

SEPTEMBER 2011

# YOUR SUPER

Your quarterly news talking all things super...

## Christian Super helps establish Australia's first social enterprise investment fund

Christian Super recently announced its investment in Australia's first community fund investment – the Community Finance Fund. Teaming up with the Brisbane based Foresters Community Finance and the Australian Government, this social impact investment allows Christian Super to continue its tradition as a pioneer in the Australian responsible investment community.

"We continue to look for investments that provide a good return whilst at the same time deliver good social benefits" said Peter Murphy, CEO of Christian Super. "With traditional investment markets so susceptible to market volatility, it is important to diversify into assets that are not exposed to those same market risks."

The community finance sector seeks to provide an alternate form of capital to service organisations, which can use their general recurrent funding to grow their asset based on their normal trading operations. "Instead of community service organisations paying rent to a landlord, community finance funding can facilitate community services organisations to build equity in their own premises" said Murphy. From an investment perspective, Tim Macready, Christian Super's Chief Investment Officer commented "We believe that Foresters' Community Finance Fund complements our investment strategy. It brings exposure to an emerging sector which has traditionally had less accessibility to finance but which has the potential to provide diversification to the more traditional assets that we have in the portfolio and meet our risk-adjusted investment performance objectives."

Speaking on the arrangement with Foresters and the Australian government Macready commented that "This investment, like all investments, involves risk, but the partnership with the Australian Government and Foresters adds security to a new asset class and protects our members' interests by making sure that those risks are both minimised and rewarded."



# MARKET UPDATE

Like a broken record, uncertainty and nervousness continued past the June quarter and well into July/August, and again we expect this uncertainty to remain for the foreseeable future.

The Australian dollar soared to a peak of almost \$1.10 against the US dollar, plummeted to \$0.99 cents and now sits somewhere in between, continuing to encourage Australians to look at purchases from overseas online.

Despite some signs of slowing, China still seems to be experiencing growth, and this should keep demand for raw material and resources strong for the short term at least, ensuring that the Australian economy does not suffer as much if the rest of the world slows again. But this is a double-edged sword. The high exchange rate is causing Australia to be less competitive in other industries, and if the resources boom ever stops we may find ourselves with serious problems.

Investors continue to be concerned about the ability of sovereign nations to repay the money they have borrowed. Concerns that started in Greece, Ireland and Portugal have now spread to Spain, Italy, Belgium and even France. Political will is a problem both in Europe and the United States – in Europe there is disagreement about what needs to be done. In the US there is agreement but both sides seem to be trying to play chicken with the economy for their own partisan political advantage. This brinkmanship resulted in S&P (a credit rating agency) downgrading the United States from AAA to AA+ at the start of August – a largely symbolic move but one that emphasised the long term concerns about the US economy and resulted in some jumpy behaviour in investment markets around the world.

The impact on Australian consumers is likely to be felt through marginally higher interest rates (it is costing the banks more to borrow money, which they then lend to customers) and inflation pressures. Continued unrest in North Africa and the Middle East does impact oil supply and therefore petrol prices. A lot of the cost increases have been absorbed by the higher Australian dollar, but if this fell back to more normal levels we could end up paying a lot more at an already expensive pump. The story with food and electricity could well follow the same path.



## Ask Gavin

Should I change my investment option to Ethical Cash? I am approaching retirement, so when should I move to a more conservative portfolio? Should I direct my superannuation guarantee payments to the cash option? Should I cease salary sacrificing?

The market volatility during August 2011 has triggered many of these questions. The important thing for individual investors and super fund members is to have a strategy in place and stick to it. Emotion and investing are a lethal combination that may cause us to make poor financial decisions.

When considering which investment option is right for you (or combination of options) you need to think about the following:

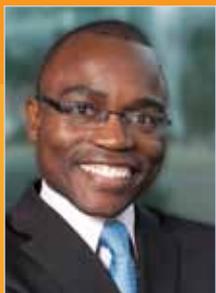
1. How long do you have to invest (think life expectancy not retirement age)?
2. How much of the money do I need to use each year (you can now hold a couple of years of your required income in the Ethical Cash option)?
3. How much risk are you prepared to take? Risk can be measured by volatility or how much you are prepared to see your investments go down in value.
4. What return do you need? It is great to have the certainty and stability of holding your funds in the Ethical Cash option but will it provide sufficient return for you to achieve your goals?
5. When is a good time to change to a more conservative investment option?
  - a. Generally the low point in the market is not the ideal time.
  - b. Try setting a target value of your super balance and move part of your funds to the desired investment option when the threshold is reached. Doing this at several milestones reduces the risk as well.
6. Whilst emotionally it is difficult to continue to invest during low points in the market (via your regular employer superannuation contributions or salary sacrifice for example) it actually means you are purchasing assets more cheaply. You could think of it as buying assets on sale.
7. If you do change to a more conservative investment option now, are you going to change back to your original investment option when the economy improves? Financial experts consider attempting to time the market in this way as fraught with danger. How as an individual do you expect to make it work? Usually individual investors sell out at a low point in the market, wait to feel more comfortable about the market and then buy back in. However, by the time you feel comfortable about the economy the market has usually already increased significantly and you end up creating a cycle of selling low and buying high. This is not the desired outcome, but it happens all too often.

Having a sound financial plan in place and not allowing the noise and emotion in the market place to alter your course is highly recommended in a volatile market.

Gavin Martin  
Cornerstone Wealth



*This information is general in nature and does not consider your personal situation. Should you desire personal advice, you should contact a Financial Adviser. If you call our Helpdesk, Christian Super can assist you in finding an Adviser.*



## Staff Spotlight

**Name:** Simba Marekera

**Age:** 27

**Position:** Investment Research Analyst

**Family:** Single. I grew up in Zimbabwe with two sisters and a brother. We are all split up around the world, but I have a brother in Perth, with the rest of the family in the US and Zimbabwe.

**Church:** Forward In Faith Ministries in Revesby

**Interests:** Social entrepreneurship, sports (especially soccer) and resting.

**Reading:** "Redeeming Love" by Francine Rivers

**Watching:** "Leverage" – a modern day Robin Hood story

**Eating:** Muesli – my new breakfast food. Goodbye bacon and eggs...

**Passion:** Community service. I started a scholarship fund for intelligent but low income students in Zimbabwe to give them an opportunity to go to school by fundraising in Australia and the US. ([www.seedsofafricafoundation.org](http://www.seedsofafricafoundation.org))

**What's your role at Christian Super?** My role involves doing research into new potential ethical investments for the Fund. The areas of focus are unlisted investments in property, infrastructure, alternative investments like microfinance, clean energy, sustainable agriculture, affordable housing and others. However, my role goes beyond the above to include other duties as needed within the Investment Team.

**What prepared you for this?** I am just finishing my Master's degree in Applied Finance at the Sydney Graduate School of Management (UWS) and I have an Electrical Engineering degree from Yale University (USA). Before Christian Super, I worked in corporate finance and investment banking with particular experience in the energy, infrastructure and property sectors.

**Best thing about your job?** There are so many aspects to my role that I rarely find myself doing the same thing over an extended period of time. At the end of the day, knowing that we are making investment decisions that we are proud of as individuals and that make us good stewards of God's gifts is the best part of this job.

**Passion for Christian Super?** I am proud that Christian Super stands out by applying biblical principles and Christian values in all we do, in an industry where the existence of God is rarely acknowledged.



# FINANCE FOCUS



## How to Engage a Financial Planner

Did you know that you can seek strategy advice from a financial adviser and chose your own super product to implement that strategy? For a Christian Super member that means if you choose to maintain your investments in Christian Super because this enables you to invest in line with your values, you can generally implement the recommendations proposed by your financial planner whilst using Christian Super.

When you seek advice from a financial planner they are often remunerated through the product they recommend. In the past this has been through commissions (generally a percentage of the value of the investment).

If you, as a Christian Super member, approached a financial planner for advice the recommendations would often involve you changing from Christian Super because Christian Super was not on the list of investments they recommend or receive remuneration from. Times are changing.

With new legislation being proposed and a general movement in the financial advice industry to a fee for service approach, more advisers are charging for the advice they provide - the strategies and structures to save you tax, time, risk and headache - rather than recommending a product from which they receive a commission. Often they are also comfortable with you paying them directly or agreeing on an amount to be paid via the investments you hold. This is not a commission; it is you agreeing with your adviser the price of his/her services and then working out the preferred payment method.

When seeking financial advice don't get caught accepting investments that are convenient for your adviser's remuneration structure but not in line with your own goals and values. Find a professional financial adviser who will focus on the strategy and structure of your investments and implement your financial plan to reflect your values and worldview.

# Brisbane Breakfast

You are warmly invited to our first Sausages & Super Breakfast to be held in Brisbane.

This is a unique opportunity to receive a financial market update from Christian Super CEO, Peter Murphy. Discover how your investments are performing and get your superannuation questions answered.

Financial planner, Gavin Martin of Cornerstone Wealth, will present some practical financial tools to help you maximise your super, get your finances in order and plan for your retirement. This is the only breakfast scheduled in Brisbane this year, so don't miss out!

Date: 7.30 - 9.30am, Tuesday 8 November 2011

Venue: 53 Prospect Road, Gaythorne  
(Queensland Baptist offices)

RSVP: [marketing@christiansuper.com.au](mailto:marketing@christiansuper.com.au)  
by Wednesday 2 November



## STEWARDSHIP FOUNDATIONS

### HONESTY

The third stewardship foundation is honesty. Our society contributes to the difficulty Christians experience in this by suggesting that honesty is relative. The Bible however reveals that God demands absolute honesty. The Lord wants us to become conformed to His honest nature.

As His people we are to reflect His honest and holy character "Be holy yourselves also in all your behaviour; because it is written, 'You shall be holy, for I am holy' (1 Peter 1:15-16). The people of God must be honest in even the smallest seemingly inconsequential matters.

Why does God demand absolute honesty?

- We cannot practice dishonesty and love God
- We cannot practice dishonesty and love our neighbour
- Honesty creates credibility for evangelism
- Honesty confirms God's direction
- Dishonesty is devastating

What to do when we have been dishonest:

1. Restore our fellowship with God (John 1:9)
2. Restore our fellowship with people (James 5:16)
3. Restore any dishonestly acquired property (Leviticus 6:4-5)

Ask God to show you any dishonest behaviour that should be changed, especially in the grey areas. Ask a close friend to encourage you and hold you accountable to be honest.

*"A righteous man who walks in his integrity  
- how blessed are his sons after him."  
Proverbs 12:19*

## NEXT WEBINAR

**Topic:** Estate Planning & Wealth Transfer

**Date:** Monday 14 November 2011

**Time:** 8.30pm EST (1 hour)

Learn how to get your family's finances in order, including: What is Estate Planning and Wealth Transfer? What should I have prepared for my family in case I die? What are the steps I need to take and when?

[CLICK HERE TO REGISTER](#)



## Contact details

### Helpdesk

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