



How we invest your money

Effective 1 July 2024

The information in this guide forms part of the Product Disclosure Statement (PDS) of Catholic Super dated 1 July 2024.

Investment principles

We have investment options to suit every stage of life, so you can make a decision that's best for you. Before you select any investment options, you need to consider your own needs and objectives, how long you have to invest, how much risk you are prepared to take, and ways you can minimise risk.

How long are you investing for?

It is important to consider how long you have to invest when setting your investment strategy. Factors to consider include when you plan to retire and how long you will need your retirement savings to last.

If you have longer investment timeframes, you may be able to tolerate negative returns in the short term to gain higher returns in the long term. Investing in higher risk assets, such as shares, can generally provide higher long-term returns. If you're getting closer to retirement, or are already using your super to fund your retirement, then you may have a shorter timeframe to recover from any significant fluctuations to the value of your investments.

How much risk are you comfortable with?

All investments involve some level of risk, including the risk that you'll experience negative returns or a loss of capital. Generally, growth assets such as shares and property are more volatile and their values may fluctuate widely, particularly over the short term. Defensive assets, such as fixed interest and cash, are generally less volatile and fluctuate less in value than growth assets.

Diversification

Diversification is a method of reducing investment risk. It means spreading your investments across asset classes.

Diversification can help reduce the risk of low or negative returns in any year because a poor result in a particular investment may be offset by a good result in another. It is important to understand that there is a level of risk with all investments, and you can never totally remove investment risk.

Your investment strategy

An important part of successful investing is to set a strategy for the long term and regularly monitor investment performance to ensure it is meeting your personal objectives. Before making any decisions about investing your money, you should seek advice from a licensed financial planner.

Your investment choice

We offer a range of diversified and sector specific options. You can choose any combination of investment options.

Diversified options

Our diversified options have a mix of asset allocations determined by us. You can choose more than one diversified option, or combine it with any of the sector specific options.

Sector specific options

If you prefer to invest solely in a particular asset class, or want to choose your own asset allocation to create a diversified portfolio, you can choose to invest in one or more of our four sector specific options.

Investment options and performance

You can obtain the most recent investment returns and daily unit prices on [csf.com.au/investments](https://www.csf.com.au/investments) or request information from our Service Centre on **1300 655 002**.

The default option

As a new member, contributions made to your account will be invested in our default MySuper option, if you don't make a choice.

You can switch your options at any time, by logging into your account online, by completing the *Change your investments* form, or by calling the Helpline on **1300 655 002**.

Product Disclosure Statement

The information in this "additional guide" (Guide) forms part of the Product Disclosure Statement (PDS) for Catholic Super. The final authority on any issue relating to Catholic Super is the Trust Deed governing Catholic Super, any applicable Participation Agreement and the relevant insurance policy.

This Guide is issued by the Trustee and includes additional information relating to the product. It has been prepared without taking into account your personal objectives, financial situation or needs. You should consider whether this information is appropriate to your personal circumstances before acting on it and, if necessary, you should also seek professional financial advice. Where tax information is included you should consider obtaining personal taxation advice. This Guide was up to date at the time when it was prepared. Some information in this Guide is subject to change from time to time. If a change is not materially adverse, the updated information will be available on our website [csf.com.au](https://www.csf.com.au). A copy of any updated information can be requested free of charge by calling our Service Centre on **1300 655 002**. You should also refer to the relevant target market determination (TMD) for this product, available at [csf.com.au/tmd](https://www.csf.com.au/tmd)

Together Trustees Pty Ltd ABN 64 006 964 049, AFSL 246383 is the Trustee of Equisuper ABN 33 813 823 017 ("Equip Super") ("the Fund"). Catholic Super is a division of the Fund. MySuper Authorisation 33 813 823 017 672.

Changing your investment options

You can switch your investments at any time by logging into the members' area of our website csf.com.au, by calling the Service Centre on **1300 655 002**, or by completing the *Change your investments* form. You can switch some or all of your account balance (by nominating percentages), and/or future contributions.

If we receive your request to switch your investments prior to 4pm AEST on a Melbourne business day, it will be effective using the unit prices for that day. If your request is received after 4pm on a Melbourne business day, or on a public holiday, or on a weekend, then the change will be effective the next business day.

Frequent switching between investment options and trying to second-guess the market can be risky. You should only switch after a thorough review of your long-term investment strategy. We recommend you obtain financial advice before making any decisions about switching between investment options.

Unit prices

When you invest with Catholic Super, your money buys units in your nominated or default investment options. When you exit from Catholic Super, your units are sold at the latest unit prices available on the date your transaction is processed.

Unit prices go up and down according to investment performance and the unit price of an investment option will fluctuate to reflect investment earnings (which can be positive and/or negative) and deductions for investment fees, costs and taxes. These movements are ultimately reflected in your account balance.

Our latest unit prices are usually updated on our website by 10am on the second business day after the business day on which they are calculated. Unit prices are not calculated for weekends or Melbourne public holidays.

The publication of unit prices might be delayed as a consequence of abnormal market conditions or system failures. In such circumstances, Catholic Super will use its best endeavours to publish unit prices as soon as possible.

Unit prices are calculated after an estimate of investment fees and taxes are taken out. These estimates will be adjusted as information becomes available for the calculation of future prices.

What happens if we can't allocate the money we receive right away?

There may be rare instances when we are unable to allocate contributions or transfers in. This could be due to insufficient information received, or there may be a requirement you have not met.

When this happens, we do our best to contact you to find out any additional information we require. You will only start receiving investment returns once the money has been allocated to your account and units have been purchased.

If we cannot accept or allocate the money we received, we will return the amount without interest.

Interest earned on any unallocated money will be transferred to the Fund's administration reserve. This reserve is used to pay administration expenses and trustee reimbursed administration expenses incurred for the benefit of members.

What happens if we make a mistake when calculating unit prices?

While unlikely, and although we have controls in place to check for unit pricing errors, occasionally they may occur. Catholic Super follows industry practice if an error is made. Interested members can view the FSC Guidance Note 51 Errors in Pricing/Crediting Rates when Determining Scheme Interests - Correction and Compensation, on the Financial Services Council website at fsc.org.au

Managing your investments

Catholic Super's Investment Committee, comprised of directors and external advisors, sets the investment strategy and manages our investments.

External investment managers are used to provide members with the advantages of different investment management styles.

Different styles enable us to identify and take advantage of diverse opportunities with the potential to enhance returns to members and to manage risk.

You can find a list of our current investment managers on our website csf.com.au

Understanding each investment option

Asset classes

Shares

Shares, sometimes called equities, are part ownership of a company and are usually bought and sold on a stock exchange, such as the Australian Stock Exchange (ASX), or various stock exchanges overseas. Shares allow you to invest in companies of all sizes across a variety of industries, both within Australia and overseas. For Australian shares, franking credits are included in any investment returns.

Property

Property includes commercial, retail, and industrial properties such as office buildings, shopping centres, and factories. It also includes property trusts, which may be listed on stock exchanges (listed property) or not (unlisted property), both within Australia and overseas. Generally, our property investments are in the form of trusts rather than direct property investment.

Infrastructure

Infrastructure includes a broad range of assets, such as toll roads, airports, water utilities, power generation facilities, pipelines, schools, and health care facilities, to name a few. We may invest in infrastructure directly or through infrastructure trusts, which may be listed on a stock exchange, both within Australia and overseas.

Alternatives

Alternative assets cover a broad spectrum of potential investments that allow investment managers to take advantage of special opportunities in global markets. For example, this may include investments in private equity, multi-asset portfolios, and hedge funds.

Alternative fixed interest

Alternative fixed interest investments include lower rated credit investments such as high yield bonds or bank loans in either public or private markets. Lower risk hedge fund strategies may also be included.

Traditional fixed interest

Traditional fixed interest includes Australian and overseas bonds and securities, issued by federal and state governments and some companies, that generally operate like a loan with the regular interest payments acting as income. It may also include indexed bonds, which have returns that are indexed each year by the amount of inflation.

Cash

Cash investments include Australian cash, bank bills, and term deposits.

Benchmark allocations and permitted ranges

The pie charts shown on the next pages for each of the diversified options set out the strategic asset allocation. The actual asset allocation may vary from the strategic asset allocation shown, within the permitted ranges, from time to time depending on market movements, cash flows, and tactical investment decisions.

Comparing performance

The most recent investment returns, daily unit prices and information on our portfolio holdings can be obtained from our website, or by calling our Service Centre on **1300 655 002**.

Investment performance for your account is net of tax, investment expenses and other indirect investment costs.

You can use this information to compare Catholic Super's investment performance against other funds. If you are comparing our performance with other funds, it is important to ensure you take into account the underlying asset allocations, the investment related tax expenses/benefits and the objectives and management styles for the investment options you are comparing. Any variation in these factors can result in significant differences in the performance of the investment options you are considering.

You should also be aware that past performance is no guarantee of future performance.

Investment objectives

The investment objectives for the diversified investment options aim to earn investment returns higher than the inflation rate. Inflation is measured by the Consumer Price Index (CPI) published by the Australian Bureau of Statistics (ABS), which indicates the average change in prices paid for a 'basket' of goods and services.

The investment objectives are not forecasts or predictions. They simply represent a benchmark against which Catholic Super monitors performance.

Standard risk measure

Each investment option has a standard risk measure. The standard risk measure allows you to compare investment options and to understand any expected negative annual returns over any 20-year period.

The standard risk measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than you may require to meet your objectives. It is based on predictions of the future economic environment, which may change over time. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return.

Risk band	Risk label	Estimated number of years of negative returns over any 20-year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

Approach to responsible investment

The following sets out how Environmental, Social and Governance (ESG) factors are taken into account in selecting, retaining and realising investments made by Catholic Super.

Other than as stated below, Catholic Super does not have a set approach or timeframe within which we may monitor and review an investment's approach to the consideration of the ESG factors. How we deal with lack of adherence to these standards and considerations is also determined on a case-by-case basis.

The ESG factors include:

- **Environmental:** In addition to wider concern on general environmental issues such as environmental degradation and natural resource use, there is increasing recognition of the threat of climate change to the stability of the global economic and financial system. These risks need to be managed and new opportunities captured as the world transitions to a low carbon economy.
- **Social:** The way in which companies and enterprises manage their operations with respect to labour market practices, work health and safety, product liability and supply chain management (including modern slavery) can pose investment risk.
- **Governance:** Governance risks are a long-term threat to investor value and consider such things as board composition, director incentives and general remuneration, diversity and inclusion, and ESG oversight. These risks can be present in nearly all asset classes, including equity, corporate debt, property and infrastructure investments.

Other than as outlined for the Future Focus investment option, the Fund's responsible strategy is not seeking to take a moral or ethical position in the assessment of investments.

For investments in the following investment options: MySuper, Growth Plus, Growth, Balanced Growth, Balanced, Capital Stable, Australian Shares, Overseas Shares and Diversified Fixed Interest

Catholic Super believes that incorporation of ESG factors into its investment decision making is an essential component in meeting fiduciary obligations to members.

We take an integrated approach to the consideration of ESG factors across all asset classes (with the exception of the cash asset class), as relevant to the investment type and decision including risk and return considerations.

In selecting investment managers, Catholic Super is mindful of the general risk characteristics of each asset class and of the investment styles or approaches of each of the managers that it appoints. As part of the manager appointment and review processes, we will assess information on manager approaches to ESG integration and active ownership. The level of ESG integration included in an investment manager's strategy and the individual investment manager's capabilities are factors we consider as part of our investment manager selection process. Once appointed, we may monitor how asset managers integrate ESG and sustainability considerations across portfolio assets and their stewardship activities.

As active owners, we use our ownership rights to engage with investee assets and companies as well as with our investment managers, regarding governance, policies and management practices in order to promote sound investment outcomes.

Due to the number and diversity of assets in our portfolio, the majority of engagement activities are undertaken by our investment managers, on behalf of Catholic Super. For some listed shares and corporate fixed interest investments, engagement is also undertaken through industry initiatives and service provider partners. From time to time, we may also undertake direct engagement with corporate entities in which the Fund has invested or may become invested.

For investments in listed shares, we may also have the opportunity to vote, for example at company meetings. Exercising voting rights is an important tool for encouraging responsible corporate behaviour and expressing views regarding a company's strategy, leadership, remuneration and ESG practices and disclosure. More information is provided in the Fund's *Responsible Investment Policy*, which is available on our website.

Catholic Super is committed to practising active ownership through engagement and by working with investment managers to ensure voting rights are exercised appropriately. Our preferred approach is not to exclude particular companies or industries, but rather to use engagement and proxy voting to influence the behaviour of companies.

In exceptional circumstances, we may consider excluding certain securities or industries, where activity undertaken poses an ESG risk that may have a material impact on the Fund's investment performance¹, or on the sustainability of member outcomes² that are unable to be adequately managed through ESG integration.

These exclusions apply to directly held Australian and Overseas shares in investment mandates and corporate issuances directly held within traditional fixed income investment mandates, where we have an investment management agreement with the investment manager (referred to as listed equity and corporate fixed income ongoing)³.

Prior to exclusions being exercised, consideration is given to:

- the ability to manage the risk through asset stewardship, including engagement with the board and/or management of companies determined to be exposed to the ESG risk.
- the ability for exclusion of the activity to address the material impact on the Fund's investment performance¹ or on the sustainability of member outcomes²; and
- the impact of exclusions on the investment option's ability to meet investment objectives.

1 Material impact on investment performance means a real or potential measurable negative impact on absolute, peer relative and/or benchmark relative investment performance.

2 Material impact on sustainability of member outcomes means a real or potential negative impact on the Fund's reputation such that it could lead to measurable reductions in accounts growth, negative cashflow impacts or net increases in members leaving the Fund.

3 This does not apply to exposure to shares and corporate fixed income instruments (and derivatives thereof) that may be held in other asset classes such as Alternatives that may have a direct or indirect exposure to activities outlined for exclusion.

As a minimum, the listed equity and corporate fixed income portions of these investment options seek to exclude:

- Tobacco & tobacco-related products: Companies that derive greater than 5% of their revenue⁴ from the production of tobacco products (for example cigarettes, cigars, tobacco).
- Controversial weapons: Companies that derive greater than 5% of their revenue⁴ from the manufacture and/or production of the core weapon system, or components/services of the core weapon system, that are considered tailor-made and essential for the lethal use of chemical weapons, biological weapons, cluster munitions and landmines. This does not include nuclear weapons.
- Thermal coal: Companies that derive greater than 10% of their revenue⁴ from coal extraction for energy production (thermal coal mining).

Once instructed by Catholic Super, investment managers are expected to sell down the investment within a reasonable period and as market conditions allow. Catholic Super conducts periodic updates and verifications of the exclusions. However, in limited circumstances, the Fund may have exposure to a company or security that meets an exclusion criteria outlined, for example:

- where a manager is in the process of selling down a security, and/or is unable to do so due to a trading halt or other circumstances that impact disposal or liquidity, or
- where there is a change in data or calculation methodologies, including a change in revenue over the reporting period.

The activities that may be excluded can change from time to time⁵. More information is provided in the Fund's *Responsible Investment Policy*, which is available on our website.

Exclusions do not generally apply to asset classes other than those outlined above or to investments in pooled vehicles (for example unit trusts).

For investments in the following investment options: Index Diversified and Cash

Whilst the underlying investment managers may have various policies regarding the extent to which they take into account labour standards or environmental, social or ethical considerations when investing, due to the nature of these options, Catholic Super has not taken these factors into consideration in selecting investment managers for the investment options listed above.

For investments in the Future Focus option

The Future Focus option seeks to provide members with higher exposure (compared to the default MySuper option) to investments selected by the Fund's investment managers, based on alignment to certain ESG criteria.

This option invests mainly in growth assets such as shares, property and infrastructure, with the balance invested in more stable assets like fixed interest and other defensive assets.

The portfolio of this option is allocated across a number of investment managers and asset classes. Specific sustainability criteria are set by the investment managers for each asset class, other than the cash and property asset classes. For example, some asset classes have limitations on exposure to certain activities, companies or assets based on their potential to contribute adversely to environmental or social issues. Other asset classes seek to prioritise investments in activities, companies or assets that may contribute to improvements of certain environmental or social issues over the long term.

Detail on the criteria for each asset class is set out in the *Future Focus factsheet*, which is available on the Fund's website.

As a minimum, the listed equity and corporate fixed income portions of this investment option seek to exclude companies that generate greater than:

- 5% of their revenue⁴ from:
 - the production of tobacco products (for example cigarettes, cigars, tobacco)
 - the manufacture and/or production of the core weapon system, or components/services of the core weapon system, that are considered tailor-made and essential for the lethal use of chemical weapons, biological weapons, cluster munitions and landmines.
- 10% of their revenue⁴ from coal extraction for energy production (thermal coal mining), or the exploration and production of oil and gas.

This investment option invests a minimum of 20% of the portfolio in listed equities.

The various asset classes may have other investment restrictions applied based on ESG grounds.

Overall, this option seeks to limit exposure (to a greater extent than the MySuper investment option) to companies and assets that may contribute adversely to certain environmental or social issues.

⁴ Revenue refers to the income derived by a company from the relevant activity in a fiscal year. A company's revenue-based involvement is assessed based on either: actual revenues or percentage of revenues derived from the relevant area of involvement reported by the company; or, where a company does not report this information, an estimate of the revenue based on, for example, a review of business segment revenues, sales data and/or quantity and quality of disclosed product information.

⁵ Information used to exercise exclusions is provided by specialist third party research provider/s and/or underlying investment managers and some definitions and methodologies may differ across various research providers.

Diversified options

Growth Plus

Invests primarily in Australian and overseas shares, while providing some exposure to property, infrastructure and alternative assets. These are growth investments, with the property, infrastructure and alternative allocations providing some diversification from shares.

Who this option is designed for

This option is designed for members who are prepared to accept an aggressive asset allocation which has the potential to provide higher returns, but also increases the risk of a negative return.

Investment objective

Achieve a net return of at least 3.75% p.a. above CPI over rolling 10-year periods.

Minimum investment timeframe

The minimum suggested timeframe to invest is 10 years.

Standard risk measure

The risk level of this option is high, with a likelihood of negative returns occurring 4.7 years in a 20-year period.

Strategic asset allocation and ranges

Asset class	SAA %	Permitted range %
Australian shares	38	25-53
Overseas shares	44	30-58
Property	6	0-13
Infrastructure	6	0-13
Alternatives	4	0-15
Alternative fixed interest	0	0-10
Traditional fixed interest	0	0-10
Cash	2	0-10
Growth / Defensive	93 / 7	



Growth

Invests primarily in Australian and overseas shares, while providing some exposure to property, infrastructure and alternative assets. These are mostly growth investments, with small allocations to defensive assets, such as fixed interest and cash, providing some diversification.

Who this option is designed for

This option is designed for members who are prepared to accept an aggressive asset allocation which has the potential to provide higher returns, but also increases the risk of a negative return.

Investment objective

Achieve a net return of at least 3.5% p.a. above CPI over rolling 10-year periods.

Minimum investment timeframe

The minimum suggested timeframe to invest is 10 years.

Standard risk measure

The risk level of this option is high, with a likelihood of negative returns occurring 4.4 years in a 20-year period.

Strategic asset allocation and ranges

Asset class	SAA %	Permitted range %
Australian shares	33	20-55
Overseas shares	38	25-60
Property	5	0-15
Infrastructure	6	0-20
Alternatives	5	0-20
Alternative fixed interest	6	0-15
Traditional fixed interest	4	0-15
Cash	3	0-15
Growth / Defensive	82 / 18	



Balanced Growth

Invests mainly in growth assets such as shares, property and infrastructure, which are expected to earn higher returns over the long term, with the balance invested in more stable assets like fixed interest securities and other defensive assets.

Who this option is designed for

This option is designed for members who want a balance between risk and return, but who are prepared to accept an asset allocation weighted towards growth assets.

Investment objective

Achieve a net return of at least 3% p.a. above CPI over rolling 10-year periods.

Minimum investment timeframe

The minimum suggested timeframe to invest is 10 years.

Standard risk measure

The risk level of this option is medium to high, with a likelihood of negative returns occurring 3.7 years in a 20-year period.

Strategic asset allocation and ranges

Asset class	SAA %	Permitted range %
Australian shares	25	10-45
Overseas shares	30	5-45
Property	7	0-20
Infrastructure	9	0-20
Alternatives	5	0-20
Alternative fixed interest	7	0-20
Traditional fixed interest	12	0-30
Cash	5	0-15

Growth / Defensive 70 / 30



MySuper

Invests mainly in growth assets such as shares, property and infrastructure, which are expected to earn higher returns over the long term, with the balance invested in more stable assets, like fixed interest securities and other defensive assets.

Who this option is designed for

This option is designed for members who want a balance between risk and return, but who are prepared to accept an asset allocation weighted towards growth assets.

Investment objective

Achieve a net return of at least 3% p.a. above CPI over rolling 10-year periods.

Minimum investment timeframe

The minimum suggested timeframe to invest is 10 years.

Standard risk measure

The risk level of this option is medium to high, with a likelihood of negative returns occurring 3.7 years in a 20-year period.

Strategic asset allocation and ranges

Asset class	SAA %	Permitted range %
Australian shares	25	10-45
Overseas shares	30	5-45
Property	7	0-20
Infrastructure	9	0-20
Alternatives	5	0-20
Alternative fixed interest	7	0-20
Traditional fixed interest	12	0-30
Cash	5	0-15

Growth / Defensive 70 / 30



Balanced

Provides an even distribution between growth and defensive assets. The aim is to provide capital growth with reduced volatility.

Who this option is designed for

This option is designed for members who want a balance between risk and return.

Investment objective

Achieve a net return of at least 2% p.a. above CPI over rolling 10-year periods.

Minimum investment timeframe

The minimum suggested timeframe to invest is 10 years.

Standard risk measure

The risk level of this option is medium to high, with a likelihood of negative returns occurring 3.2 years in a 20-year period.

Strategic asset allocation and ranges

Asset class	SAA %	Permitted range %
Australian shares	19	5-40
Overseas shares	22	5-45
Property	6	0-20
Infrastructure	6	0-20
Alternatives	4	0-20
Alternative fixed interest	14	0-30
Traditional fixed interest	15	0-30
Cash	14	0-20
Growth / Defensive	52 / 48	



Capital Stable

Invests mainly in fixed interest securities and cash, which are expected to deliver stable but low returns over the long term, with the balance invested in shares and other growth assets.

Who this option is designed for

This option is designed for members who wish to select a lower returning asset allocation in exchange for more stability and security.

Investment objective

Achieve a net return of at least 1.5% p.a. above CPI over rolling 10-year periods.

Minimum investment timeframe

The minimum suggested timeframe to invest is 10 years.

Standard risk measure

The risk level of this option is low to medium, with a likelihood of negative returns occurring 1.8 years in a 20-year period.

Strategic asset allocation and ranges

Asset class	SAA %	Permitted range %
Australian shares	10	0-25
Overseas shares	12	0-20
Property	7	0-25
Infrastructure	8	0-15
Alternatives	4	0-20
Alternative fixed interest	14	5-40
Traditional fixed interest	31	10-45
Cash	14	5-35
Growth / Defensive	35 / 65	



Index Diversified

Invests mainly in growth assets such as indexed shares, which are expected to earn higher returns in the long term, with the balance invested in more stable assets like indexed fixed interest securities and cash.

Who this option is designed for

This option is designed for members who want a low-cost, diversified, passively managed investment option with a balance between risk and return, but who are prepared to accept an asset allocation weighted towards growth assets. Fees will be lower than other comparable actively managed investment options, but so are expected returns.

Investment objective

Achieve a net return of at least 2.5% p.a. above CPI over rolling 10-year periods.

Minimum investment timeframe

The minimum suggested timeframe to invest is 10 years.

Standard risk measure

The risk level of this option is high, with a likelihood of negative returns occurring 4.5 years in a 20-year period.

Strategic asset allocation and ranges

Asset class	SAA %	Permitted range %
Australian shares	30	10-50
Overseas shares	40	10-50
Property	0	0
Infrastructure	0	0
Alternatives	0	0
Alternative fixed interest	0	0
Traditional fixed interest	25	0-40
Cash	5	0-30
Growth / Defensive	70 / 30	



Future Focus

Invests mainly in growth assets such as shares, property and infrastructure, with the balance invested in more stable assets like fixed interest and other defensive assets. ESG (Environmental, Social, Governance) factors are considered when making investment decisions. See 'Future Focus' earlier in this guide for more details.

Who this option is designed for

This option is designed for members seeking a diversified investment aligned with a balance between risk and return, and some consideration of ESG factors, but who are prepared to accept a weighting towards growth assets. Some investments will be subject to screens or tilts aligned with the overall philosophy of the option.

Investment objective

Achieve a net return of at least 3% p.a. above CPI over rolling 10-year periods.

Minimum investment timeframe

The minimum suggested timeframe to invest is 10 years.

Standard risk measure

The risk level of this option is medium to high, with a likelihood of negative returns occurring 3.2 years in a 20-year period.

Strategic asset allocation and ranges

Asset class	SAA %	Permitted range %
Australian shares	15	5-30
Overseas shares	33	15-50
Property	10	0-30
Infrastructure	15	0-30
Alternatives	6	0-20
Alternative fixed interest	0	0-20
Traditional fixed interest	15	0-30
Cash	6	0-30
Growth / Defensive	70 / 30	



Sector specific options

Australian Shares

Invests in companies usually listed or expected to list on the Australian Stock Exchange (ASX). May hold small allocations to global companies from time to time.

Who this option is designed for

This option is designed for members who are prepared to accept an aggressive asset allocation which has the potential to provide higher returns, but also increases the risk of a negative return.

Investment objective

Outperform the S&P/ASX 300 Accumulation Index over rolling 5-year periods, adjusted for any applicable tax.



Minimum investment timeframe

The minimum suggested timeframe to invest is 5 years.

Standard risk measure

The risk level of this option is high, with a likelihood of negative returns occurring 5.8 years in a 20-year period.

Strategic asset allocation and ranges

Asset class	SAA %	Permitted range %
 Australian shares	100	85-100
 Cash	0	0-15



Overseas Shares

Invests in companies usually listed or expected to list on one or more overseas stock exchanges. May hold small allocations to Australian companies from time to time.

Who this option is designed for

This option is designed for members who are prepared to accept an aggressive asset allocation which has the potential to provide higher returns, but also increases the risk of a negative return.

Investment objective

Outperform the MSCI All Country World Index ex Australia (70% unhedged / 30% hedged) over rolling 5-year periods, adjusted for any applicable tax.

Minimum investment timeframe

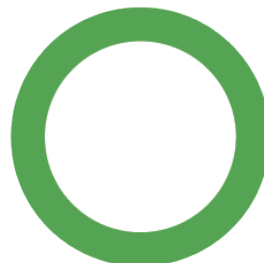
The minimum suggested timeframe to invest is 5 years.

Standard risk measure

The risk level of this option is high, with a likelihood of negative returns occurring 5.3 years in a 20-year period.

Strategic asset allocation and ranges

Asset class	SAA %	Permitted range %
 Overseas shares	100	85-100
 Cash	0	0-15



Diversified Fixed Interest

Invests in interest bearing bonds and some indexed bonds in Australia and overseas. Investments are made into government and corporate debt securities both above and below investment grade. Investments may also include lower risk alternative strategies and cash.

Who this option is designed for

This option is designed for members who wish to select a relatively defensive asset allocation with more stability and security than more aggressive asset allocation. This option is expected to generate modest returns over time, with a small but not zero chance of negative return in any 12-month period, and is considered to be more aggressive than Cash.

Investment objective

Outperform its benchmark, a mix of the Bloomberg AusBond All Maturities Composite Bond Index (50%) and the Bloomberg Barclays Global Aggregate Index (50%), hedged to Australian dollars, over rolling 5-year periods, adjusted for any applicable tax.

Minimum investment timeframe

The minimum suggested timeframe to invest is 5 years.

Standard risk measure

The risk level of this option is low to medium, with a likelihood of negative returns occurring 1.9 years in a 20-year period.

Strategic asset allocation and ranges

Asset class	SAA %	Permitted range %
Alternative fixed interest	0	0-60
Traditional fixed interest	100	40-100
Cash	0	0-30



Cash

Invests in money market securities, such as bank term deposits, bank bills and other liquid cash securities.

Who this option is designed for

This option is designed for members who wish to select a very defensive asset allocation with a low, but not zero, chance of a negative return with a stable but lower returns over the long term.

Investment objective

Outperform the Bloomberg AusBond Bank Bill Index over a year, adjusted for any applicable tax.

Minimum investment timeframe

There is no minimum period suggested for holding this option.

Standard risk measure

The risk level of this option is very low, with a likelihood of negative returns occurring 0 years in a 20-year period.

Strategic asset allocation and ranges

Asset class	SAA %	Permitted range %
Cash	100	100



Balancing risk and return

Risks

There is risk that investment returns are not what you expect and may be negative. Levels of investment risk are linked to the asset classes in which you have invested and a host of external factors such as investment market fluctuations, political and economic changes, natural disasters, pandemics and man-made influences such as outbreaks of war or terrorist acts.

Clearly, there is little you can do about external forces affecting your investments, but you can strongly influence outcomes through your choice of investment options.

As a rule of thumb, some growth investments that carry a greater risk may deliver higher returns over the long term. However, they can also produce negative results, particularly over shorter terms. As such, extended investment periods may be appropriate for investors with significant exposure to shares and property.

Returns

We present investment earnings as net returns in our reports. This is the return after tax and investment fees are accounted for. When you compare Catholic Super with other funds, you should ensure that their returns are after tax and investment fees are taken out.

The risk and return for diversified and sector specific options

For diversified options, you should consider the relative influence of the predominant asset classes in which they are invested. For example, in Balanced Growth, the risk is primarily influenced by the growth assets, shares and property.

When you invest in sector specific options, you are exposed to the performance of specific asset classes. If you choose sector specific options, we suggest that you consider diversifying your investment and spreading your risk. You should review your asset allocation at least once a year to ensure it is still consistent with your objectives.

To help you understand more about the asset classes available to you through Catholic Super and the risks associated with them, we suggest you read the information in this guide.

Risks of particular asset classes

Alternatives

The risks associated with well-selected alternatives depend on the type of investment. As we do not currently offer direct investments for members in the alternatives asset classes, their risk profiles are captured within our diversified investment options.

Cash

The risk associated with cash investments (money in the bank and term deposits) is generally minimal, although the investment upside is also minimal. Cash is a safe haven in times of economic uncertainty; occasionally you may wish to preserve capital by allocating some of your super to cash. There is a risk that the returns may be lower than the rate of inflation, or administration fees and taxes.

Fixed interest

The bond market is a complex trading environment, driven by economic factors, investor sentiment towards growth assets like shares and interest rate movements. In a rising interest rate environment, bonds can lose some of their capital value. Over the long term, fixed interest delivers lower returns than equities and property. However, there are times when the regular income payments that fixed interest provides make this type of investment attractive. We hedge any currency exposure we may have through overseas fixed interest securities fully back into the Australian dollar, so there is no currency risk.

Infrastructure

As we do not offer direct investments for members in infrastructure, the risks associated with such assets are captured in the risk profiles of the diversified investment options. Infrastructure assets are subject to some price volatility. Catholic Super prefers to invest in assets which are relatively mature and have actual cash flows.

Property

There is no direct property investment option. The risks associated with property, captured within our diversified options, are linked to economic drivers like employment levels, consumer confidence and, in particular, interest rates. Like shares, the long-term trend in property prices is upwards, but the market can flatten out and even be negative, particularly if there are sustained rises in interest rates. Historically, returns on property have been higher than bonds over the longer term but with higher risk.

Shares

Share markets go up and down, but generally trend upward over the long term. The risk associated with shares is linked to economic trends both in Australia and overseas, interest rate movements, political changes, consumer spending, employment levels, inflation, and investor confidence, a complex mix of financial measures. Some companies may fall out of favour or disappear altogether, which is why we invest in a number of companies and industry sectors.

An added risk when investing in international shares is currency fluctuations. If you are investing in overseas markets in Australian dollars, the value of your investment will decline if the Australian dollar's value increases substantially against other currencies.

Get advice

Everyone's tolerance to risk is different and often changes as we progress through life. If you are unfamiliar with the behaviour of investment markets and the economic influences on them, you should seek the advice of a licensed financial advisor.

A licensed financial advisor can assist you to identify your goals and determine the right balance of risk and return for you in the context of your personal circumstances and goals.



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