2016 ANNUAL REPORT

LIVING LIFE WITH FINANCIAL HEALTH AND UNDERSTANDING
Welcome

As Christian Super matures, there are some who have been members for 10, 20 and 30 plus years.

Thank you for your loyal support of Christian Super through our early days to now, where we have in excess of $1 billion funds under management and over 30,000 members and employers. We sincerely appreciate you.

Welcome to all of our new members and employers who joined Christian Super in the past year! Our desire is to serve our members by offering personal service, financial advice, regular communication, industry-best insurance protection and superannuation that is invested in line with your values to provide you with a well-resourced retirement. Thanks also to our new default employers for joining the growing number of businesses, organisations and ministries that are choosing Christian Super!

Financial & Social Returns This year’s Annual Statement was a giant step forward in how we report on your super performance. For the first time, we reported on your financial returns for the past 12 months and the social returns that your super contributed, both individually plus as part of the wider Fund. So now you can know how many MicroFinance loans your super was responsible for in developing countries and how many small, family businesses you protected through providing MicroInsurance. We are committed to developing more ways of measuring your social impact, thus providing accountability on both your financial and social returns.

Meet Sophie... She’s the star of Christian Super’s first ever television ad, currently being aired on the Australian Christian Channel to let other Kingdom-minded folk know how their super can be used to bring positive change throughout the world. During filming we were thrilled to discover that Sophie (aka Christie) was already a Christian Super member and a past student of Pacific Hills Christian School, a great friend of our Fund!

Thanks for recommending us! How encouraging it was to discover that 31% of our new members joined Christian Super upon the recommendation of a friend, family member or colleague. Thank you Christian Super advocates for sharing your passion about ethical investing and the impact it makes in the lives of people and communities. Keep up the good work encouraging your friends and families to share in the journey of creating global impact through their super.

We’re a social bunch! So it made sense for us to utilise social media channels like Facebook and Instagram to inspire and share our stories. Together we can impact more of God’s world through ethical investing. I invite you to join us online, follow us and share us with others.
I invite you to join us online, follow us and share us with others.

As a staff we have been going through the book of Nehemiah. I am reminded that in Chapter 3 God records in His eternal Word the names of those who helped rebuild the wall in Jerusalem. There were so many people that took part in this epic work. At Christian Super I am so thankful for all those who have taken part in building this organisation, including those in our Member Care Centre, the marketing team, our investment professionals, those in our administrative areas and finally our Board. It is such a privilege to be part of a team that is committed under God to see people live with financial health and understanding.

God bless

Peter Murphy
Chief Executive Officer
Making a difference AT HOME...
Maths Pathway helps schools with a tool to structure the right maths course, assess students, automatically assign individualised work, and conduct fortnightly formative assessment.

**Disability Advocacy and Information Service** is an independent community organisation providing a voice and empowerment to a diverse range of people with all types of disability, of all ages, and their carers.

**Southbank Institute** is a TAFE which provides vocational education and training facilities in an extensive range of subjects to over 20,000 students.

**Indigenous Consumer Assistance Network** provides consumer education, advocacy and financial counselling services to Indigenous communities nation-wide.

**Network of Community Activities** promotes and provides assistance with the establishment, resourcing and development of not for profit community based activities, in particular out of school services, which extend play, creative and community engagement opportunities for children in their leisure time.

**Newpin** offers a therapeutic, centre-based program that supports and empowers families to break the cycle of child abuse and neglect by providing safe, nurturing environments for their children.

**Artery Cooperative** work together to provide a sustainable and mutually supportive working environment for members and the wider arts community.

**Riverland Water** consists of ten water treatment plants that purify and deliver water to communities across rural South Australia.

**Southbank Institute**

- provides vocational education and training facilities in an extensive range of subjects to over 20,000 students.

**Newpin**

- offers a therapeutic, centre-based program that supports and empowers families to break the cycle of child abuse and neglect by providing safe, nurturing environments for their children.

**Artery Cooperative**

- work together to provide a sustainable and mutually supportive working environment for members and the wider arts community.

**Riverland Water**

- consists of ten water treatment plants that purify and deliver water to communities across rural South Australia.
Making a difference

**Enerkem** keep the community clean and green by recycling petroleum-based waste into fuel, chemicals and everyday products.

**SolarReserve** is a developer of advanced solar thermal technology and utility-scale solar power projects, which include electricity generation by solar thermal energy and photovoltaic panels.

**Laudex** provide affordable and flexible tertiary education loans to low income students who would otherwise struggle to afford their education.

**EcoSmart Technologies** produce organic, non-toxic and environmentally friendly pesticides and weed killers.

**AquaVenture Holdings** operate affordable and responsive services in water desalination, purification and wastewater treatment.

**Optima Energia** implements energy efficiency projects including implementing efficient municipal street lighting systems aimed at generating more than 50% electricity savings.

**Shoprite Group** is a retail chain that works with its suppliers to ensure food security, environmental sustainability and food safety.

**Bioenergy Patagonia** is dedicated to the production and marketing of biodiesel, with one of the largest and most efficient biodiesel plants in the world.

**Akiira Geothermal** developed and operates a 140 MW geothermal power project utilising the steam resources in the Kenyan Rift Valley.

**Community Impact**

**Environmental Sustainability**

**Microfinance**

**Renewable Energy**
Resolution Insurance provides health insurance to the under-served population of the East African region including small to medium enterprises, social groups, families and individuals.

Acapulco is building plants in Southern Africa that manufacture organically enhanced nitrogen based fertiliser, using human sludge as a key ingredient.

Grama Vidyal loans finance to women’s self-support groups to facilitate income generation projects.

Satin Credit Care provides loans to the urban and rural poor in Northern India to meet their production requirements in starting new businesses or growing existing ones.

Government Credit provides credit to micro-business owners and small scale farmers to start and grow their businesses and incomes.

Manila Water Company provides safe drinking connections and infrastructure to communities in the Philippines.

Dawn Microfinance offers loans ranging from USD 70 to USD 300 targeted at the 80-90% of Myanmar’s population that lacks access to formal financial services.

The Blue Circle focuses on developing wind and solar energy projects in Thailand, Vietnam and Cambodia.

ProCredit own over 20 microfinance banks in transition economies and developing countries globally, providing credit and banking services to lower and middle income savers.

Satin Credit Care offers loans to the urban and rural poor in Northern India to meet their production requirements in starting new businesses or growing existing ones.

PT Inti Duta Energy is focused on obtaining concessions, developing, constructing and operating mini-hydropower facilities.

Arnur Credit offers loans to the urban and rural poor in Northern India to meet their production requirements in starting new businesses or growing existing ones.

ProCredit offers loans ranging from USD 70 to USD 300 targeted at the 80-90% of Myanmar’s population that lacks access to formal financial services.

PT Inti Duta Energy focuses on developing wind and solar energy projects in Thailand, Vietnam and Cambodia.
95% AGREED ‘CHRISTIAN SUPER IS A TRUSTED EXPERT IN SUPERANNUATION FOR THE CHRISTIAN COMMUNITY’

What our members say
Have you ever made a personal commitment to Jesus Christ that is still important in your life today? **YES 99%**

How important is generosity to you?
- 39% Extremely important
- 50% Very important
- 11% Somewhat important

Do you have a household budget?
- 66% Yes
- 34% No

What do you consider to be the ultimate financial goal in life?
- 27% Providing for your family
- 25% Having enough money to give charitably
- 19% Saving enough for retirement
- 17% Having enough money to support your lifestyle
- 6% None of the above

How important is it for you to support the ministries of your church through regular financial giving?
- 63% Extremely important
- 25% Very important
- 10% Somewhat important
- 2% Not very important

97% agree Christian Super displays a strong Christian ethos

96% agree Christian Super shares my worldview

95% agree Christian Super is trustworthy in their ability to deliver good financial services

91% agree Christian Super provides good value for money

90% agree Investing in line with biblical principles is why I am a member of Christian Super

Source: Annual Member Survey, June 2016 - Barna Group
The Trustee

Christian Super is governed by a board of nine Trustee Directors

The Trustee of the Fund is Christian Super Pty Ltd. The role of the Trustee is to operate the Fund in accordance with its Trust Deed and relevant law. The Fund is regulated by various pieces of legislation including the Superannuation Industry (Supervision) Act 1993 (SIS) and the Corporations Act 2001. Christian Super is managed by a board of nine Directors. Four are elected by the Fund’s members, and serve for a term of three years. Another four are appointed by the Fund’s Principal Sponsor partners. The final director is an independent director appointed by the rest of the board. The Fund’s Principal Sponsor partners are:

- The Baptist Union of Australia
- Christian Education National
- Christian Schools Australia
- Churches of Christ
- Assemblies of God in Australia

All Trustee Board Directors undertake ongoing education and training relevant to their duties. Our website provides details about each Director. Directors receive reimbursement for their expenses and receive a Director’s fee as approved by the Principal Sponsor. Remuneration details for Directors and Senior Management are disclosed on the Christian Super website once they are finalised for the previous financial year (www.christiansuper.com.au/why-we-are-different/governance). Trustee sub-committees are:

- Audit and Compliance
- Board Governance and Remuneration
- Community Engagement
- Ethics
- Investment
- Risk

Trustee indemnity insurance
The Trustee is covered by Trustee Liability Insurance Cover.

Advisers to the Trustee
Many of the matters associated with running Christian Super are complex. The Trustee has appointed the following specialist independent organisations to assist it with the key operations of the Fund.

- Administration – Australian Administration Services Pty Ltd
- Custodian – State Street Global Services
- Auditor – EY (Ernst & Young)
- Insurer – Hannover Life Re Australasia
- Investment Adviser – JANA Investment Advisers Pty Ltd

Trustee
Christian Super Pty Ltd
ABN 68 065 040 619  ACN 065 040 619
AFSL No. 244117  RSE Licence No. L0000918
The Trustee met four times during the 2015/16 year. An Attendance Register for the last 10 years is available on the Christian Super website (christiansuper.com.au/why-we-are-different/governance). Various sub-committees of the Trustee also met on numerous occasions.

The Trustee Board comprises of:

**Member Representatives**
- Paul Campey – Director
- Ross Langford – Director
- Graeme Janes – Director
- Graeme Mitchell – Director

**Sponsor Representatives**
- Neville Cox – Chairman & Director
- Tony Deenick – Director
- Matthew Zschech – Director (resigned 30 June 2016)
- Mark Spencer - Director (resigned 30 September 2016)
- Yvonne Boswarva (appointed 1 October 2016)
- Ruth Limkin (appointed 1 October 2016)

**Independent Representative**
- John Peberdy – Deputy Chairman & Director
Compliance
Christian Super is a regulated superannuation fund under the Superannuation Industry (Supervision) Act. The Trustee lodged its annual return for 2016 as required by that Act and will continue to operate in accordance with all statutory requirements of superannuation, taxation and other relevant legislation.

Reserves
The Fund does not maintain an Investment Reserve but does hold a tax accrual reserve. This means that generally all investment earnings are allocated to member accounts in the year they are received. In addition the Fund maintains an operational risk reserve which is targeted to represent 0.255% of the Fund’s assets.

Derivatives statement
The Fund and its investment managers may use derivatives (such as futures and options) to assist with the effective management of the Fund’s investments, but derivatives are not used for “gearing” the portfolio.

Crediting of returns
Investment returns are calculated and allocated to members’ accounts on a weekly basis. Monthly returns are available from the Fund’s website, and you can call our Member Care Centre at any time for the latest investment performance.

Tax note
Tax adjustments (such as imputation credits) relating to certain investments in a financial year are not received by the Fund until the following year.

Contact Us
National Office
P 1800 45 1566 (free call)    F 02 9352 5299
E info@christiansuper.com.au
M Christian Super PO Box 3035 Rhodes NSW 2138

Member Care Centre
P 1300 360 907    F 1300 367 828
E helpdesk@christiansuper.com.au
M Christian Super Locked Bag 5073 Parramatta NSW 2124
W christiansuper.com.au
**Financial accounts (abridged)**

The following information is summarised from the Fund’s audited accounts.

As a member, you may request to see the Fund’s audited Financial Statements and the Auditor’s Report – if you wish to do so please contact the National Office.

### Operating statement 30/6/16 30/6/15

<table>
<thead>
<tr>
<th>Description</th>
<th>30/6/16</th>
<th>30/6/15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>$57,201,250</td>
<td>$39,987,955</td>
</tr>
<tr>
<td>Change in net market value of investments</td>
<td>($20,025,537)</td>
<td>$46,392,988</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$37,175,713</td>
</tr>
<tr>
<td><strong>Contributions revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer contributions</td>
<td>$85,733,835</td>
<td>$79,494,846</td>
</tr>
<tr>
<td>Member contributions</td>
<td>$22,298,116</td>
<td>$19,451,740</td>
</tr>
<tr>
<td>Transfers from other funds</td>
<td>$34,349,536</td>
<td>$94,155,430</td>
</tr>
<tr>
<td></td>
<td>$142,381,487</td>
<td>$193,102,016</td>
</tr>
<tr>
<td><strong>Other revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group life insurance proceeds</td>
<td>$3,852,254</td>
<td>$6,052,973</td>
</tr>
<tr>
<td>Other</td>
<td>$55,098</td>
<td>$262,398</td>
</tr>
<tr>
<td></td>
<td>$3,907,352</td>
<td>$6,315,370</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>$183,464,552</td>
<td>$285,798,329</td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration fees</td>
<td>$1,942,147</td>
<td>$1,959,588</td>
</tr>
<tr>
<td>Investment management fees</td>
<td>$4,814,178</td>
<td>$3,817,863</td>
</tr>
<tr>
<td>Group life insurance premiums</td>
<td>$8,097,213</td>
<td>$6,425,790</td>
</tr>
<tr>
<td>Other expenses</td>
<td>$5,324,914</td>
<td>$5,237,083</td>
</tr>
<tr>
<td></td>
<td>$20,178,452</td>
<td>$17,440,324</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>$163,286,100</td>
<td>$268,358,005</td>
</tr>
<tr>
<td>Benefits accrued before income tax</td>
<td>$7,349,657</td>
<td>$15,229,872</td>
</tr>
<tr>
<td>Benefits accrued after income tax</td>
<td>$155,936,443</td>
<td>$253,128,133</td>
</tr>
</tbody>
</table>

### Statement of financial position As at 30/6/16 As at 30/6/15

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 30/6/16</th>
<th>As at 30/6/15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Directly managed portfolios</td>
<td>$748,926,020</td>
<td>$659,125,189</td>
</tr>
<tr>
<td>Trusts and managed investments</td>
<td>$389,937,307</td>
<td>$405,550,947</td>
</tr>
<tr>
<td>Derivative assets</td>
<td>$1,621,310</td>
<td>$679,603</td>
</tr>
<tr>
<td></td>
<td>$1,140,484,637</td>
<td>$1,065,355,738</td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$4,988,554</td>
<td>$8,324,312</td>
</tr>
<tr>
<td>Receivables</td>
<td>$12,619,796</td>
<td>$6,951,948</td>
</tr>
<tr>
<td>Tax assets</td>
<td>$247,004</td>
<td>$169,598</td>
</tr>
<tr>
<td>Other assets</td>
<td>$793,863</td>
<td>$509,985</td>
</tr>
<tr>
<td></td>
<td>$18,649,217</td>
<td>$15,865,843</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$1,159,133,854</td>
<td>$1,081,221,581</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts payable</td>
<td>$3,675,181</td>
<td>$4,025,743</td>
</tr>
<tr>
<td>Tax payable</td>
<td>$12,540,800</td>
<td>$16,552,401</td>
</tr>
<tr>
<td>Derivative liabilities</td>
<td>$738,309</td>
<td>$372,350</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$16,954,290</td>
<td>$20,950,494</td>
</tr>
<tr>
<td><strong>Net assets available to pay benefits</strong></td>
<td>$1,142,179,564</td>
<td>$1,060,271,088</td>
</tr>
</tbody>
</table>

The following information is summarised from the Fund’s audited accounts.

As a member, you may request to see the Fund’s audited Financial Statements and the Auditor’s Report – if you wish to do so please contact the National Office.
Ethical High Growth

**RISK:** high

**100% growth**

**TARGET RETURN:** Achieve a 4% average annual return above inflation (CPI) over 10 year periods

**INVESTMENT FEE:** 0.80% pa

**INDIRECT COST RATIO:** 0.11% pa

**INVESTMENT OBJECTIVE**
- Exceed relevant survey median returns over 5 to 7 year periods
- Exceed Benchmark Portfolio returns over shorter periods

**ASSET ALLOCATIONS**
- Growth Assets
  - Australian Shares 40%
  - International Shares 44%
  - Growth Alternatives 10%
  - Property 6%

**HISTORY OF RETURNS OVER LAST 5 YEARS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>34.3%</td>
</tr>
<tr>
<td>14</td>
<td>15.7%</td>
</tr>
<tr>
<td>15</td>
<td>11.9%</td>
</tr>
<tr>
<td>16</td>
<td>0.44%</td>
</tr>
</tbody>
</table>

**5 YEAR AVERAGE ANNUAL RETURN**

9.07% pa  
*5 years to 30 June 2016

**RETURN FOR YEAR ENDING 30.06.16**

0.44%

**EXPECTED NEGATIVE RETURNS**

6 in 20 years

**SUITABLE TIME HORIZON**

AT LEAST 10 YEARS

MyEthicalSuper

**RISK:** high

**74% growth 26% defensive**

**TARGET RETURN:** Achieve a 3.5% average annual return above inflation (CPI) over 10 year periods

**INVESTMENT FEE:** 0.80% pa

**INDIRECT COST RATIO:** 0.10% pa

**INVESTMENT OBJECTIVE**
- Exceed relevant survey median returns over 5 to 7 year periods
- Exceed Benchmark Portfolio returns over shorter periods

**ASSET ALLOCATIONS**
- Growth Assets
  - Australian Shares 27%
  - International Shares 27%
  - Growth Alternatives 10%
  - Property 10%
- Defensive Assets
  - Fixed Interest 18%
  - Defensive Alternatives 8%

**HISTORY OF RETURNS OVER LAST 5 YEARS**

**5 YEAR AVERAGE ANNUAL RETURN**

7.88% pa  
*5 years to 30 June 2016

**RETURN FOR YEAR ENDING 30.06.16**

2.65%

**EXPECTED NEGATIVE RETURNS**

5 in 20 years

**SUITABLE TIME HORIZON**

AT LEAST 10 YEARS
INVESTMENT OPTIONS & PERFORMANCE

Ethical Balanced

- INVESTMENT FEE: 0.80% pa
- INVESTMENT OBJECTIVE: 48% defensive, 52% growth
- ASSET ALLOCATIONS:
  - Fixed Interest 48%
  - Defensive Alternatives 12%
  - Defensive Assets 8%
  - Growth Alternatives 8%
  - International Shares 17%
  - Growth Assets 5%
- HISTORY OF RETURNS OVER LAST 3 YEARS:
  - 6.30% pa

Ethical Stable

- INVESTMENT FEE: 0.08% pa
- INVESTMENT OBJECTIVE: 65% defensive, 35% growth
- ASSET ALLOCATIONS:
  - Fixed Interest 50%
  - Defensive Alternatives 6%
  - Defensive Assets 6%
  - Growth Alternatives 4%
  - International Shares 12%
  - Growth Assets 11%
- HISTORY OF RETURNS OVER LAST 5 YEARS:
  - 3.46% pa

Ethical Cash

- INVESTMENT FEE: 0.01% pa
- INVESTMENT OBJECTIVE: 100% cash
- ASSET ALLOCATIONS:
  - Fixed Interest 100%
  - Defensive Alternatives 0%
  - Defensive Assets 0%
  - Growth Alternatives 0%
  - International Shares 0%
  - Growth Assets 0%
- HISTORY OF RETURNS OVER UNDER 3 YEARS:
  - 2.03% pa

Investment Managers

at 30 June 2016

Australian Shares
- Ausbil Deca
- Goldman Sachs
- Integrity
- Tolko Small Caps
International Shares
- Colonial First State (Emerging Markets)
- Candisram
- State Street
- SG Investors
- Crayton
- Dexus
- AMP
- GPT
- Land Lease
- SG Macquarie
- Growth Alternatives
- IFM (Infrastructure)
- Microsoft (Microfinance)
- Shinhan (Credit)
- Stafford (Clean Technology)
- Internal Impact Portfolio

Defensive Alternatives
- AMP (Community Infrastructure)
- Triodos (Microfinance)
- Australian Farms Fund
- Management (Sustainable Agriculture)
- FTIF (Absolute Return Fixed Income)
- GAG (Absolute Return Fixed Income)
- GFDEEF (Renewable Energy)
- Internal Impact Portfolio
- Fixed Interest
- AMP
- Foresters Community Finance
- Internal Portfolio
- Kangaroo
- Cash
- Internal Portfolio

* Added since 30 June 2016

*net of fees & taxes

5 YEAR AVERAGE ANNUAL RETURN: 6.30% pa
3 YEAR AVERAGE RETURN: 6.86% pa
1 YEAR RETURN: 3.27%
0.80% pa
0.08% pa
0.01% pa
6.80% pa
6.86% pa
5 YEAR AVERAGE ANNUAL RETURN: 3.46% pa
3 YEAR AVERAGE RETURN: 2.03% pa
1 YEAR RETURN: 1.34%
5 YEAR AVERAGE ANNUAL RETURN: 2.03% pa
3 YEAR AVERAGE RETURN: 1.34% pa
1 YEAR RETURN: 0.84%
Choosing the right investment option can impact your super benefit payment for retirement. It’s an important decision and one to be made wisely and prayerfully.

We are pleased to help you better understand your investment options in order to make an informed choice based on your personal circumstances through using Christian SuperEquip. This is a self-driven, online limited advice tool which can assist you in choosing the investment option that is right for you.

If you are considering changing your investment option, we recommend you read the relevant section of our Investment Guide. This is available on our website www.christiansuper.com.au or you can contact our Member Care Centre on 1300 360 907 to request a copy.

You can access Christian SuperEquip simply by logging into your member account from the Christian Super website and selecting Christian SuperEquip from the Links tab.

That’s not all Christian SuperEquip can help you with. It will help you to consider:

1. Your investment options. Christian Super has five investment options to choose from (see options inside the fold-out).
2. Your tolerance to risk. Are you okay with fluctuation in your investment returns?
3. The income you can expect in retirement and the impact of increased personal contributions.
4. How much insurance you need to protect you and your family from unexpected adversity.

5 REASONS to be glad you’re with CHRISTIAN SUPER:

- We DON’T invest your money in companies that seriously violate human rights
- We DON’T support industries that use exploitation or predatory practices
- We AVOID industries that produce addictive or harmful goods and services
- We DO choose companies that are environmentally responsible, socially beneficial and financially strong
- We DO invest in companies that are ethical, honest, professional and accountable

CONTACT US:

Member Care Centre
1300 360 907

Website & online login
www.christiansuper.com.au