

Newsletter

Investment Commentary

- Australian Equities performed well
- Stimulative/Expansionary policy settings
- Global Growth remains a risk
- Outlook for equity markets is broadly positive

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Review

The Australian sharemarket posted solid gains during the June quarter despite a degree of uncertainty in some global markets. The Australian market rose 11.7% compared with a 6.3% rise in the US and a 0.2% rise in the UK sharemarket.

The MSCI World Index, a measure of global sharemarket performance, rose 2.8% in US Dollar terms over the quarter. Despite this rise, concerns over a weaker global economy and further profit downgrades continue to unsettle markets. In Australian dollar terms, the MSCI World index actually fell 1.7% due to the stronger Australian dollar.

Economic activity in Australia showed signs of recovery in the June quarter but risks remain. Several companies issued profit warnings and the Reserve Bank allowed interest rates to fall.

Global activity also slowed, particularly in the United States and Europe resulting in corporate profit warnings and lower interest rates. Rate cuts will assist both economies, but this will take time.

Although activity in Australia and abroad is subdued, a turnaround is expected. Interest rates have fallen, governments have increased spending, fuel prices have come down and in Australia exports are strong.

Allocated Pensions

The interest shown by Members in our new Allocated Pension, and the take-up rate, has been absolutely beyond our expectations.

Initially, it was thought our low fees would be a major attraction, but not so! It seems that a great number of our Members (especially those who have been with CSSF for a number of years) are finding considerable comfort in the knowledge that their accumulated retirement monies are continuing to be managed by the same "people" that they have been with for many years, with whom they have full trust.

The flexibility of the system, combined with the very attractive tax concessions available, seems to suggest that we have created a win-win situation for both Members and the Fund. Members considering retirement over the next few years, are urged to make themselves au fait with the benefits arising from a CSSF Allocated Pension.



CSSF returns continue to be among best in Australia

	30/6/00 Unit Price	30/6/01 Unit Price	%
Australian Shares	1.26583	1.46341	15.6
Balanced Fund	1.14326	1.25047	9.4

Although CSSF balances to a year ending 31st December, the majority of Superannuation Funds balance as at 30th June, in line with the tax year.

In the past, it has been difficult to compare returns, due to the timing differential, but now that CSSF has transferred to Unit Pricing, the comparison can be done quite precisely.

The Australian Financial Review carried a lead article on 8th August, commenting on the returns of Super Funds for the Year Ending 30th June 2001, under the heading "Poor Performances put fees under the Microscope". It made the point that many Retail/Master Funds actually had a negative return for the year, but on average, returns from various sectors were to the order of:

Not-for Profit Funds	6.5%
Retail (Balanced) Funds	4.3%
Master Trusts (Balanced)	2.5%

These figures are in line with the results of the InTech Performance Survey, which showed the Median return from "All Managers" in Balanced Growth Funds was 5.4%.

CSSF PRODUCED A BALANCED FUND RETURN OF 9.4% FOR THE SAME PERIOD – WHICH WOULD HAVE PLACED IT 2ND OUT OF 37 OF THE MOST PROFESSIONAL FUND MANAGERS IN THE COUNTRY.

FOR THOSE MEMBERS WHO CHOSE AN AUSTRALIAN SHARE OPTION, THE RETURN FOR THE 12 MONTHS ENDING 30TH JUNE 2001 WAS 15.6%!!

What more needs to be said??

Perhaps only that these absolutely first class results, are being returned from an investment strategy which has a low risk tolerance, and is even more commendable, because of that.

**SUPERIOR RETURNS
LOWER RISK
MINIMUM FEES** = **HIGHER RETIREMENT
BENEFITS FOR
OUR MEMBERS**

Welcome to new director

Our last Newsletter recorded the retirement of Mr. Graham Thornton, a Member Representative Director. Since then, an election has been held and we are very pleased to welcome Mr. Brian Collins, from Braemar College, to fill the casual vacancy, up till 31st December 2001.

Visits to schools/colleges

Over the last few months, Secretariat Officers have visited many Schools and Colleges, addressing Common Rooms, and talking to Members individually. If your School has not had such a visit, and Members would like one, please contact Bruce or Craig Mason on (03) 9691 2900 to discuss potential dates, etc.

Member survey

Many thanks to those who completed and returned the Survey Form which was sent to all Members in June. The response of over 10% was excellent, and results are now being collated for review and consideration by the Board to ensure that the Fund continues to provide Members with the range of services which they seek.

Without doubt Member Communication is a major issue to be addressed. Despite many favourable comments about our Regular Newsletter, and our Web-site access/information there were too many comments from Members to the effect that they weren't aware of many of the Investment/Insurance Options; added value benefits; etc.

Whilst Members undoubtedly work in a very demanding environment, where time is at a premium, we must encourage people to take time out to look after their own affairs, and interests. At the same time, the Fund will make every effort to provide even better personalised service and advice to Members, in an effort to break down the "Communication barrier" that we are all faced with, in our working environment.

Maximising your retirement income

This is the second in a series of articles, which recount the gradual but perceptible shift of focus by retirees from the traditional "lump sum" to "a retirement income stream (ie pensions)". In last Quarter's Issue, we spoke in general terms, of the encouragement which the Government was offering, through tax concessions. In this Issue, we'll go into a little more detail.

Whether one calls it "grey power" or "the baby-boomer scenario", or whatever, there is no doubt that retirees have become a very powerful voting force, and to that end, recent tax changes allowing self-funded retirees further rebates on income have been specifically targeted. (These are in addition to the existing 15% tax rebate on income funded from Superannuation).

Just using the 15 per cent pension rebate can translate into an annual tax-free income of \$24,200 for a single person, or a combined tax-free amount of \$48,400 a year for a couple.

For those in the age pension group – men aged 65 or over and women aged 60 to 65, depending on when they were born – these amounts rise to about \$30,000 and \$52,800 a year respectively.

Take the fictitious Mr and Mrs Brown who are retired and aged 60. They each have \$300,000 in an allocated pension fund. They have chosen to receive an annual income of \$24,200 each from their allocated pension fund.

This is within their minimum and maximum income range, and is, in fact close to the midpoint of the income range.

Due to the 15 per cent pension rebate, the combined income of \$48,400 is tax-free. Provided their individual income is below \$29,122 a year, they will receive the new self-funded retiree rebate that helps to increase the amount of tax-free income. But that's not all. The figure can be even higher for people who make undeducted contributions to their superannuation fund – these are after-tax contributions from their wage or salary.

Undeducted contributions will be the subject of a further article in our next Issue, so why not start a folder with all our Issues, so that you can refer to various articles, from time to time, as the need arises?



Did you know

You can now join the CSSF/MBF's Health Plan over the Internet!

- Just log on to www.corporate.mbf.com.au
- Click onto Employee and enter the following:
User Name: group benefits
Password: 3kansas35

You can then...

- view your health cover options;
- get a quote straightaway;
- join on-line and get your MBF Membership number instantly – even if you are with another health fund;
- print useful forms such as claim forms.

Start enjoying the benefits of Corporate Membership today. If you switch to the Plan from another fund, you will get continuity of cover for services common to both MBF and your current health cover, so long as you have served your waiting periods.

Of course, if you need any other information regarding your Health Plan, you can always contact Corporate Member Services on 1300 653 525.

MEMBERS EQUITY, provider of **SUPER MEMBERS HOME LOANS**, has recently obtained a banking licence and plans to offer a range of low cost, basic banking products including a savings account, credit card, and personal loans.

Combined Schools Superannuation Fund Members have been taking advantage of the low cost home loan offered through Super Members Home Loans program, and will be amongst the first customers to be offered a competitive savings account in September of this year. It is hoped that in early 2002, the extended range of product offerings will become available to the wider membership base of Combined Schools Superannuation Fund.

For more information on Members Equity, including the low interest rates on offer through Super Members Home Loans, call 1300 654 990 or visit www.membersequity.com.au.

e-Commerce online!

The flyer included in our last Newsletter has had the required effect, with a surge of applications coming in for Registration, and issue of passwords, etc.

There are, of course, still a substantial number of Members who have not registered, and we will continue to give them a "nudge" now and again.

It is particularly worth mentioning, for those Members who like to keep a very close watch on market movements, that Unit Prices for each Investment Option although shown in this Newsletter, each Quarter, are in fact calculated monthly, and will be shown on the Web-Site, as soon as possible after calculation (usually around the 20th of the month, plus/minus a couple of days, depending on delivery of information from our various Managers).

New Arrangements for Personal Benefit Account (PBA) Members

All PBA Members should have received a letter in June explaining the extended range of Investment Options which were being made available from 1st July, accompanied by a decrease in investment management costs. If you have not responded as yet, please do so at your earliest convenience, in order to take advantage of the new arrangements which have been established.

The information contained herein reflects proposed Legislation at the time of preparation, and Trustees reserve the right to amend as required, should the final Legislation so require. No specific action should be taken, without reference to the Secretariat Office.

Level 9, 155 Queen Street
Melbourne Victoria 3000

GPO Box 4559 SS
Melbourne Victoria 3001

Telephone (03) 9691 2900
Facsimile (03) 9640 0787

Website: www.cssf.com.au

Member Investment Options – Unit Prices

The following are the respective Unit Prices for each Investment Option, as at 30th June 2001.

	Unit Price		%
	1/1/2001	31/3/2001	Increase
Australian Shares	1.30425	1.46341	12.20
International Shares	1.17737	1.15744	-1.69
Fixed Interest	1.08491	1.10260	1.63
Property	1.18105	1.23497	4.56
Balanced	1.19900	1.25047	4.29
Capital Stable	1.12254	1.15983	3.32
Ethical	1.19806	1.32336	10.45
Cash	1.08371	1.10827	2.26

Pick the index competition

Our last Quarter's competition, to predict the S&P/ASX 300 Index closing figure at 30th June 2001 was won by Susan Strong, from Christian College, Highton. The index was 3478.2 and Susan's entry was the closest.

Here we go, again!

As at 30th June 2001 the S&P/ASX300 Index was:

3478.2

Fax this page before 25th September 2001 to Combined Schools Secretariat (03) 9640 0787.

The winner will receive a voucher for an all-inclusive "Dinner for Two" at a 5 star Restaurant of their choice and a one year subscription to Personal Investment Magazine.

CSS S&P/ASX 300 Index Competition

Name: _____

School: _____

Phone: _____

My estimate of the S&P/ASX300 Index as at 30th September 2001 is: