managers	3	3
Other staff	35	19

*As at 30 June 2016

Staff remuneration

The objectives of the Fund's remuneration policy are to ensure that:

- CareSuper provides a fair, equitable and competitive remuneration framework that recognises and rewards individual contribution
- CareSuper attracts, retains and rewards its people appropriately
- CareSuper's remuneration reflects the market in which the Fund competes for the capabilities required to achieve its business priorities and is consistent with its values and profit-to-members ethos.

Staff are remunerated by way of a fixed salary package. The Fund does not pay short- or long-term incentives, believing these are not aligned with the profit-to-members ethos. CareSuper's target salary position is the 50th percentile (median) of the profit-to-members financial services sector (covering superannuation funds and credit unions). Annually, the CEO sources relevant market data from surveys to benchmark the salaries of each position within the Trustee Office. The annual salaries budget and total increases are approved by the Governance and Remuneration Committee.

Salary range	Number of Trustee staff
\$50,000 – \$100,000	25
\$100,000 – \$200,000	32
\$200,000 – \$300,000	3
\$300,000 – \$400,000	1
\$400,000 – \$500,000	1

The above table shows the salary ranges of CareSuper staff, based on total salary package as at 30 June 2016.

Partnerships

Service providers

CareSuper works with a range of independent service providers to assist with the key operations of the Fund.

Service providers

CareSuper's service providers during 2015/16 include:

Administration

Australian Administration Services Pty Limited

Asset Consultant

JANA Investment Advisers Pty Ltd

Auditors – external

KPMG (CARE Super Pty Ltd)

PricewaterhouseCoopers (CARE Super)

Auditor – internal

KPMG

Credit Control Services

Industry Funds Credit Control

Custodian

NAB Asset Servicing

Pacific Custodians Pty Limited

Insurer

CommInsure

Insurance adviser

IFS Insurance Solutions Pty Ltd

Legal Advisers

Greenfields Financial Services

Lawyers (Melbourne)

Hall & Wilcox Lawyers

Holding Redlich

Tax Adviser

KPMG

Our 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 advice and research to the Fund on investment strategy and investment managers. With JANA's assistance, the Trustee monitors and reviews the performance of each investment manager.

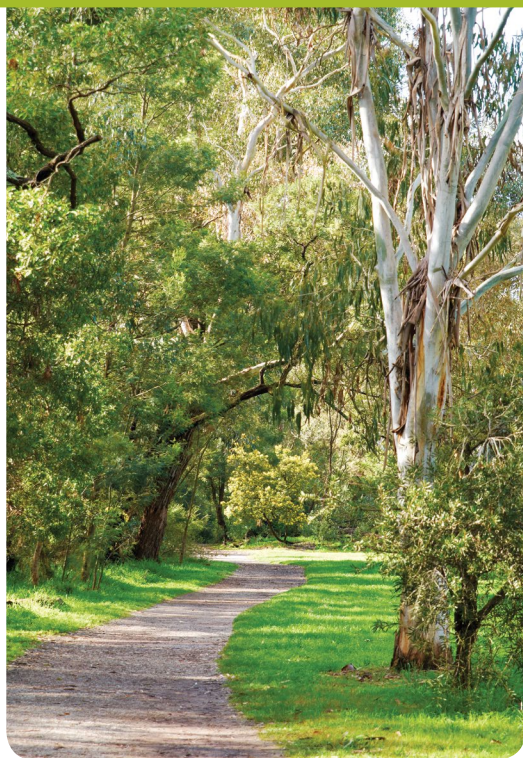
Compliance

CARE Super is a regulated superannuation fund under the *Superannuation Industry (Supervision) Act 1993*. The Trustee will continue to operate in accordance with all statutory requirements of superannuation, taxation and other relevant legislation.





A sustainable Fund



Other initiatives we're part of include the CDP (formerly known as Carbon Disclosure Project) and the Global Investor Statement on Climate Change.

CareSuper recognises the importance of investing responsibly

At CareSuper, we believe environmental, social and governance (ESG) issues impact investment performance over the short- and long-term. Our view is that companies that show they can appropriately manage all risks – including ESG risks – are more likely to deliver strong, long-term, risk-adjusted returns for members. These principles form the basis of CareSuper's approach to sustainable and responsible investment.

How has CareSuper applied these principles in practice?



A strong Responsible Investing Policy

CareSuper's Responsible Investing Policy sets out the Fund's approach to responsible investing, including how ESG factors are integrated into its investment decision making processes. The policy is reviewed and approved each year, or as required, by the CareSuper Investment Review Committee.



Working with investment managers

CareSuper requires its investment managers to take ESG factors into account when making decisions across all investment options offered by the Fund. Many of the Fund's investments have strong ESG characteristics, and have been chosen for their potential to generate long-term, risk adjusted returns. CareSuper also excludes listed tobacco manufacturers from all separate listed share portfolios and most other investments.



Offering a Sustainable Balanced option

CareSuper's approach to responsible investing applies to all twelve of our Managed and Asset Class investment options. Members who seek an investment option with a more prominent focus on ESG factors can choose to invest in the Sustainable Balanced option.



Building relationships with key ESG partners

To support engagement and affirm our commitment to responsible investing, CareSuper supports and participates in dialogue with several ESG-focused organisations, including:

- The Australian Council of Superannuation Investors (ACSI), which engages with listed companies on ESG issues on behalf of super funds. CareSuper is a founding member of ACSI.
- The Principles for Responsible Investment (PRI), a collaborative initiative supported by the United Nations, which CareSuper became a signatory to in 2006. The PRI provides an overarching framework to guide investors like CareSuper to further improve their ESG policies and practices.

Investment update



Suzanne Branton
General Manager – Investments

CareSuper's Balanced option returned 4.45% for the financial year ending 30 June 2016. While this is a lower return compared to recent years, it is reflective of a year of volatile market performance and still a solid result.

The Balanced option's return exceeded the median return for similar surveyed balanced options by 1.64% according to SuperRatings* and once again outperformed the option's return objective of CPI + 3% per year.

Thanks to improved conditions in financial markets during the first few months of the 2016/17 financial year, as at October 2016, the Balanced option's returns have been sitting above last year's returns.

CareSuper's three largest pension investment options (where most pension members have all or some of their money invested) performed as follows for the financial year ending 30 June 2016:

- The Conservative Balanced option returned 3.76%
- The Capital Stable option returned 4.08%, and
- The Balanced option returned 4.89%.

To find out more about how the investment market performance for the year, watch the video that's available at caresuper.com.au/annualreport16 or go to caresuper.com.au/investments.

* As measured by the SuperRatings Fund Crediting Rate Survey, June 2016.



Investment update

continued

Investment returns (after fees and taxes) to 30 June 2016

Super investment options

Investment options	Annual returns					Long-term annual returns*			
	2015/16 (%)	2014/15 (%)	2013/14 (%)	2012/13 (%)	2011/12 (%)	10 years (% p.a.)	7 years (% p.a.)	5 years (% p.a.)	3 years (% p.a.)
Managed options									
Capital Guaranteed	2.27	2.91	1.67	0.90	2.35	3.35	2.30	2.02	2.28
Capital Stable	3.56	6.67	8.02	10.46	5.16	5.61	7.22	6.75	6.07
Conservative Balanced	3.08	8.26	9.80	12.92	4.05	5.79	7.94	7.56	7.01
Balanced (MySuper)	4.45	10.76	12.84	16.15	2.08	6.38	9.25	9.13	9.29
Sustainable Balanced	4.35	9.79	12.29	16.07	2.27	5.52	8.94	8.84	8.76
Alternative Growth	5.47	9.68	12.69	16.93	1.81	6.48	9.49	9.19	9.24
Growth	3.04	11.78	15.30	20.01	-0.13	6.22	9.86	9.74	9.92
Asset Class options									
Capital Secure	2.44	2.78	2.83	3.39	4.20	3.75	3.50	3.12	2.68
Fixed Interest	4.05	4.87	4.93	6.04	11.37	6.18	7.00	6.22	4.61
Direct Property	13.34	9.61	8.60	5.89	7.36	6.51	8.21	8.93	10.50
Australian Shares	0.19	7.60	16.87	20.78	-4.67	5.40	8.83	7.73	8.01
Overseas Shares	-0.39	20.47	18.26	30.73	-2.29	5.96	11.52	12.63	12.38

The long-term returns shown above may differ from actual returns received by individual members. The returns shown above are after fees and tax, and have been rounded to two decimal places. All net investment returns are reflected in the sell price of each investment option. Past performance is not a reliable indicator of future performance and other factors should be considered before choosing a fund or changing investments.

*These returns are compound average annual returns.

Investment returns (after fees and taxes) to 30 June 2016

Pension investment options

Investment options	CareSuper Pension annual returns					Long-term annual returns*		
	2015/16 (%)	2014/15 (%)	2013/14 (%)	2012/13 (%)	2011/12 (%)	Since inception [^] (% p.a.)	5 years (% p.a.)	3 years (% p.a.)
Managed options								
Capital Guaranteed	2.61	3.41	1.84	0.95	2.39	3.09	2.47	2.24
Capital Stable	4.08	7.55	8.95	11.74	5.76	5.97	8.21	7.59
Conservative Balanced	3.76	8.85	10.92	14.97	4.48	6.01	9.05	8.52
Balanced	4.89	11.64	14.03	18.19	2.77	6.28	10.55	10.16
Sustainable Balanced	4.58	10.83	13.62	18.43	3.23	5.46	10.24	10.00
Alternative Growth	5.88	10.72	12.72	18.94	2.29	6.28	10.55	9.96
Growth	3.88	12.84	16.77	22.18	0.22	5.82	11.16	10.88
Asset Class options								
Capital Secure	2.66	3.22	3.24	4.15	5.07	4.17	4.10	3.67
Fixed Interest	4.68	5.44	5.84	6.93	12.74	7.48	8.03	7.09
Direct Property	14.86	10.92	9.62	7.02	8.37	6.63	9.33	10.13
Australian Shares	1.27	8.18	19.39	23.10	-4.69	3.74	10.17	8.94
Overseas Shares	-0.45	21.85	19.88	35.04	-1.66	6.27	12.95	14.07

The long-term returns shown above may differ from actual returns received by individual members. The returns shown above are after fees and tax, and have been rounded to two decimal places. All net investment returns are reflected in the sell price of each investment option. Past performance is not a reliable indicator of future performance and other factors should be considered before choosing a fund or changing investments.

*These returns are compound average annual returns.

[^] The inception date of the CareSuper Pension is 1 July 2007.

Investment managers

CareSuper has appointed professional investment managers to manage the assets of the fund. The performance of each investment manager is monitored closely by the Trustee. The table below lists the investment managers by asset class, the value of funds held by each and the percentage of the total fund's assets that each holding represents.

CareSuper's investment managers during 2015/16	Investments held by managers			
	2016		2015	
	\$m	% of Fund	\$m	% of Fund
Absolute return				
GMO Multi Strategy Trust	348.31	3.11%	381.06	3.67%
Insight Absolute Return Bond Fund ¹	113.64	1.02%	0.00	0.00%
Wellington Global Total Return	184.37	1.65%	155.25	1.50%
Total	904.61	8.08%	678.39	6.54%
Australian Shares				
IFM Enhanced Index Equity Fund	650.89	5.81%	647.28	6.24%
Ophir Opportunities Fund	105.24	0.94%	70.70	0.68%
Paradise Investment Management Large Caps	479.60	4.28%	476.32	4.59%
Perennial Value	458.65	4.10%	420.74	4.05%
Renaissance Smaller Companies	113.91	1.02%	75.60	0.73%
Schroder Australian Equity Fund	485.01	4.33%	515.93	4.97%
Total	2,293.30	20.49%	2,206.57	21.27%
Capital Guaranteed				
AMP Guaranteed Savings Account ³	78.11	0.70%	51.60	0.50%
Total	78.11	0.70%	51.60	0.50%
Cash				
CFS Wholesale Cash Fund	717.45	6.41%	579.63	5.59%
Term Deposits	358.16	3.20%	285.46	2.75%
Total	1,075.61	9.61%	865.09	8.34%
Credit				
Apollo Credit Fund	217.68	1.94%	169.43	1.63%
Gresham Property Fund No. 4	2.96	0.03%	4.29	0.04%
HayFin Direct Lending	95.11	0.85%	73.06	0.70%
IFM Infrastructure Debt	99.48	0.89%	92.56	0.89%
Putnam Structured Credit	267.10	2.39%	257.08	2.48%
Total	682.34	6.10%	596.42	5.75%
Direct Property				
Charter Hall Core Plus Office Fund	251.53	2.25%	220.14	2.12%
DEXUS Wholesale Property Fund	586.66	5.24%	499.48	4.81%
Eureka Development Fund No. 24	0.01	0.00%	0.09	0.00%
ISPT Core Fund	390.43	3.49%	304.80	2.94%
ISPT Development & Opportunities Fund No. 2	5.70	0.05%	3.85	0.04%
ISPT Grosvenor International Property Trust ⁴	0.06	0.00%	0.20	0.00%
ISPT Retail Australia Property Trust	92.37	0.83%	65.55	0.63%
Lend Lease Australian Prime Property Fund Retail	35.94	0.32%	33.63	0.32%
Total	1,362.72	12.17%	1,127.73	10.87%
Fixed Interest				
Franklin Templeton Global Aggregate Bond Fund	111.89	1.00%	132.44	1.28%
IFM Specialised Credit Fund	134.68	1.20%	123.88	1.19%
Legg Mason Brandywine Global Fixed Income Trust	194.29	1.74%	241.22	2.32%
ME Bank Super Loans Trust	6.62	0.06%	7.93	0.08%
Perennial Australian Fixed Interest	200.50	1.79%	236.78	2.28%
Schroder Fixed Income Fund	166.33	1.49%	226.87	2.19%
Total	814.31	7.27%	969.12	9.34%

CareSuper's investment managers during 2015/16	Investments held by managers			
	2016		2015	
	\$m	% of Fund	\$m	% of Fund
Infrastructure				
AMP Capital Infrastructure Equity Fund	177.16	1.58%	106.61	1.03%
Antin Infrastructure Fund	33.29	0.30%	21.93	0.21%
Hastings Utilities Trust Of Australia	258.24	2.31%	153.20	1.48%
IFM Australian Infrastructure Fund	216.98	1.94%	220.81	2.13%
IFM Renewable Energy (Convertible Notes) ²	0.00	0.00%	20.00	0.19%
Macquarie Global Infrastructure Fund II	28.59	0.26%	25.77	0.25%
Total	714.27	6.38%	548.33	5.28%
Overseas Shares				
Baillie Gifford Long Term Global Growth	237.46	2.12%	268.65	2.59%
CFS Global Emerging Markets	191.01	1.71%	189.48	1.83%
MFS Global Equity Trust	786.22	7.02%	747.61	7.20%
Neuberger Berman Emerging Markets	128.41	1.15%	80.95	0.78%
Orbis Global Equity Fund	336.37	3.00%	306.03	2.95%
Schroder Global Dynamic Blend	523.29	4.67%	581.78	5.61%
Transition Account ⁵	155.63	1.39%	0.00	0.00%
Wellington Global Contrarian Equity	252.22	2.25%	277.96	2.68%
Zurich Global Thematic Share Fund ²	0.00	0.00%	225.78	2.18%
Total	2,610.61	23.32%	2,678.51	25.81%
Private Equity				
Advent Private Capital V	2.51	0.02%	4.55	0.04%
Bain Capital Fund IX	4.71	0.04%	5.93	0.06%
Coller International Partners V	2.98	0.03%	3.80	0.04%
Highland Credit Opportunities Fund	6.65	0.06%	6.46	0.06%
IFM Australian Private Equity Fund III	2.25	0.02%	3.43	0.03%
IFM Australian Private Equity Fund IV	7.41	0.07%	9.52	0.09%
IFM International Private Equity Fund I	0.94	0.01%	1.31	0.01%
IFM International Private Equity Fund II	6.88	0.06%	8.82	0.09%
IFM International Private Equity Fund III	44.79	0.40%	42.59	0.41%
Industry Super Holdings Pty Ltd	13.80	0.12%	11.30	0.11%
LGT Crown Europe Middle Market II	28.85	0.26%	33.55	0.32%
LGT Crown Global Secondaries II	17.96	0.16%	27.87	0.27%
Members Equity Bank Pty Ltd	25.63	0.23%	25.92	0.25%
Partners Group Direct Investments 2012	93.50	0.84%	55.31	0.53%
Partners Group Direct Investments 2016 ¹	12.90	0.12%	0.00	0.00%
Partners Group Secondary 2008	18.41	0.16%	25.64	0.25%
Partners Group Secondary 2011	95.47	0.85%	98.97	0.95%
Siguler Guff Distressed Opportunities IV	84.66	0.76%	97.23	0.94%
Siguler Guff Small Buyout Opportunities Fund II	78.57	0.70%	57.83	0.56%
Stafford International Timberland VI	19.18	0.17%	19.35	0.19%
Warakirri International Hedge Equity Fund ⁴	0.47	0.00%	0.76	0.01%
Wilshire Private Markets	27.95	0.25%	33.51	0.32%
Wilshire Private Markets Asia No. 2	2.24	0.02%	2.71	0.03%
Total	598.71	5.35%	576.37	5.55%
Sustainable Australian Shares				
AMP Capital Sustainable Share Fund	21.78	0.19%	22.19	0.21%
Total	21.78	0.19%	22.19	0.21%
Sustainable Overseas Shares				
Candriam Sustainable Global Equity Fund	29.71	0.27%	29.70	0.29%
Total	29.71	0.27%	29.70	0.29%
	11,186.07	100.00%	10,350.03	100.00%

¹ Appointed/added during the year.

² Terminated during the year.

³ Accumulation assets are invested in the AMP Guaranteed Savings Account (Superannuation) and Pension assets are invested in the AMP Guaranteed Savings Account (Pension).

⁴ Investment being wound down. Small residual balance remaining..

⁵ Portfolio in transition to new manager.

TGM is CareSuper's currency hedging and asset allocation (rebalancing) manager.

Investment holdings

The top holdings of the Australian shares and overseas shares asset classes are shown in the following tables.

Australian shares

Top 20 holdings as at 30 June 2016

Security	% of asset class	% of Balanced (MySuper) option
Commonwealth Bank Of Australia	7.54%	1.54%
Westpac Banking Corporation	6.13%	1.25%
BHP Billiton	5.22%	1.07%
Australia and New Zealand Banking Group	4.90%	1.00%
National Australia Bank	4.49%	0.92%
Telstra Corporation	4.23%	0.86%
Wesfarmers	3.32%	0.68%
CSL	2.38%	0.49%
Rio Tinto	2.29%	0.47%
Woolworths	2.08%	0.43%
Macquarie Group	1.87%	0.38%
Woodside Petroleum	1.81%	0.37%
QBE Insurance Group	1.62%	0.33%
Brambles	1.48%	0.30%
Transurban Group	1.48%	0.30%
AGL Energy	1.34%	0.27%
Scentre Group	1.31%	0.27%
Suncorp Group	1.19%	0.24%
Westfield Corporation	1.18%	0.24%
Stockland	1.16%	0.24%

Overseas shares

Top 20 holdings as at 30 June 2016

Security	% of asset class	% of Balanced (MySuper) option
Nestle S.A.	1.04%	0.25%
Tencent Holdings Ltd	0.95%	0.23%
Amazon.com Inc	0.89%	0.22%
NetEase Inc	0.89%	0.21%
Honeywell International Inc	0.87%	0.21%
Unilever Plc	0.85%	0.21%
Thermo Fisher Scientific Inc	0.85%	0.20%
Samsung Electronics Co Ltd	0.84%	0.20%
Charter Communications Inc	0.80%	0.19%
QUALCOMM Inc	0.77%	0.19%
Time Warner Inc	0.77%	0.18%
Accenture Plc	0.77%	0.18%
Bayer AG	0.76%	0.18%
Reckitt Benckiser Group Plc	0.75%	0.18%
Oracle Corp	0.73%	0.17%
Diageo Plc	0.72%	0.17%
Facebook Inc	0.71%	0.17%
Baidu Inc	0.71%	0.17%
Walt Disney Co	0.67%	0.16%
3M Co	0.65%	0.16%

These holdings are based on the aggregate positions of CareSuper's investment managers and exclude cash and futures. Percentages may not sum to totals shown due to rounding. The figures are subject to change or revision at any time and CareSuper accepts no responsibility for omissions or errors.

Direct property investments by location as at 30 June 2016

Location	% of asset class
NSW	40.4%
VIC	20.1%
WA	8.3%
QLD	24.7%
SA	3.4%
ACT	2.8%
International	0.4%
Total	100.00%

Direct property investments by sector as at 30 June 2016

Sector	% of asset class
Retail	40.2%
Office	51.5%
Industrial	6.5%
Other	1.8%
Total	100.00%

Infrastructure investments by location as at 30 June 2016

Location	% of asset class
NSW	23.9%
VIC	28.2%
WA	12.4%
QLD	9.1%
SA	1.9%
NT	1.8%
International	22.70%
Total	100.00%

Infrastructure investments by sector as at 30 June 2016

Sector	% of asset class
Airport	42.9%
Seaport	15.8%
Tollroads	6.1%
Regulated Utilities	19.1%
Social Infrastructure	4.5%
Energy Generation	1.9%
Other	9.7%
Total	100.00%

These holdings are based on the aggregate positions of CareSuper's investment managers and exclude cash and futures. Percentages may not sum to totals shown due to rounding. The figures are subject to change or revision at any time and CareSuper accepts no responsibility for omissions or errors.

Fixed interest investments by sector as at 30 June 2016

Government Bonds / Cash	% of asset class
Australia	31.4%
Overseas	25.4%
Total	58.9%
Non-Government	% of asset class
Australia	34.5%
Overseas	8.7%
Total	41.1%

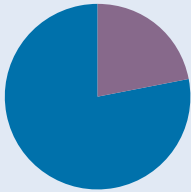
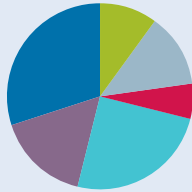
Fixed interest investments by credit rating* as at 30 June 2016

Credit rating	% of asset class
AAA	35.7%
AA	18.7%
A	18.5%
BBB	19.0%
Below BBB	3.2%

International fixed interest investments are fully hedged. These holdings are based on the aggregate positions of CareSuper's investment managers. Percentages may not sum to totals shown due to rounding. The figures are subject to change or revision at any time and CareSuper accepts no responsibility for omissions or errors.

Super investment options as at 30 June 2016

Managed options

	Capital Guaranteed [#]	Capital Stable																														
Investment objectives	<ul style="list-style-type: none"> To achieve returns after tax and fees that exceed the inflation rate (as measured by the Consumer Price Index [CPI]) by at least 0.5% per year over rolling 10-year periods. To provide a full guarantee on capital and credited accrued interest. To provide 'smooth' returns which iron out market fluctuations and are never negative. 	<ul style="list-style-type: none"> To achieve returns after tax and fees that exceed the inflation rate (as measured by the CPI) by at least 2% per year over rolling 10-year periods. To ensure as far as possible that the investment return members receive each year is competitive with comparable options in other super funds. 																														
Asset classes Benchmarks and ranges as at 30 June 2016.	 <table> <thead> <tr> <th></th><th>Benchmark at 30/06/2016 %</th><th>Range %</th></tr> </thead> <tbody> <tr> <td>Fixed interest</td><td>22</td><td>0–50</td></tr> <tr> <td>Cash</td><td>78</td><td>50–100</td></tr> </tbody> </table>		Benchmark at 30/06/2016 %	Range %	Fixed interest	22	0–50	Cash	78	50–100	 <table> <thead> <tr> <th></th><th>Benchmark at 30/06/2016 %</th><th>Range %</th></tr> </thead> <tbody> <tr> <td>Australian shares</td><td>10</td><td>0–25</td></tr> <tr> <td>Overseas shares</td><td>13</td><td>0–25</td></tr> <tr> <td>Property</td><td>6</td><td>0–15</td></tr> <tr> <td>Alternatives</td><td>25</td><td>0–35</td></tr> <tr> <td>Fixed interest</td><td>16</td><td>0–50</td></tr> <tr> <td>Cash</td><td>30</td><td>10–70</td></tr> </tbody> </table>		Benchmark at 30/06/2016 %	Range %	Australian shares	10	0–25	Overseas shares	13	0–25	Property	6	0–15	Alternatives	25	0–35	Fixed interest	16	0–50	Cash	30	10–70
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Cash	30	10–70																														
Risk level	Very low	Low to medium																														
Returns history Compound average returns p.a. for period to 30 June 2016.	5-year 2.02% p.a. 7-year 2.30% p.a. 10-year 3.35% p.a. These returns are calculated after investment fees and taxes.	5-year 6.75% p.a. 7-year 7.22% p.a. 10-year 5.61% p.a. These returns are calculated after investment fees and taxes.																														

[#] Special note: It is the Trustee's intention that this option will be invested in the AMP Capital Guaranteed Savings Account, managed by AMP Life Limited (AMP). AMP guarantees that capital and credited accrued interest will not be reduced by negative investment returns. The asset allocation is determined by AMP. From time to time, funds may be invested in the term deposits of Authorised Deposit Taking Institutions. For liquidity purposes, the Trustee may hold a small allocation in cash.

Note: Past performance is not a reliable indicator of future performance and you should consider other factors before choosing a fund or changing your investments. Returns have been rounded to two decimal places.



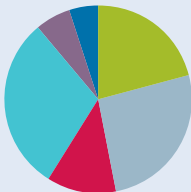
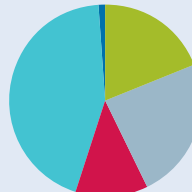
Conservative Balanced			Balanced (default)		
<ul style="list-style-type: none">To achieve returns after tax and fees that exceed the inflation rate (as measured by the CPI) by at least 2.5% per year over rolling 10-year periods.To ensure as far as possible that the investment return members receive each year is competitive with comparable options in other super funds.			<ul style="list-style-type: none">To achieve returns after tax and fees that exceed the inflation rate (as measured by the CPI) by at least 3% per year over rolling 10-year periods.To ensure as far as possible that the investment return members receive each year is competitive with comparable options in other super funds.		
	Benchmark at 30/06/2016 %	Range %		Benchmark at 30/06/2016 %	Range %
Australian shares	16	5–30	Australian shares	21	10–40
Overseas shares	20	5–30	Overseas shares	26	10–40
Property	7	0–15	Property	12	0–25
Alternatives	27	0–45	Alternatives	30	0–55
Fixed interest	10	0–50	Fixed interest	6	5–35
Cash	20	10–60	Cash	5	0–30
Medium			Medium to high		
5-year	7.56% p.a.		5-year	9.13% p.a.	
7-year	7.94% p.a.		7-year	9.25% p.a.	
10-year	5.79% p.a.		10-year	6.38% p.a.	
These returns are calculated after investment fees and taxes.			These returns are calculated after investment fees and taxes.		

Note: Past performance is not a reliable indicator of future performance and you should consider other factors before choosing a fund or changing your investments. Returns have been rounded to two decimal places.

Investment options

as at 30 June 2016 continued

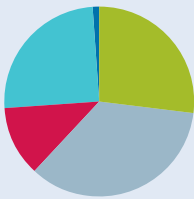
Managed options (continued)

	Sustainable Balanced	Alternative Growth																																							
Investment objectives	<ul style="list-style-type: none"> To achieve returns after tax and fees that exceed the inflation rate (as measured by the CPI) by at least 3% per year over rolling 10-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. 	<ul style="list-style-type: none"> To achieve returns after tax and fees that exceed the inflation rate (as measured by the CPI) by at least 3.5% per year over rolling 10-year periods. To produce a less volatile return profile than the Growth option by investing a significant component of the portfolio in alternative investments. 																																							
Asset classes Benchmarks and ranges as at 30 June 2016.	 <table> <thead> <tr> <th></th><th>Benchmark at 30/06/2016 %</th><th>Range %</th></tr> </thead> <tbody> <tr> <td>Australian shares</td><td>21</td><td>10–40</td></tr> <tr> <td>Overseas shares</td><td>26</td><td>10–40</td></tr> <tr> <td>Property</td><td>12</td><td>0–25</td></tr> <tr> <td>Alternatives</td><td>30</td><td>0–55</td></tr> <tr> <td>Fixed interest</td><td>6</td><td>5–35</td></tr> <tr> <td>Cash</td><td>5</td><td>0–30</td></tr> </tbody> </table>		Benchmark at 30/06/2016 %	Range %	Australian shares	21	10–40	Overseas shares	26	10–40	Property	12	0–25	Alternatives	30	0–55	Fixed interest	6	5–35	Cash	5	0–30	 <table> <thead> <tr> <th></th><th>Benchmark at 30/06/2016 %</th><th>Range %</th></tr> </thead> <tbody> <tr> <td>Australian shares</td><td>19</td><td>10–40</td></tr> <tr> <td>Overseas shares</td><td>24</td><td>10–40</td></tr> <tr> <td>Property</td><td>12</td><td>0–25</td></tr> <tr> <td>Alternatives</td><td>44</td><td>10–85</td></tr> <tr> <td>Cash</td><td>1</td><td>0–20</td></tr> </tbody> </table>		Benchmark at 30/06/2016 %	Range %	Australian shares	19	10–40	Overseas shares	24	10–40	Property	12	0–25	Alternatives	44	10–85	Cash	1	0–20
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Cash	1	0–20																																							
Risk level	Medium to high	Medium to high																																							
Returns history Compound average returns p.a. for period to 30 June 2016.	5-year 8.84% p.a. 7-year 8.94% p.a. 10-year 5.52% p.a. These returns are calculated after investment fees and taxes.	5-year 9.19% p.a. 7-year 9.49% p.a. 10-year 6.48% p.a. These returns are calculated after investment fees and taxes.																																							

Note: Past performance is not a reliable indicator of future performance and you should consider other factors before choosing a fund or changing your investments. Returns have been rounded to two decimal places.

Growth

- To achieve returns after tax and fees that exceed the inflation rate (as measured by the CPI) by at least 4% per year over rolling 10-year periods.
- To ensure as far as possible that the investment return members receive each year is competitive with comparable options in other super funds.



Benchmark at 30/06/2016 % Range %

Australian shares	27	15–50
Overseas shares	35	15–50
Property	12	0–25
Alternatives	25	0–70
Cash	1	0–20

High

5-year	9.74% p.a.
7-year	9.86% p.a.
10-year	6.22% p.a.

These returns are calculated **after** investment fees and taxes.



Did you know?

You can access financial advice about selecting an investment strategy that suits your objectives over the phone at no extra cost, by calling 1300 360 149.

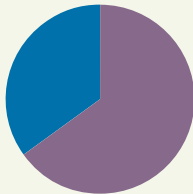
You can choose one or any combination of CareSuper's Managed and Asset Class investment options. The seven Managed options, detailed here, have a mix of investments predetermined by CareSuper.

Investment options

as at 30 June 2016 continued

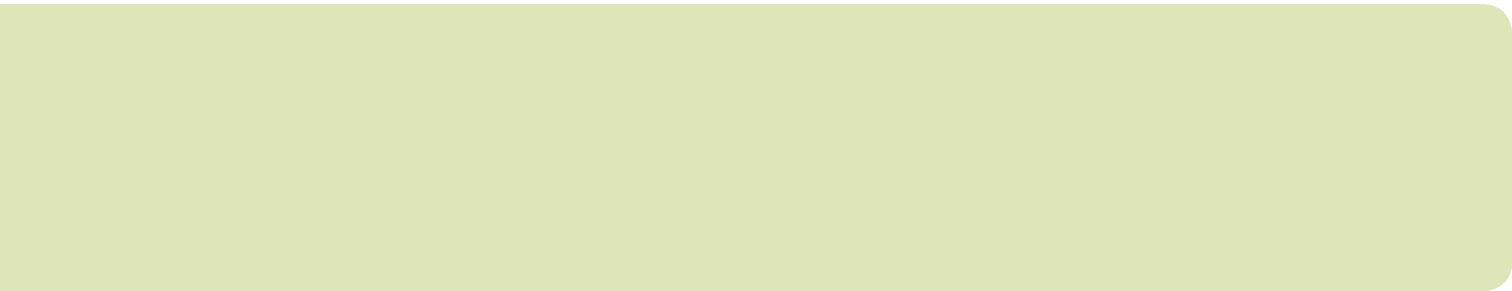
You can choose any one or a combination of the Asset Class options below or integrate with Managed options.

Asset class options

	Capital Secure	Fixed Interest	Direct Property^																		
Investment objectives	<ul style="list-style-type: none">To outperform the return of the Australian cash market (as measured by the UBS Bank Bill Index).To achieve returns after tax and fees at least in line with the inflation rate (as measured by the CPI) over rolling 5-year periods.	<ul style="list-style-type: none">To outperform the return of a mix of the Australian and overseas bond markets (as measured by a benchmark consisting of the Bloomberg AusBond Composite Bond Index and the Barclays Capital Global Aggregate Index [hedged]).To achieve returns after tax and fees that exceed the inflation rate (as measured by the CPI) by at least 0.5% per year over rolling 10-year periods.	<ul style="list-style-type: none">To outperform the return of the Australian direct property market (as measured by the Mercer Australian Unlisted Property Index [pre-tax]).To achieve returns after tax and fees that exceed the inflation rate (as measured by the CPI) by at least 3% per year over rolling 10-year periods.																		
Asset classes Benchmarks and ranges as at 30 June 2016.	100% cash or short-term money market instruments	<div><table><thead><tr><th></th><th>Benchmark at 30/06/2016 %</th><th>Range %</th></tr></thead><tbody><tr><td>● Fixed Interest</td><td>65</td><td>50–100</td></tr><tr><td>● Cash</td><td>35</td><td>0–50</td></tr></tbody></table></div>		Benchmark at 30/06/2016 %	Range %	● Fixed Interest	65	50–100	● Cash	35	0–50	100% direct property									
	Benchmark at 30/06/2016 %	Range %																			
● Fixed Interest	65	50–100																			
● Cash	35	0–50																			
Risk level	Very low	Low	Medium to high																		
Returns history Compound average returns p.a. for period to 30 June 2016.	<table><tbody><tr><td>5-year</td><td>3.12% p.a.</td></tr><tr><td>7-year</td><td>3.50% p.a.</td></tr><tr><td>10-year</td><td>3.75% p.a.</td></tr></tbody></table> <p>These returns are calculated after investment fees and taxes.</p>	5-year	3.12% p.a.	7-year	3.50% p.a.	10-year	3.75% p.a.	<table><tbody><tr><td>5-year</td><td>6.22% p.a.</td></tr><tr><td>7-year</td><td>7.00% p.a.</td></tr><tr><td>10-year</td><td>6.18% p.a.</td></tr></tbody></table> <p>These returns are calculated after investment fees and taxes.</p>	5-year	6.22% p.a.	7-year	7.00% p.a.	10-year	6.18% p.a.	<table><tbody><tr><td>5-year</td><td>8.93% p.a.</td></tr><tr><td>7-year</td><td>8.21% p.a.</td></tr><tr><td>10-year</td><td>6.51% p.a.</td></tr></tbody></table> <p>These returns are calculated after investment fees and taxes.</p>	5-year	8.93% p.a.	7-year	8.21% p.a.	10-year	6.51% p.a.
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[^] For liquidity purposes, these options may hold up to 10% in cash.

Note: Past performance is not a reliable indicator of future performance and you should consider other factors before choosing a fund or changing your investments. Returns have been rounded to two decimal places.



Australian Shares ^		Overseas Shares ^	
<ul style="list-style-type: none">To outperform the return of the Australian share market as measured by the S&P/ASX 300 Accumulation Index).To achieve returns after tax and fees that exceed the inflation rate (as measured by the CPI) by at least 4% per year over rolling 10-year periods.		<ul style="list-style-type: none">To outperform the return of the overseas share market (as measured by the MSCI World ex-Australia Index in \$A).To achieve returns after tax and fees that exceed the inflation rate (as measured by the CPI) by at least 4% per year over rolling 10-year periods.	
100% Australian shares		100% overseas shares	
Very high		High	
5-year	7.73% p.a.	5-year	12.63% p.a.
7-year	8.83% p.a.	7-year	11.52% p.a.
10-year	5.40% p.a.	10-year	5.96% p.a.
These returns are calculated after investment fees and taxes.		These returns are calculated after investment fees and taxes.	

Direct Investment option

CareSuper's Direct Investment option allows eligible members to invest a proportion of their super in their choice of:

- The securities that form part of the S&P/ASX 300 Index
- A range of exchange-traded funds
- A range of listed investment companies (LICs)
- A range of term deposits.

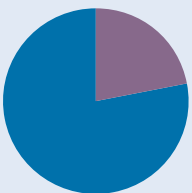
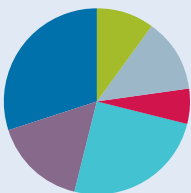
With a wide variety of available investments, sophisticated online access and up-to-date market information, the Direct Investment option gives members the flexibility to become more actively involved in managing their super. For more information visit caresuper.com.au/Dloption.

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Refer to the CareSuper Investment Guide for more information on all of the investment options. For information relating to fees, read **Fees and other costs**. For all pension investments information read the **CareSuper Pension Guide**. These documents are available on our website at caresuper.com.au.

Pension investment options as at 30 June 2016

Managed options

	Capital Guaranteed [#]	Capital Stable																														
Investment objectives	<ul style="list-style-type: none"> To achieve returns after tax and fees that exceed the inflation rate (as measured by the Consumer Price Index [CPI]) by at least 0.5% per year over rolling 10-year periods. To provide a full guarantee on capital and credited accrued interest. To provide 'smooth' returns which iron out market fluctuations and are never negative. 	<ul style="list-style-type: none"> To achieve returns after tax and fees that exceed the inflation rate (as measured by the CPI) by at least 2% per year over rolling 10-year periods. To ensure as far as possible that the investment return members receive each year is competitive with comparable options in other super funds. 																														
Asset classes Benchmarks and ranges as at 30 June 2016.	 <table> <thead> <tr> <th></th><th>Benchmark at 30/06/2016 %</th><th>Range %</th></tr> </thead> <tbody> <tr> <td>Fixed interest</td><td>22</td><td>0–50</td></tr> <tr> <td>Cash</td><td>78</td><td>50–100</td></tr> </tbody> </table>		Benchmark at 30/06/2016 %	Range %	Fixed interest	22	0–50	Cash	78	50–100	 <table> <thead> <tr> <th></th><th>Benchmark at 30/06/2016 %</th><th>Range %</th></tr> </thead> <tbody> <tr> <td>Australian shares</td><td>10</td><td>0–25</td></tr> <tr> <td>Overseas shares</td><td>13</td><td>0–25</td></tr> <tr> <td>Property</td><td>6</td><td>0–15</td></tr> <tr> <td>Alternatives</td><td>25</td><td>0–35</td></tr> <tr> <td>Fixed interest</td><td>16</td><td>0–50</td></tr> <tr> <td>Cash</td><td>30</td><td>10–70</td></tr> </tbody> </table>		Benchmark at 30/06/2016 %	Range %	Australian shares	10	0–25	Overseas shares	13	0–25	Property	6	0–15	Alternatives	25	0–35	Fixed interest	16	0–50	Cash	30	10–70
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Fixed interest	16	0–50																														
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Risk level	Very low	Low to medium																														
Returns history Compound average returns p.a. for period to 30 June 2016.	5-year 2.24% p.a. 7-year 2.47% p.a. These returns are calculated after investment fees and taxes.	5-year 7.59% p.a. 7-year 8.21% p.a. These returns are calculated after investment fees and taxes.																														

[#] Special note: It is the Trustees' intention that this option will be invested in the AMP Guaranteed Savings Account, managed by AMP Life Limited (AMP). AMP guarantees that contributions and their accumulated returns will not be reduced by negative investment returns. The asset allocation is determined by AMP. From time to time, funds may be invested in the term deposits of Authorised Deposit Taking Institutions. For liquidity purposes, the Trustee may hold a small allocation in cash.

Note: past performance is not a reliable indicator of future performance and other factors should be considered before choosing a fund or changing investments. Returns have been rounded to two decimal places.



Conservative Balanced			Balanced		
<ul style="list-style-type: none">To achieve returns after tax and fees that exceed the inflation rate (as measured by the CPI) by at least 2.5% per year over rolling 10-year periods.To ensure as far as possible that the investment return members receive each year is competitive with comparable options in other super funds.			<ul style="list-style-type: none">To achieve returns after tax and fees that exceed the inflation rate (as measured by the CPI) by at least 3% per year over rolling 10-year periods.To ensure as far as possible that the investment return members receive each year is competitive with comparable options in other super funds.		
	Benchmark at 30/06/2016 %	Range %		Benchmark at 30/06/2016 %	Range %
Australian shares	16	5–30	Australian shares	21	10–40
Overseas shares	20	5–30	Overseas shares	26	10–40
Property	7	0–15	Property	12	0–25
Alternatives	27	0–45	Alternatives	30	0–55
Fixed interest	10	0–50	Fixed interest	6	5–35
Cash	20	10–60	Cash	5	0–30
Medium			Medium to high		
5-year	8.52% p.a.		5-year	10.16% p.a.	
7-year	9.05% p.a.		7-year	10.55% p.a.	
These returns are calculated after investment fees and taxes.			These returns are calculated after investment fees and taxes.		

Note: past performance is not a reliable indicator of future performance and other factors should be considered before choosing a fund or changing investments.

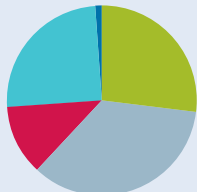















Pension investment options

as at 30 June 2016 continued

Managed options (continued)

	Sustainable Balanced	Alternative Growth																																							
Investment objectives	<ul style="list-style-type: none"> To achieve returns after tax and fees that exceed the inflation rate (as measured by the CPI) by at least 3% per year over rolling 10-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. 	<ul style="list-style-type: none"> To achieve returns after tax and fees that exceed the inflation rate (as measured by the CPI) by at least 3.5% per year over rolling 10-year periods. To produce a less volatile return profile than the Growth option by investing a significant component of the portfolio in alternative investments. 																																							
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Note: Past performance is not a reliable indicator of future performance and you should consider other factors before choosing a fund or changing your investments. Returns have been rounded to two decimal places.

Growth																				
	<ul style="list-style-type: none">• To achieve returns after tax and fees that exceed the inflation rate (as measured by the CPI) by at least 4% per year over rolling 10-year periods.• To ensure as far as possible that the investment return members receive each year is competitive with comparable options in other super funds.																			
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	High																			
	5-year	10.88% p.a.																		
	7-year	11.16% p.a.																		
	These returns are calculated after investment fees and taxes.																			

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Did you know?

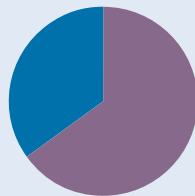
You can access financial advice about selecting an investment strategy that suits your objectives over the phone at no extra cost, by calling 1300 664 781.

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

Pension investment options as at 30 June 2016 continued

You can choose any one or a combination of the Asset Class options below or integrate with Managed options.

Asset class options

	Capital Secure	Fixed Interest	Direct Property^									
Investment objectives	<ul style="list-style-type: none">To outperform the return of the Australian cash market (as measured by the UBS Bank Bill Index).To achieve returns after tax and fees at least in line with the inflation rate (as measured by the CPI) over rolling 10-year periods.	<ul style="list-style-type: none">To outperform the return of a mix of the Australian and overseas bond markets (as measured by a benchmark consisting of the Bloomberg AusBond Composite Bond Index and the Barclays Capital Global Aggregate Index [hedged]).To achieve returns after tax and fees that exceed the inflation rate (as measured by the CPI) by at least 0.5% per year over rolling 10-year periods.	<ul style="list-style-type: none">To outperform the return of the Australian direct property market (as measured by the Mercer Australian Unlisted Property Index [pre-tax]).To achieve returns after tax and fees that exceed the inflation rate (as measured by the CPI) by at least 3% per year over rolling 10-year periods.									
Asset classes Benchmarks and ranges as at 30 June 2016.	100% cash or short-term money market instruments	<div><table><thead><tr><th></th><th>Benchmark at 30/06/2016 %</th><th>Range %</th></tr></thead><tbody><tr><td>● Fixed Interest</td><td>65</td><td>50–100</td></tr><tr><td>● Cash</td><td>35</td><td>0–50</td></tr></tbody></table></div>		Benchmark at 30/06/2016 %	Range %	● Fixed Interest	65	50–100	● Cash	35	0–50	100% direct property
	Benchmark at 30/06/2016 %	Range %										
● Fixed Interest	65	50–100										
● Cash	35	0–50										
Risk level	Very low	Low	Medium to high									
Returns history Compound average returns p.a. for period to 30 June 2016.	<div><div>5-year3.67% p.a.</div><div>7-year4.10% p.a.</div><div>These returns are calculated after investment fees and taxes.</div></div>	<div><div>5-year7.09% p.a.</div><div>7-year8.03% p.a.</div><div>These returns are calculated after investment fees and taxes.</div></div>	<div><div>5-year10.13% p.a.</div><div>7-year9.33% p.a.</div><div>These returns are calculated after investment fees and taxes.</div></div>									

[^] For liquidity purposes, these options may hold up to 10% in cash.

Note: past performance is not a guarantee of future performance. Returns have been rounded to two decimal places.

Australian Shares [^]		Overseas Shares [^]	
<ul style="list-style-type: none"> To outperform the return of the Australian share market as measured by the S&P/ASX 300 Accumulation Index). To achieve returns after tax and fees that exceed the inflation rate (as measured by the CPI) by at least 4% per year over rolling 10-year periods. 		<ul style="list-style-type: none"> To outperform the return of the overseas share market (as measured by the MSCI World ex-Australia Index in \$A). To achieve returns after tax and fees that exceed the inflation rate (as measured by the CPI) by at least 4% per year over rolling 10-year periods. 	
100% Australian shares		100% overseas shares	
Very high		High	
5-year	8.94% p.a.	5-year	14.07% p.a.
7-year	10.17% p.a.	7-year	12.95% p.a.
These returns are calculated after investment fees and taxes.		These returns are calculated after investment fees and taxes.	

Direct Investment option

CareSuper's Direct Investment option allows eligible members to invest a proportion of their super in their choice of:

- The securities that form part of the S&P/ASX 300 Index
- A range of exchange-traded funds
- A range of listed investment companies (LICs)
- A range of term deposits.

With a wide variety of available investments, sophisticated online access and up-to-date market information, the Direct Investment option gives members the flexibility to become more actively involved in managing their super.

For more information visit caresuper.com.au/PensionDloption.

Managing investments

CareSuper's Investment Policy

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

There are several sub-policies covering the investment governance framework, investment fees, currency, proxy voting and asset valuation. Each of these policies is reviewed on a regular basis.

CareSuper's assets are managed according to the investment strategy for each investment option that has specified asset allocation benchmarks or, in the case of the Managed options, an asset allocation range. The Trustee has developed an investment strategy after taking into consideration the Fund's overall circumstances, reviewing membership demographics, current market conditions and all applicable legislation.

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

- Produce real capital growth and income over time
- Manage investments with a defensive strategy
- Produce less volatile returns relative to peers
- Provide competitive returns
- Provide commensurate return for risk
- Manage liquidity
- Responsible investing, including the consideration of environmental, social and corporate governance issues
- Tax-effectiveness, and
- Costs.

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

The Trustee selects and appoints professional investment managers to invest members' assets consistent with the 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, with the exception of term deposits and the cash flow required for day-to-day operations. Licensed investment consultants advise and assist the Fund with all investment matters including the selection of investment managers whose investment objectives must be consistent with the requirements of the Fund. Constraints applied to the managers are consistent with the objectives and philosophy of the Trustee.

Investment risk

All investments have varying degrees of risk and can change in value. Risk can mean either a fall in the value of an investment, particularly over shorter periods, or an investment not meeting its investment objectives over the long term. When investing, some of the most significant risks are:

- Inflation
- Liquidity, and
- Financial loss.

For more information please see the **Investment Guide** or the **Pension Guide**. These documents are available for download from caresuper.com.au.

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.

Voting

Voting is a tool that shareholders, as owners of a company, can use to exert influence or send a signal to the board of a company. CareSuper considers voting best practice and exercises its voting rights on behalf of members where possible across the Australian and Overseas shares portfolios. CareSuper's voting history can be viewed [here](#).

Investment exposures

At 30 June 2016 the following investment managers held more than 5% of the Fund's assets.

Schroders Investment Management Australia	10.49%
- Schroders Global Dynamic Blend	4.67%
- Schroders Australian Equity	4.33%
- Schroders Fixed Income	1.49%
IFM Investors	10.40%
- IFM Enhanced Index Equity Fund	5.81%
- IFM Australian Infrastructure	1.94%
- IFM Specialised Credit Fund	1.20%
- IFM Infrastructure Debt	0.89%
- IFM International Private Equity III	0.40%
- IFM Australian Private Equity IV	0.07%
- IFM International Private Equity II	0.06%
- IFM Australian Private Equity III	0.02%
- IFM International Private Equity I	0.01%
MFS Investment Management	7.02%
Colonial First State	6.41%
DEXUS Wholesale Property Fund	5.24%

Unit pricing

CareSuper uses unit prices to calculate and report members' superannuation balances and apply investment returns in relation to investments in a Managed or Asset Class option. Every CareSuper member's account balance information includes the number of units they own, as well as the latest sell price. A buy price is usually the price applied when contributions are made into an investment option, at which time a member's account will be allocated units at the buy price. A sell price is usually applied when money is withdrawn from an investment option, including withdrawals from accounts for investment switches and payments, insurance premiums and tax deducted directly from an account. The sell price is used to calculate account balances. To find out additional details about buy-sell spreads and how unit prices are calculated, please see the **Member Guide PDS** and **Investment Guide**, or read the Pension Guide. These documents can be downloaded from caresuper.com.au.

Managing unit pricing errors

In the event of a unit pricing error deemed material in nature, CareSuper aims to correct the financial position of current and former members by an amount that would bring their account balance to a position as if no error had occurred. In determining an amount of compensation CareSuper will, where practical, use actual values. If these are not available estimates will be used.

Investment strategy – reserves

CareSuper maintains reserves designed to provide for known and potential commitments and contingencies. The Fund maintains two reserve accounts as follows:

- General Reserve, and
- Operational Risk Reserve.

Reserve management

The General Reserve is maintained as a percentage of net assets (currently 0.40% of net assets) and is reflective of the size of funds under management, the demographics of the member base and the perceived financial market conditions and liquidity risks. The Operational Risk Reserve (ORR) is maintained to provide for risks reflective of the size, complexity and business of the Fund (currently 0.30% of net assets). Reserves are formally reviewed on a quarterly basis.

The reserves are invested in a strategy (appropriate to the time frame and risk profile) which is reviewed annually by the Board. Each strategy is invested in existing asset classes held by the Fund and are maintained by the Fund's custodian.

CareSuper's reserves over the last three years		% of fund net assets
2015/16	\$101,124,254	0.91%
2014/15	\$94,919,144	0.92%
2013/14	\$76,510,177	0.85%

Fees

CareSuper is a 'profit for members' fund committed to maximising members' retirement savings. Therefore, fees are structured only to cover costs, not to make a profit for shareholders.

The Trustee always aims to minimise investment fees, but is also focused on achieving strong long-term returns, which have a significant impact on members' account balances. This combination of fees and investment returns is why we highlight the importance of 'net benefit'. Find out more about this approach below.

Understanding fees and costs

We believe it is important to ensure our fees are transparent and easy to understand. It is our policy to include underlying investment costs in fees disclosed to members, and we have always done so.

Indirect investment costs cover the cost of investing the Fund's assets and include base and performance fees paid to investment managers, asset consultant fees, bank fees and custody costs. Performance fees may be paid to an investment manager whose fee is linked to investment outcomes and are paid when the manager's portfolio performs above an agreed benchmark. CareSuper has a number of managers whose fees are aligned to their performance, predominantly in the Australian shares and alternatives asset classes. Where a performance fee is paid, a lower base fee applies.

These fees, known as the indirect cost ratio (ICR), are not taken directly from members' accounts, but deducted from investment earnings over the year and reflected in the calculation of unit prices. These investment expenses change from time to time because of changes in managers, performance and/or other fees. Any revisions to the ICR for an investment option will be available at caresuper.com.au.

Contributions tax

Contributions tax is deducted from employer and salary sacrifice contributions after the deduction of the administration fee and insurance premiums.

Estimated annual investment cost or Indirect Cost Ratio (ICR)

While the Trustee understands the importance of net returns, minimising investment costs is an ongoing goal for CareSuper.

CareSuper has always sought to demonstrate best practice and transparency around disclosure of all costs, including those relating to investments. One component of the ICR relates to manager costs which are incurred when a fund manager appointed by CareSuper in turn invests in a number of investment managers (referred to as 'fund of funds'). This is an additional layer of costs that may not be disclosed by some super funds and may be why CareSuper's ICR may appear higher than that of some other funds. CareSuper considers full disclosure of these costs as best practice and expects that more funds will report these fund of funds costs in the future.

The ICR varies according to the investment option. These costs are not deducted directly from an account but are deducted over the year from unit prices. Performance costs are deducted from unit prices as relevant investment manager performance objectives are met.



Find out more

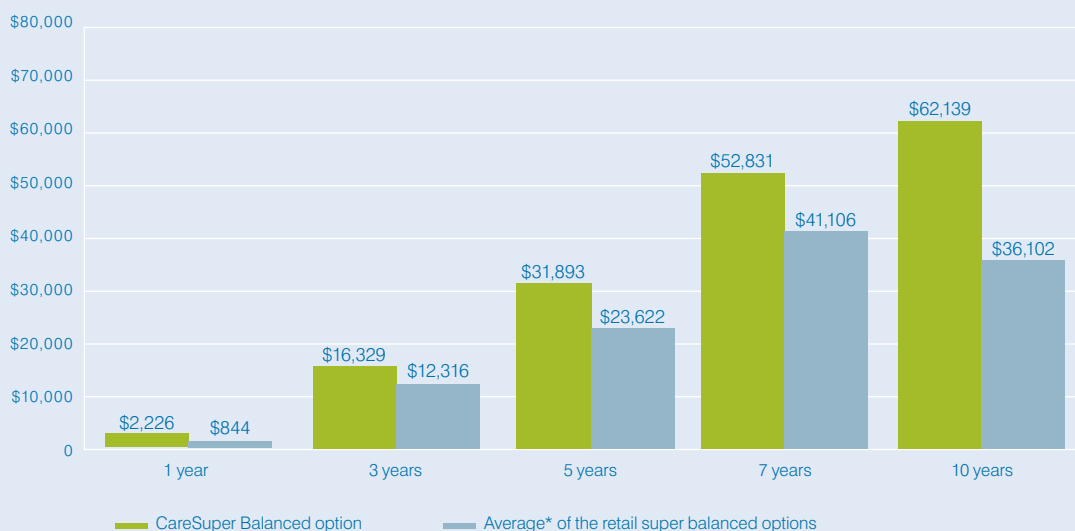
For information on the fees and costs associated with a CareSuper account, see **Fees and other costs**, or read the **Pension Guide**. These documents can be downloaded from caresuper.com.au.

The net benefit of a CareSuper account

It can be difficult to calculate the long-term effect of both returns and fees on super savings. See the difference not just fees but also investment performance have made over 10 years on the same starting balance.

Over 10 years, the CareSuper Balanced option returned over \$26,000* more than the average of the retail super balanced options surveyed by independent ratings agency SuperRatings.

Earnings are over 1, 3, 5, 7 and 10 years as at 30 June 2016.



* Comparisons modelled by SuperRatings, commissioned by Industry Super Australia Pty Ltd ABN 72 158 563 270 Corporate Authorised Representative No. 426006 of Industry Fund Services Ltd ABN 54 007 016 195 AFSL 232514. Modelled outcome assumes a starting balance of \$50,000 and initial salary of \$50,000 and shows the difference in net benefit of CareSuper's Balanced option and the main balanced options of the retail funds surveyed by SuperRatings, taking into account historical earnings and fees – excluding contribution, entry, exit and additional advisor fees – of the main balanced options. Outcomes vary between individual funds. The number of retail super funds surveyed varies for each period. Modelling as at 30 June 2016. Full assumptions of this modelling are available from industriysuper.com/footer/assumptions.

This information is general advice only and has been prepared without taking into account your particular financial needs, circumstances and objectives. You should consider your own investment objectives, financial situation or needs and read the Product Disclosure Statement prior to making an investment decision. You may also wish to consult a licensed financial adviser. Past performance is not a reliable indicator of future performance and you should consider other factors before choosing a fund or changing your investments.

Financial statements



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

CareSuper's financial statements can be viewed online at caresuper.com.au/governance. For a printed copy of the financial statements, call the CareSuperLine on 1300 360 149.



Go online

CareSuper's financial statement can be viewed online at caresuper.com.au/governance.

Information for members

Enquiries and complaints

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

Complaints can be made in a variety of ways – by telephone, email or letter (addressed to 'The Enquiries & Complaints Manager'). If an enquiry or complaint is made by telephone we will endeavour to answer it immediately. In some cases we may ask that a complaint is submitted in writing so it can be investigated further and we will provide a written response.

The procedures to follow, time limits and other details are included in **Making enquiries and complaints** available at caresuper.com.au/PDS or the **Pension Guide** available from caresuper.com.au/PensionGuide.

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

Low account balance policy

The accounts of members who are uncontactable or inactive and with a balance of less than \$4000 (since December 2015) will be transferred to the ATO in April and October each year. This threshold will change to \$6000 in December 2016.

Members who are uncontactable or inactive with an account balance of between \$200 and \$2000 will be transferred to the eligible rollover fund in June and December each year and any insurance cover with CareSuper will cease.

If you are transferred to CareSuper's eligible rollover fund, you will no longer be a member of CareSuper or have insurance cover through CareSuper. Different fees and costs apply to the eligible rollover fund, please contact AUSfund for details.

Temporary residents

CareSuper is required to pay the super of former temporary residents to the ATO if it has been more than 6 months since they departed Australia and their visa has expired or been cancelled.

The Trustee relies on relief from ASIC to the effect that it is not obliged to notify or give an exit statement to a non-resident in the above circumstances. Non-residents can apply to the Commissioner of Taxation to claim the unclaimed super under this Act.

Visit ato.gov.au for more information.

Contact details for CareSuper's eligible rollover fund are:

AUSfund
PO Box 543
Carlton South VIC 3053

Phone: 1300 361 798
Fax: 1300 366 233
International Tel: +61 3 9814 6400
Email: admin@ausfund.net.au
Website: unclaimedsuper.com.au

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

Super

call CareSuperLine
1300 360 149
Monday to Friday
8am to 8.5AEST

visit caresuper.com.au

email admin@caresuper.com.au

write CareSuper
Locked Bag 5087
Parramatta NSW 2124

Pension

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

visit caresuper.com.au

email pension@caresuper.com.au

write CareSuper Pension
Locked Bag 5042
Parramatta NSW 2124

CareSuper's registered address

Level 18, 31 Queen Street,
Melbourne VIC 3000.



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

Disclaimer: This Annual Report is issued by the Trustee of CARE Super, CARE Super Pty Ltd ABN 91 006 670 060, the holder of Australian Financial Services Licence 235226. The information contained in this Annual Report is about CARE Super 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. This Annual Report to Members is a regulated document that summarises the fund's performance over the past year. Past performance is not a reliable indicator of future performance and you should consider other factors before choosing a fund or changing your investments. The Trust Deed is the legal document governing your superannuation benefit. Other information about CARE Super: a copy of the Trust Deed, Investment Policy Statement, the Fund's audited accounts 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 go to caresuper.com.au or call the CareSuperLine on 1300 360 149.