

Member News



Market Update

Riding the Rollercoaster

The last twelve months might have felt like a bit of a rollercoaster for your superannuation. If you've been watching the markets closely you will have seen the dizzying highs and the stomach-churning lows as share markets around the world rise and fall, with seeming unpredictability.

Having soared to record highs in October of 2007, the Australian market steadily collapsed and by March had lost 20% of its value. However by mid-May almost half this loss had been recovered. This was reflected in stock markets around the world.

The bad news is that if you are in a growth option (such as Ethical Shares or Ethical Growth in Christian Super), you can expect a negative return when you receive your member statement for this year. Depending on what happens between now and June, some of the more conservative options may also see a negative return this year.

But the good news is that we've seen this sort of thing happen many times before. In just the last 8 years, it's happened three times, and every time the market has recovered in a fairly short time frame:

When did it happen?	How much did it fall?	How long did it take to recover?
After September 11, 2001	17.4%	18 months
After US invasion of Iraq, 2003	12.9%	5 months
Mid 2006	12.0%	6 months
Sub-Prime, 2008	20.0%	???

At Christian Super, we don't try to predict what the market will do over a short time frame. Our objective is to get the best long term returns for our members. That means investing in a range of markets - in Australia and Overseas. These markets rise and markets fall, but, given time, they recover and then continue to forge ahead.

Since the last year of negative returns, in 2003, Ethical Shares has returned 69.4%, and Ethical Growth 55.0%. This is even taking the recent drop into account. So we would encourage our members to remember that superannuation is a long term investment. It might be disconcerting to see your superannuation statement showing a negative return for the year, but over the long term, you can expect to see your super growing, so that you can have a purposeful retirement.

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Trustee election

Our last Member News in February included details for you to vote for the 4 member representatives on Christian Super's Trustee Board. We received a terrific response and are pleased to announce the following candidates were successful for three years starting 1 April 2008:

- David Bartlett (continuing)
- Trish Passmore (continuing)
- Graeme Mitchell (continuing)
- Ross Langford

We warmly welcome Ross Langford as a new director. Ross is the Head of Finance, Property and Administration at St George Christian School in Sydney. A Fund member since 2005, Ross is committed to serving the membership with sensible financial management, achieving competitive returns and providing high quality services.



Don't try to time the market

As the cover article suggests, investment markets are volatile at the moment. We are seeing many members switching between options.

But it is important to remember that superannuation is a long term investment. Consider your long-term time frame when making investment decisions. Some members might be tempted to make short term decisions and try to time the market while conditions are volatile. However there is a strong danger that, in doing so, you could miss out on sudden and unpredictable market rebounds.

Australian Shares over the last 28 years have returned 14.0% annually. However if you tried to time the market and got it wrong, missing out on just the best 10 days over that 28 year period, your return would be just 12.0% p.a. Instead of your \$1,000 growing to \$39,200, it would have grown to just \$23,890. So, if you're considering switching investment options, make sure you're making sound long-term decisions.



National office relocation

The National Office is moving to Rhodes, near the Olympic Stadium and the geographical centre of Sydney, in June 2008. The location in the heart of the Sutherland Shire has served the Fund well for the past 9 years, however, as the Fund looks to provide more support to its members, a more central location will be important in being able to attract quality Christian staff.

The extra space will also mean that Christian Super staff will be answering a number of calls that were previously answered by our administration provider. We believe that this will be an improvement in our provision of quality member care.

Investment returns to 30 April 2008*

Investment Option	Financial YTD	1 Year	3 Years	5 Years (%p.a.)
Ethical Shares	-8.4%	-7.8%	11.0%	11.4%
Ethical Growth	-4.4%	-4.1%	9.0%	9.5%
Ethical Balanced	-1.8%	-1.3%	8.2%	8.2%
Ethical Stable	0.3%	0.6%	6.6%	6.8%
Ethical Cash	4.5%	5.3%	4.9%	4.6%

* All returns are estimated and shown after tax and fees. Refer to our website for monthly updates and Pension Options returns.

Member survey

On the eve of the ANZAC Day weekend, the Fund sent a survey to all members for whom we have current email addresses. On return from the long weekend we had received over 500 replies!! The initial feedback from the survey suggests that members see superannuation as important in their long term financial planning, that they highly value the Biblical basis of the Fund's investment process and that there is a strong recognition of Christian Super.

As part of the survey, we asked members how we could improve Christian Super. Whilst there were some interesting responses like buying chocolates for Fund members, there seemed to be some consistency in that members are seeking more communication from the Fund (particularly electronically) and more assistance in the financial planning process. Over the coming months, the management and Trustees of Christian Super will explore these in greater detail with a view to implementing some of the suggestions. Congratulations to Paul Kerrison, Michael Skilbeck, Rita Grueing-Fankhauser and Fiona Stuart for their innovative suggestions - they have won i-pods for their efforts.

It is anticipated that the Fund will do this again in 2009. To be part of this process please contact us on 1300 360 907 to ensure that we have your most recent email address.



Ethical issues

Christian Super regularly prepares discussion papers on specific topics that impact the Fund's Ethical Investments. Recently the Ethics Committee has been considering the issues of waste stewardship and international issues. The following are brief summaries from the discussion papers, which are available in full as part of our Ethical Investments Library at www.christiansuper.com.au/content/EthicalLibrary.aspx

Christian Super always welcomes comment on our Ethical Positions and Discussion Papers. If you would like to contribute, please contact our National Office on 1800 45 1566.

Waste Management

As those given dominion of God's created world, part of our mandate includes the responsible stewardship of creation. As the psalmist writes, "The Earth is the Lord's, and everything in it." Creation still belongs to God, and we do not have a blank cheque for domineering or wasteful development.

Stewardship is the appropriate use of and care for creation. This includes appropriate use and care with the things that we throw away or dispose of. Business ecologist Paul Hawken sees our economy as having worn away the Protestant productive ethic of stewardship and replaced it with a consumption ethic based on cheap fossil fuels. This has led to massive problems of waste.

Waste often impacts most heavily on the poor and underprivileged of society - the very people whom Jesus sought out most. In the United States, low income areas or areas with a prevalence of racial minorities are more likely to house hazardous waste facilities. While export of waste for recycling overseas is to be commended, rich countries also have a strong tendency to export their toxic waste overseas to poorer nations.

All companies produce waste, and therefore our goal in investing is not to find companies that don't produce rubbish. However we do have a responsibility to manage the waste we produce, and Christian Super should aim to avoid companies that are excessively polluting, or wasting, and instead invest more heavily in companies that:

- Take responsibility for whole-of-life-cycle waste (by allowing consumers to return the product for responsible disposal once it is no longer of use) .
- Take steps to reduce the amount of waste generated (by recycling, finding alternative uses for waste products, etc).

Where our exclusion on adult stem cell research (see Member News - November 2007) is fairly simple to enforce, our desire to invest more in companies that are responsible stewards of waste is much more difficult. Nevertheless as a Fund we will continue to strive to implement biblical principles in all areas of our investments, including waste stewardship.



Sudan



Iraq

International Issues

When considering whether the Fund should invest in companies that have contentious operations in certain countries, the Fund needs to consider the impact those companies are having, and in particular of they are bringing benefit to underprivileged people within developing nations. The issues are often country-specific, and the results of discussions on three key countries are noted below:

Burma/Myanmar and Sudan

Given international concerns with government complicity in serious human rights abuses in Burma and Sudan, as well as calls from a legitimate Burmese government-in-exile to divest, the Fund will exclude from its investments any company with non-negligible operations in Burma or Sudan, where these companies:

1. Have a business relationship with the Burmese/Sudanese Government or a project related to that Government.
2. Provide minimal benefit to the nation's underprivileged.
3. Have not demonstrated a substantial corporate governance policy relating to their Burmese or Sudanese operations.

Côte d'Ivoire (Ivory Coast)

Given the apparent lack of compliance by the government of Côte d'Ivoire with the UN Sanctions, the Fund considers that any company operating in the country is in substantial danger. Additionally, given the importation of arms to private security firms, it is likely that companies with substantial operations in Côte d'Ivoire are employing security firms in violation of UN Sanctions. The Fund will therefore seek further information on any company with operations in Côte d'Ivoire.

Iraq

It is possible for the Fund can develop a position in relation to companies operating in Iraq without resolving the issue of whether the 2003 invasion was initially justified. Human rights abuses by US-led forces in Iraq have been well documented, and strong concerns have been raised about the operations of a number of companies operating in Iraq. Given these concerns, the Fund will take the approach of investigating western companies with major operations in Iraq, and exclude any company:

- That derives at least 5% of income from military operations in Iraq (including providing support to military forces, but not including profit made from reconstruction efforts); or
- That has any involvement with human rights abuses in Iraq.

Fund Updates

Fee change

In the lead up to the end of the financial year, members are reminded of the restructure in our fees. A new Expense Recovery Fee of 0.2% of assets was introduced from 1 October 2007 to better reflect the nature of costs incurred in our operational functions. This was partially offset by a reduction in our investment fees of 0.1% of assets. Members were advised of this in our last Member Guide (1 September 2007), however, in order to be completely transparent the Trustees wanted to bring this to the members' attention again.

Members should be reminded that we operate as a not-for-profit fund and our fee basis reflects the following core principles;

- Operational costs are largely funded by the Administration Fee and the Expense Recovery Fee.
- Investment related costs are reflected in our Investment Fees that are expressed as a percentage of asset values.
- The overall Fund charges are set at levels to ensure that costs are covered and that there is not an unnecessary build up of reserves.

We believe that the Fund's costs are competitive, however, if you have any queries, please contact the National Office.

Return calculation process

We have had some questions recently in relation to the way we calculate investment returns. Christian Super calculates performance on a weekly basis, and you may switch between options at any time. Investment switches are generally processed within a week of receipt.

Monthly performance figures are calculated by Christian Super's custodian, after receipt of information from a wide range of sources. They are generally available on or around the 15th of each month, and will be published on Christian Super's website as they become available.

Monthly performance can be found at www.christiansuper.com.au/content/InvestmentReturns.aspx

End of financial year arrangements

In many super funds, 30 June is a busy time as both members and employers send final contributions through for allocation in the financial year. If you are intending on making a contribution which you would like reflected on your Annual Statement, you may like to avoid the payment rush and send it through early. You will have received your personal BPAY details with the flyer attached to this Member News for an easy payment option or you can simply send us a cheque with your contribution details. Whatever your payment method, please ensure you also allow sufficient time for postal and banking processes to be actioned before the 30 June deadline.



We have also held discussions with our Administrator, Auditor and other service providers regarding our end of year planning and operations. It is important that we flag with members that our processing functions will be slightly delayed in early July. Should you anticipate seeking a benefit payment or require other urgent processing during this time, please contact the National Office direct so that we can make special arrangements for you.

Tax file numbers before 30 June

From 1 July 2007 and in accordance with taxation legislation, Employer SG contributions and Salary Sacrifice contributions are taxed at a higher rate - 46.5%, if the fund does not hold your Tax File Number (TFN). If we have already recorded your TFN, the concessional tax rate of 15% will continue to be deducted from these contributions. We are also unable to accept any personal member contributions from you if we do not hold your TFN.

There is no legal obligation for members to provide their TFN. However, members who are currently receiving regular Employer SG or Salary Sacrifice contributions have been contacted direct to request their TFN before 30 June so they can avoid paying an additional 31.5% tax. Our Helpdesk can provide you with specific details if you have any questions regarding your TFN.

Annual statements

Your Annual Statement is a record of your contributions and transactions during each financial year as well as confirmation of specific member details including your investments and insurance arrangements in the Fund. This year, Member Statements will be sent from early October, which is slightly later than previous years, but we want to incorporate the audited financial accounts in our Annual Report to Members.

If you require any specific details prior to this, you can log on to MemberAccess via our website to view your super account or contact our Helpdesk on 1300 360 907 for information.



CERTIFIED BY RIAA

Christian Super has been certified by RIAA according to the strict disclosure practices required under the Responsible Investment Certification Program. The Certification Symbol signifies that an investment product or service takes environmental, social, ethical or governance considerations into account along with financial returns. See www.responsibleinvestment.org for details.

KEEPING IN TOUCH

- Call the **Helpdesk on 1300 360 907** (local call cost)
- Log on to www.christiansuper.com.au
- Write to **Christian Super**
Locked Bag 5073, Parramatta, NSW 2124
- Fax 1300 367 828
- Email helpdesk@christiansuper.com.au

DISCLAIMER

The information in this newsletter is of a general nature and is provided in good faith - the Fund does not guarantee its accuracy. Readers should seek advice specific to their situation.

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