

## 2001 Annual Report

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## Chairman's Report

### What a year we had!

Your Fund achieved excellent results for Members in 2001. In the most difficult of conditions, especially the third quarter of calendar 2001, the Balanced Option (which is by far the most preferred amongst Members) has returned 5.1%.

If your Fund had been included in the survey conducted by InTech, the Balanced Option would have achieved the third best result of some 44 comparable fund managers operating in the Australian marketplace. Our sector-specialist Managers performed well (especially in Australian equities) and have confirmed the value of the decision made by Directors, nearly four years ago, to move to this style of investment management.

Of most importance to Members, however, is the regularity with which the Fund has been able to consistently produce "top-quartile "performance over a long period. The great majority of funds which hold themselves out as competitors of CSSF have not been in existence for 20 (or even 10) years, but whether one looks at the short term (1 or 3 years) or the long term (10 or 20 years) our Members have, over all of these periods, enjoyed "top quartile "performance as will be seen from the chart shown elsewhere in this Report.

There is, of course, another element to take into account and that is Member Fees. CSSF has consistently been one of the lowest cost operators in the Industry, and this has added to the growth of Member Funds over the years.

I would like to thank, on behalf of all Members, the Directors and the Staff at the Secretariat for their support, hard work and commitment to their respective roles.

The Board has, as its major objective, the security and growth of your entitlements. This is achieved not only by engaging highly skilled investment managers, but also by seeking expert advice from a range of sources covering accounting, taxation, legal and compliance issues. We are confident that your entitlements are being handled in a prudent and professional manner and that the Fund complies with all of the requirements of superannuation, taxation, corporation and trust law.

Please take time to read the whole of this Annual Report and bring yourself up to date with the achievements and developments of CSSF over the year.

J R Evans

Chairman.

## Investment Results

### CSSF still ranks among the TOP!

The following results, net after all charges and tax, have been achieved and rank CSSF as one of the best performing superannuation funds in Australia.

In last year's Report, we announced results which were among the best of any Funds in Australia. It is most pleasing to advise that CSSF has once more delivered excellent results, and it continues to rank as one of the top performing Funds over the short and long term.

The Balanced Fund earned 5.3% after all expenses and tax. The Directors have declared a return of 5.1% for Balanced Fund Members, with the balance of earnings transferred to the Investment Fluctuation Reserve. This is the 3rd best result of some 44 comparable Investment Managers, for the year. The 5 year average rate for the Balanced Fund is 9.4% p.a. which is 7.1% in excess of the 5 year CPI rate of 2.3% p.a. These excellent results mean that Members' benefits, by growing at rates substantially greater than inflation, will have greatly increased purchasing power, in retirement.

Members who have selected specific Sector Options will be credited with earnings at the rates set out below.

CSSF Return	
Australian Shares	15.5%
International Shares	-10.2%
Fixed Interest	4.6%
Property	9.8%
Balanced	5.1%
Capital Stable	5.4%
Ethical	6.9%
Cash	4.3%

The events of September 11 threw a pall over investment markets worldwide, and although Australian shares generally held up well, the consequences (when added to the general global recession, which was being experienced at the same time) were particularly felt in the US, European, and Asian markets.

A strong rebound in the fourth quarter has delivered good comparative returns, for Members. Most commentators are suggesting that the days of double digit returns are behind us, and that we must all reduce those "higher expectations" to more realistic and achievable single digit figures at least, for the next few years.

The strong performance of our two Australian Equity managers, and the contribution which they made to the Balanced Option return, can be gauged from the following table:

	<b>CSSF</b>	<b>Median</b>
<b>Australian Shares</b>	15.5%	10.5%
<b>Balanced</b>	5.1%	3.2%

The consistency of returns is especially noteworthy, as the following table shows:

<b>Term</b>	<b>Return</b>	<b>Quartile</b>
<b>1 year</b>	5.1%	1st
<b>3 years</b>	8.0%	1st
<b>5 years</b>	9.4%	2nd
<b>10 years</b>	10.4%	1st
<b>20 years</b>	11.9%	1st

During the year, the only change in the make-up of our Investment Managers, was the termination of the mandate which had been in place for a short period, with Tactical Global Management.

The Board felt that the likelihood of adding value through Tactical Asset Allocation was not high, and did not warrant the additional complexity, and time, which was required to overview same.

## Asset Allocation & Reserves

### The asset allocation for the Balanced Fund 2001

During the year the asset allocation was varied to increase the Fund's exposure to growth assets.

	2001	2000	Benchmark
<b>Australian Shares</b>	45%	38%	45%
<b>International Shares</b>	20%	26%	25%
<b>Fixed Interest</b>	16%	21%	15%
<b>Property</b>	10%	11%	10%
<b>Cash</b>	9%	4%	5%

After September 11 the Directors temporarily reduced the allocation of International Shares.

For comparative figures refer to Asset Allocation in the **2000 Annual Report**.

### Reserves

The Trustee maintains an Investment Fluctuation Reserve (IFR) in order to smooth results for Division A/B Members in the Balanced Fund, over time.

Movements over the past three years, have been as follows:

	Movement	Balance
<b>1999</b>	(\$327,932)	\$1,942,382
<b>2000</b>	\$552,331	\$2,494,713
<b>2001</b>	\$584,070	\$3,078,783

## The Fund's Finances

The financial Statements of CSSF for the year ended 31st December 2001 are summarised below. At the time this report was prepared, BDO, Chartered Accountants, were completing their audit. If there is any material change to these accounts a separate advice will be forwarded to all CSSF members.

### Operating statements for the year ended 31st December 2001

	2001(\$)	2000(\$)
<b>Revenue</b>		
Employer contributions	16,184,403	12,625,577
Member contributions	1,920,634	1,646,849
Transfers from other funds (inc. Division C)	4,879,852	9,745,990
Investment	9,452,838	14,591,252
Insurance claims	208,232	229,735
<b>TOTAL REVENUE</b>	<b>32,645,959</b>	<b>38,839,403</b>
<b>Expenditure</b>		
Administration	569,369	428,142
Audit	66,041	47,103
Directors' fees	79,875	84,376
Insurance premiums	818,893	864,409
Insurance claims	198,975	208,153
Investment management	196,140	277,823
Secretarial	304,796	195,894
Other operating	403,593	295,634
<b>TOTAL EXPENDITURE</b>	<b>2,637,682</b>	<b>2,401,534</b>
<i>Benefits accrued before tax</i>	30,008,277	36,437,869
Surcharge deducted	90,187	165,251
Income tax expense	<u>2,322,536</u>	<u>2,711,279</u>
<i>Benefits accrued after tax</i>	27,595,554	33,561,339
Less benefits paid/payable	<u>9,499,379</u>	<u>10,897,510</u>
<i>Benefits accrued as a result of operations</i>	18,096,175	22,663,829
Plus Members' funds at beginning of year	147,029,674	124,518,995
<b>MEMBERS' FUNDS AT END OF YEAR</b>	<b>165,125,849</b>	<b>147,182,824</b>

<b>(continued)</b>	<b>2001 (\$)</b>	<b>2000 (\$)</b>
<b>Statement of net assets as at 31st December 2001</b>		
<b>Investments</b>	164,348,195	146,627,725
<i>Other assets</i>		
Cash	5,553,720	5,621,520
Contributions receivable	1,125,990	811,897
Revenue receivable	793,225	1,003,966
Other	49,330	93,055
<b>TOTAL ASSETS</b>	<b>171,870,460</b>	<b>154,158,163</b>
<i>Less liabilities</i>		
Expenditures payable	144,668	207,387
Benefits payable	4,803,154	4,952,237
Current income tax	494,149	973,645
Deferred income tax	1,302,640	842,070
<b>TOTAL LIABILITIES</b>	<b>6,744,611</b>	<b>6,975,339</b>
<b>NET ASSETS</b>	<b>165,125,849</b>	<b>147,182,824</b>

## Further Information

CSSF managed commendable returns during the year 2001, despite world financial adversity. Check out the following:

- ▼ E-commerce
- ▼ Death & Disablement
- ▼ Allocated Pensions
- ▼ Election of Trust Company Directors
- ▼ School Visits
- ▼ Personal Benefit Account

### E-Commerce

More and more Members are taking up our Internet Option - especially as they learn that you do not have to be a computer-buff to access your Account details. The delivery of information over the Web is an important area of added-value for CSSF Members. Many Funds which are supposedly "member-service" oriented, have yet to embrace this technology, and their Members are being left behind in real-time access to information. More information, more quickly, creates the opportunity to maximise wealth (ie. make money!), so if you have not as yet signed up, please contact Craig Mason on (03) 9691 2900 and he will help you through the registration process.

**Members:** Once registered, you will receive your personal pin number, and have access to a range of information in respect of your personal Account - eg.

- Current account Balance
- Current beneficiary\*
- Current investment options\*
- Current levels of life cover\*
- Projected benefit calculations
- Many other items

\* Changes can be processed immediately by clicking on the appropriate icons within the website pages.

### Death & Disablement Benefits

\$198,975 was paid to Members, and/or their dependants during the year, to assist in the financial restructuring of families following difficult (often tragic) circumstances. The importance of the life insurance, and salary continuance benefits which attach to most Members, cannot be overstated. In many cases, they provide the only means of support immediately available, to help tide families over, until longer-term arrangements can be put in place. It is worth while checking the level of cover you have, and ensuring that it is sufficient to meet the needs that you, or your family require. If it is not, please contact the Secretariat Office to enquire about the possibility of increasing same.

### Allocated Pensions

The Government's move towards encouraging 'self-funded retirees' means that Members can now leave their accumulated savings within a Fund, and draw down a regular income, with significant tax advantages. CSSF provides a total service which is specifically designed around your overall needs, and fully flexible to adapt to life's changing circumstances.

- Monies are retained in your own CSSF Account
- There are no entry/establishment fees
- All Investment Options are available
- You can switch between Options, at no cost
- There is NO TAX payable on your Account Earnings
- We deduct PAYG tax, if applicable
- Pensions are paid direct to your Bank Account

### Election Of Trust Company Directors

Mr. G. F. Thornton retired on 1st April 2001 and Mr. B. P. Collins was elected to replace him. His term expired on 31st December 2001. On the 31st December 2001, the following Directors retired by rotation and were re-elected for a further 3 years.

<b>Member Representative</b>	<b>Employer Representative</b>
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Mr B. P. Collins

Mr. D. R. Watson

Mr. F. W. Reid

Mr. T. S. Wills Cooke

The Trustee has published rules for the appointment of Directors. Members may obtain a copy from the Inquiries Officer (see Contact Details). All Schools and Colleges and their employees who are members of the Fund, may nominate a representative to their respective Representative College. Directors are elected for three years and may be considered for re-election when their term of office has expired.

### School Visits - General Advice to Members

Mrs. Jane Hargreaves has been appointed as Manager/Customer Services, and she, together with other Secretariat personnel is freely available to visit Schools, address Common Rooms, and provide personal service to Members, Management Committees and Schools. There are some Schools where, despite best intentions of all concerned, we have not been able to obtain the access that we would like, to Common Rooms, and Members can assist greatly in remedying this. If your School has not been visited recently, please call Jane and make arrangements for her to come out. We are keen to develop a direct rapport with Members - either through a Common Room group, or where appropriate, individually.

### Personal Benefit Account

The fact that in excess of *800 members have elected to retain their funds within the PBA* on leaving service/retiring speaks volumes for this facility.

It is eminently suitable for members who:

- Are taking early retirement but do not wish to draw down on their super just yet.
- Are moving to another job but would prefer to leave their account with CSSF.
- Are taking short or long term leave, paid or unpaid, but expect to return to their job in due course.
- Are about to retire and want to draw down monies, eg. through an Allocated Pension.

Through your PBA you can:

- Continue to make contributions (or not) personally or through a new employer.
- Continue to select an investment option that suits your particular circumstances.
- Continue some life cover (or not).
- Draw down some money as required, subject to the Preservation Rules.
- Aggregate other superannuation accounts that you may have elsewhere, eg. Life offices, banks, etc.
- Transfer to your new employer or to your own D.I.Y. Super fund.
- Convert to an Allocated Pension with all the benefits that flow therefrom.

N.B. 100% of your account is rolled over to the PBA without any deduction - in many external funds deductions of up to 4% apply to the transferred amount.

For more information please contact Craig Mason at the Secretariat Office on (03) 9691 2900.

## Participating Schools

### Divisions A & B

Aitken College  
Bacchus Marsh Grammar School  
Ballarat and Clarendon College  
Ballarat and Queens Anglican Grammar School  
Beaconhills Christian Community College  
Belgrave Heights Christian School  
Billanook College  
Braemar College  
Canberra Grammar School  
Caulfield Grammar School  
Christ Church Grammar School  
Christian College Highton  
Flinders College  
Free Kindergarten Association of Australia  
Geelong Grammar School  
Gippsland Grammar  
Goulburn Valley Grammar School  
Haileybury College  
Heathdale Christian College  
The Knox School  
Launceston Church Grammar School  
Leibler Yavneh College  
Macedon Grammar School  
MLC School, Burwood - NSW  
Mountain District Christian School  
Mowbray College  
Newhaven College  
Overnewton Anglican Community College  
Rossbourne School  
Sophia Mundi Rudolf Steiner School  
St Andrews Christian College  
Sunshine Christian College  
Taylors Schools Ltd  
The Geelong College  
The Village School  
Trinity Anglican School - Cairns  
Trinity Grammar School - Summerhill, NSW  
Westernport Christian College  
Yarra Valley Grammar School

Combined Schools Superannuation Fund  
E-mail: [super@cssf.com.au](mailto:super@cssf.com.au)

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