

Equipsuper

ABN 33 813 823 017

Financial Statements

For the year ended 30 June 2023

Table of Contents

Table of Contents	1
Statement of Financial Position	2
Income Statement	3
Statement of Changes in Member Benefits	4 - 5
Statement of Cash Flows	6
Statement of Changes in Reserves	7
Notes to the Financial Statements	8 - 35
Trustee Declaration to the Members	36
Report by the RSE Auditor to the Trustee and Members	37

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	Notes	2023 \$'000	2022 \$'000
Assets			
Cash and cash equivalents		143,086	84,694
Receivables	16	694,923	892,914
Investments	6	31,937,219	29,328,808
Plant and equipment		826	2,940
Current tax assets		96,677	132,088
Total assets		32,872,731	30,441,444
Liabilities			
Payables	17	(208,136)	(298,482)
Derivative liabilities	6	(121,316)	(256,266)
Deferred tax liabilities	9	(512,094)	(300,258)
Total liabilities excluding member benefits		(841,546)	(855,006)
Net assets available for member benefits		32,031,185	29,586,438
Member liabilities:			
Defined contribution member liabilities	3	(29,834,724)	(27,425,104)
Defined benefit member liabilities	4	(1,439,590)	(1,659,719)
Total member liabilities		(31,274,314)	(29,084,823)
Total net assets		756,871	501,615
Equity			
Operational risk financial reserve		83,217	76,041
Administration reserve		102,510	94,091
Insurance reserve		7,245	6,901
Investment reserve		93,549	50,063
Defined benefit plans over funded		470,350	274,519
Total equity		756,871	501,615

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023 \$'000	2022 \$'000
Superannuation activities			
Interest		113,339	37,368
Dividend and distribution revenue		1,071,776	925,248
Other investment income		12,436	10,501
Changes in assets measured at fair value	7	2,009,016	(2,401,476)
Other income		5,970	1,875
Total superannuation activities income		3,212,537	(1,426,484)
Investment expenses		(87,713)	(93,810)
Administration expenses		(79,666)	(84,666)
Total expenses		(167,379)	(178,476)
Net result from superannuation activities		3,045,158	(1,604,960)
Net change in defined benefit member liabilities		68,597	(80,123)
Net benefits allocated to defined contribution member accounts		(2,668,959)	1,258,378
Net profit/(loss) before income tax		444,796	(426,705)
Income tax (expense)/benefit	9	(189,246)	272,112
Net profit/(loss) after income tax		255,550	(154,593)

The above Income Statement should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN MEMBER BENEFITS
FOR THE YEAR ENDED 30 JUNE 2023**

	Defined Contribution Members' Benefits* \$'000	Defined Benefit Members' Benefits* \$'000	Total \$'000
Opening balance as at 1 July 2022	27,425,104	1,659,719	29,084,823
Member contributions	355,495	1,485	356,980
Spouse contributions	1,882	-	1,882
Employer contributions	1,096,048	42,767	1,138,815
Transfers from other superannuation plans	340,165	33	340,198
Income tax on contributions	(162,070)	(5,211)	(167,281)
Net after tax contributions	<u>1,631,520</u>	<u>39,074</u>	<u>1,670,594</u>
Benefits paid to members/beneficiaries	(1,119,264)	(36,655)	(1,155,919)
Transfers to other superannuation plans	(903,261)	-	(903,261)
Insurance premiums charged to members	(52,994)	(5,426)	(58,420)
Death and disability benefits credited to members	35,760	375	36,135
Transfer of funds from defined benefit members	-	(148,900)	(148,900)
Transfer of funds to defined contribution members	148,900	-	148,900
Net benefits allocated comprising:			
Net investment income allocated	2,737,509	-	2,737,509
Administration fees**	(68,550)	-	(68,550)
Net change in defined benefit member benefits	-	(68,597)	(68,597)
Closing balance as at 30 June 2023	<u>29,834,724</u>	<u>1,439,590</u>	<u>31,274,314</u>

* Note that Defined Contribution balances that belong to Defined Benefit members are included in the Defined Contribution Members' Benefits column.

** Defined Benefit Administration fees are deducted from Employer Benefit Account (EBA) and not from the members' account.

The above Statement of Changes in Member Benefits should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN MEMBER BENEFITS
FOR THE YEAR ENDED 30 JUNE 2022**

	Defined Contribution Members' Benefits* \$'000	Defined Benefit Members' Benefits* \$'000	Total \$'000
Opening balance as at 1 July 2021	28,076,646	1,742,935	29,819,581
Member contributions	340,006	1,666	341,672
Spouse contributions	2,473	-	2,473
Employer contributions	1,004,262	36,244	1,040,506
Transfers from other superannuation plans	395,626	1,341	396,967
Transfer - Successor Fund Transfer	704,471	50,975	755,446
Income tax on contributions	(150,519)	(4,564)	(155,083)
Net after tax contributions	<u>2,296,319</u>	<u>85,662</u>	<u>2,381,981</u>
Benefits paid to members/beneficiaries	(978,567)	(56,419)	(1,034,986)
Transfers to other superannuation plans	(880,837)	-	(880,837)
Insurance premiums charged to members	(55,315)	(5,165)	(60,480)
Death and disability benefits credited to members	37,598	221	37,819
Transfer of funds from defined benefit members	-	(187,638)	(187,638)
Transfer of funds to defined contribution members	187,638	-	187,638
Net benefits allocated comprising:			
Net investment income allocated	(1,185,966)	-	(1,185,966)
Administration fees**	(72,412)	-	(72,412)
Net change in Defined Benefit member benefits	<u>-</u>	<u>80,123</u>	<u>80,123</u>
Closing balance as at 30 June 2022	<u>27,425,104</u>	<u>1,659,719</u>	<u>29,084,823</u>

* Note that Defined Contribution balances that belong to Defined Benefit members are included in the Defined Contribution Members' Benefits column.

** Defined Benefit Administration fees are deducted from Employer Benefit Account (EBA) and not from the members' account.

The above Statement of Changes in Member Benefits should be read in conjunction with the accompanying notes.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023 \$'000	2022 \$'000
Cashflows from operating activities			
Interest received		5,095	122
Insurance premiums paid		(59,376)	(60,300)
Other income		1,056	1,785
Administration expenses		(83,280)	(72,223)
Investment expenses		(63,465)	(67,080)
Other expenses		(258)	(1,362)
Death and disability benefits received		36,134	37,819
Income tax (paid)/refund		73,158	(222,199)
Net cash inflow/(outflow) from operating activities	15	(90,936)	(383,438)
Cashflows from investing activities			
Net (purchases)/sales of investments		511,599	(148,364)
Plant and equipment purchased		(303)	(333)
Net cash inflow/(outflow) from investing activities		511,296	(148,697)
Cashflows from financing activities			
Employer contributions		1,138,815	1,040,506
Member contributions		358,607	342,262
Spouse contributions		1,882	2,473
Benefit payments made to members		(1,156,811)	(1,035,485)
Income tax paid on contributions		(141,237)	(102,775)
Transfers from other superannuation plans		340,037	1,150,144
Transfers to other superannuation plans		(903,261)	(880,837)
Net cash inflow/(outflow) from financing activities		(361,968)	516,288
Net increase/(decrease) in cash		58,392	(15,847)
Cash at the beginning of the financial period		84,694	96,344
Transfer from Successor Fund Transfer		-	4,197
Cash at the end of the financial period		143,086	84,694

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30 JUNE 2023**

	Operational Risk Financial Reserve \$'000	Admin Reserve \$'000	Insurance Reserve \$'000	Investment Reserve \$'000	Defined Benefit plans over funded \$'000	Total \$'000
Opening balance	76,041	94,091	6,901	50,063	274,519	501,615
Transfer between reserves	-	5,418	-	(5,418)	-	-
Transfer to/(from) reserves	(294)	-	-	-	-	(294)
Operating result	7,470	3,001	344	48,904	195,831	255,550
Closing balance	83,217	102,510	7,245	93,549	470,350	756,871

**STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30 JUNE 2022**

	Operational Risk Financial Reserve \$'000	Admin Reserve \$'000	Insurance Reserve \$'000	Investment Reserve \$'000	Defined Benefit plans over funded \$'000	Total \$'000
Opening balance	78,300	86,988	7,926	71,599	411,442	656,255
Transfer between reserves	-	11,541	(181)	(11,360)	-	-
Transfer to/(from) reserves	(1,117)	-	(819)	-	-	(1,936)
Successor Fund Transfer in	1,889	-	-	-	-	1,889
Operating result	(3,031)	(4,438)	(25)	(10,176)	(136,923)	(154,593)
Closing balance	76,041	94,091	6,901	50,063	274,519	501,615

The above Statement of Changes in Reserves should be read in conjunction with the accompanying notes.

1. The Fund

Equipsuper Superannuation Fund (the “Fund” or “Equipsuper”) was originally established in 1931 by the State Electricity Commission of Victoria (SECV) to provide superannuation benefits for its staff. The Fund has developed into a multi-employer fund offering a diverse product range following the disaggregation of the SECV (1994) and various mergers.

The purpose of the Fund is to offer defined benefit and defined contribution benefits for members, account based pensions and defined benefit pensions for retired members and eligible dependents and rollover benefits for members who have terminated employment but not retired.

The Trustee company for the Fund is Togethr Trustees Pty Ltd (former name Equipsuper Pty Ltd) ABN 64 006 964 049 (the ‘Trustee’). The Trustee’s registered office is Level 12, 330 Collins Street, Melbourne VIC. Both the Trustee and the Fund are domiciled in Australia and registered with the Australian Prudential Regulation Authority (APRA). The Fund is a complying superannuation fund under the Superannuation Industry (Supervision) Act 1993.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements are general purpose statements which have been drawn up in accordance with Australian Accounting Standards, the Superannuation Industry (Supervision) Act 1993 and Regulations and the provisions of the Trust Deed.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated. The financial statements are prepared on a going concern basis.

The financial statements were authorised for issue by the Trustee’s board of directors on 26 September 2023. The Trustee’s board of directors have the power to amend and reissue this financial report.

(b) New accounting standards and interpretations

There are no standards, interpretations or amendments to standards that are effective for the first time in the financial year commencing 1 July 2022 that have a material impact on the amounts recognised in the prior or current periods or that will affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2023 reporting period. These have not been adopted early and have been assessed as not having a material impact.

(c) Changes to financial reporting requirements

The Fund is a registrable superannuation entity that is subject to amendments made to the Corporations Act 2001 by the Treasury Laws Amendment (2002 Measures No.4) Act 2022. These amendments are effective for financial years beginning on or after 1 July 2023 and bring registrable superannuation entities such as the Fund into the financial reporting provisions of the Corporations Act 2001.

Accordingly, for the Fund’s income year ending 30 June 2024, the Fund will be required to prepare an annual report, consisting of a financial report (including financial statements, notes and a directors’ declaration), a directors’ report (including a remuneration report) and an attached auditor’s report and auditor’s independence declaration. There will be no impacts to the recognition and measurement requirements utilised in the preparation of the financial report of the Fund as a result of these changes.

2. Summary of significant accounting policies (continued)

(d) Financial instruments

(1) Classification

The Fund's investments and derivative liabilities are classified as at fair value through profit or loss.

(2) Recognition and de-recognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets and financial liabilities from this date.

Financial assets and financial liabilities are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all the risks and rewards of ownership.

(3) Measurement

At initial recognition, the Fund measures financial assets and liabilities at fair value. All transaction costs for such instruments are recognised directly in the income statement.

Subsequent to initial recognition, all financial assets and financial liabilities are measured at fair value. Gains or losses are recognised in the income statement in the period in which they occur as net changes in fair value of financial instruments.

Further information on fair value of financial instruments is included in note 13.

(4) Offsetting

Financial assets and liabilities are only offset, and the net amount presented in the statement of financial position when the Fund has a legally enforceable right to set off the recognised amounts and it is intended either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(e) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(f) Receivables and payables

Receivables are carried at nominal amounts due which approximate fair value. Receivables are normally settled within 30 days.

Payables are carried at nominal amounts which approximate fair value. They represent liabilities for goods and services provided to the Fund prior to the end of financial year that are unpaid when the Fund becomes obliged to make future payments in respect of the purchase of these goods or services. Payables are normally settled on 30-day terms.

(g) Plant and equipment

Plant and equipment are carried at historical cost less accumulated depreciation and any accumulated impairment losses which approximate to fair value.

2. Summary of significant accounting policies (continued)

(h) Revenue recognition

Changes in the fair value of investments and derivatives are calculated as the difference between the fair value at sale, or at balance date, and the fair value at the previous valuation point and recognised in the income statement.

Interest revenue on cash and other financial assets carried at fair value is recorded according to the terms of the contract and recognised in the income statement.

Dividend and distribution revenue are recognised when the Fund's right to receive payment is established. Revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately as tax expense in the income statement.

(i) Income tax

The Fund is a complying superannuation fund for the purpose of the provisions of the Income Tax Assessment Act 1997. Accordingly, the concessional tax rate of 15% has been applied to the Fund's taxable income. Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted at the balance date.

Income tax in the income statement for the year comprises current and deferred tax.

Current tax assets and liabilities are measured as the amount expected to be recovered from or paid to the taxation authorities for the current year and any adjustment to tax payable in respect of prior years.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the amounts used for taxation purposes. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

Deferred tax assets and liabilities can be offset when they relate to income taxes levied by the same taxation authority and the Fund intends to settle its current tax assets and liabilities on a net basis.

(j) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or expense item or as part of the cost of acquisition of the asset, as applicable; or
- when receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing activities which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

2. Summary of significant accounting policies (continued)

(k) Foreign currency

The functional and presentation currency of the Fund is Australian Dollars, which is the currency of the primary economic environment in which it operates.

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in the income statement in the period in which they arise.

(l) Member liabilities

Defined benefit members liabilities are measured as the amount of a portfolio of investments that would be needed as at the reporting date to yield future net cash inflows that would be sufficient to meet accrued benefits as at that date when they are expected to fall due.

Defined contribution member liabilities are measured as the amount of member account balances as at reporting date.

(m) Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The significant accounting policies have been consistently applied in the current financial year and the comparative period, unless otherwise stated. Where necessary, comparative information has been represented to be consistent with current period disclosures.

Fair Value of Investments

When the fair values of the investments recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. Further information on the techniques used is included in note 13.

Changes in assumptions about these factors could affect the reported fair value of these investments.

Valuation of defined benefit member liabilities

The amount of the liabilities in relation to defined benefit members has been determined using actuarial valuation techniques and assumptions. An actuarial valuation involves making various assumptions about the future. Actual developments in the future may differ from these assumptions. The assumptions relate to member turnover, future investment returns, pension indexation rates, mortality rates and future salary increases. Due to the complexities involved in the valuation and its long-term nature, defined benefit member liabilities are highly sensitive to changes in these assumptions. Assumptions are reviewed at each reporting date.

Refer to Note 4 for more information.

2. Summary of significant accounting policies (continued)

(n) Insurance

The Fund acts in the capacity of an agent with respect to insurance arrangements.

The Fund provides income protection, death and disability benefits to its members. The Trustee has group policies in place with a third party insurance company to ensure that there are income protection, death and disability benefits available for the members of the Fund.

The Fund collects premiums from members on behalf of the insurance company. Insurance claim amounts are recognised where the insurer has agreed to pay the claim. Therefore, group life insurance premiums are not revenues or expenses of the Fund and do not give rise to insurance contract liabilities and reinsurance assets. Group life insurance premiums charged to members' accounts and insurance proceeds allocated to members' accounts are recognised in the statement of changes in member benefits.

(o) Comparative amounts

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current period's financial statements. As a result, some line items in the notes to the financial statements have been reclassified to align comparative information with the current year's presentation.

(p) Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

3. Defined contribution member liabilities

The Defined Contribution division is an accumulation fund that offers investment, contribution and insurance.

Defined contribution member account balances are determined by unit prices that are determined based on the underlying investment options. Defined contribution members bear the investment risk relating to the underlying investment options. Unit prices used to measure the member liabilities are updated daily for movements in investment values.

At 30 June 2023, all net assets attributable to defined contribution members have been allocated to those members except for the Investment Reserve, which is attributed to members subsequent to year end.

Defined contribution member liabilities are fully vested.

4. Defined benefit member liabilities

Members of the Defined Benefit division are employees of employers with defined benefit plans for their employees. There are 40 sub plans (2022: 42 sub plans) within the Defined Benefit division, with each sub plan related to a different employer. The benefits provided and the contribution levels by members and employers depend on the particular benefit division of the sub plan. When a member retires and takes a lifetime pension, the pension liability is supported by assets in the defined benefit Employer Benefit Account.

The Fund engages qualified actuaries on an annual basis to measure the defined benefit members' liabilities.

4. Defined benefit member liabilities (continued)

The actuarial valuation of member liabilities reflects the actuarial assessment of the benefits accrued up to the reporting date and payable to members on retirement, resignation, death and disability. This assessment may result in an employer being required to make additional contributions to the sub plan. The defined benefit sub plans are quarantined from the other assets of the Fund. In an event that the assets of a particular sub plan are not adequate to provide for members' liabilities and if the employer contributions are insufficient, the member liabilities are limited to the assets of the particular sub plan.

The main assumptions used to determine the value of the accrued benefits for the sub plans were:

- the assumed discount rate determined by reference to the future rate of investment returns;
- the future rate of salary growth; and
- the future rate of pension increases.

The defined benefit members' liabilities have changed in the current financial year as a result of salary increases and additional service accrual.

The Trustee has a number of processes in place to manage the risks associated with defined benefit sub plans. The Trustee has appointed external consulting actuaries to advise on risks, including establishing suitable funding objectives. These funding objectives and the defined benefit sub plans circumstances are taken into account by the actuaries when recommending the required employer contribution levels.

The appointed actuary reports to management semi-annually on the status of the defined benefit sub plans. Where a sub plan is in or is likely to enter an unsatisfactory financial position, the report sets out any remedial action and agreed rectification programs in respect of each employer.

There are no employer sponsored contributions receivable as at 30 June 2023 (2022: Nil).

The Trustee also uses sensitivity analysis to monitor the potential impact of changes to key variables about which assumptions need to be made. The Fund has identified two assumptions (being the discount rate and the rate of salary adjustment) for which changes are reasonably possible that would have a material impact on the amount of the defined benefit member liabilities.

- i. The assumed discount rate has been determined by reference to the investment returns expected on an investment portfolio that reflects the opportunities reasonably available to the Fund in the investment markets, and also reflects the Fund's actual investments and investment strategy in respect of defined benefit member liabilities. The assumed discount rate is dependent on the specific investment strategy selected by the employer for their defined benefit sub plan.
- ii. The assumed annual salary adjustment has been determined by reference to the Wage Price Index produced by the Australian Bureau of Statistics and in consultation with the employer-sponsors. The rate applied to each defined benefit sub plan is specific to the employer.

The other variables about which assumptions have been made in measuring defined benefit member liabilities and for which changes are not considered reasonably possible, or for which reasonably possible changes would not be expected to have a material effect, include pension indexation rates, mortality rates and resignations.

4. Defined benefit member liabilities (continued)

The table below summarises the sensitivity calculations on a univariate basis for investment return and rate of salary adjustment assumptions for the defined benefit sub plans.

Sensitivity Analysis

	Range utilised by sub-plans		Amount of increase/(decrease) in member liabilities \$'000	
			2023	2022
	2023	2022	2023	2022
Discount rate (-1%)	4.4% pa to 7.3% pa	3.6% pa to 5.3% pa	79,199	110,468
Salary adjustment rate (+1%)	2.5% pa to 4.0% pa	2.0% pa to 4.5% pa	58,315	80,440

5. Defined benefit plans that are over/(under) funded

As at 30 June 2023 the assets of the Defined Benefit Division in aggregate exceeded accrued benefits in that division by \$470 million (2022: \$275 million) and Vested Benefits by \$370 million (2022: \$300 million). The Defined Benefit Division is made up of 40 separately funded plans and accrued benefit liabilities, which on an individual basis have different levels of funding. All sub plans are contributing at the rate recommended by the actuaries.

As at the 30 June 2023 there was 1 plan that was underfunded (2022: 3). Subsequent to the balance date, the Actuary re-calculated the funding position for all funds as at the 17 August 23, and this plan remains in a deficit position. The Actuary recommended in the previous year that the employer sponsor make additional contributions, which according to current assumptions, will result in member liabilities being equal to 100% of Accrued Liabilities over a period of three years and the assets being equal to the target funding ratio multiplied by the Accrued Liabilities over five years.

6. Investments at fair value

	2023 \$'000	2022 \$'000
<i>Financial assets</i>		
Cash and deposits	2,017,568	1,056,641
Derivatives	102,240	22,593
Listed equities	13,723,147	12,894,093
Listed unit trusts	754,163	788,899
Other interest-bearing securities	6,056,262	4,365,532
Unlisted equities	801,484	856,289
Unlisted unit trusts	6,941,039	7,778,968
Unlisted partnerships	1,539,862	1,564,165
Annuity	1,454	1,628
	31,937,219	29,328,808
<i>Financial liabilities</i>		
Derivatives	121,316	256,266

6. Investments at fair value (continued)

(a) Offsetting financial assets and financial liabilities

Financial assets and liabilities have been offset and the net amount reported in the statement of financial position when there is both a legally enforceable right to offset the recognised amounts and the intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the statement of financial position are disclosed in the table below.

30 June 2023	Derivative fair value \$'000	Derivative amounts set off \$'000	Net amounts presented in statement of financial position \$'000
<i>Derivative assets</i>			
Forward Foreign Exchange	12,591,579	(12,512,185)	79,394
Futures Contracts	3,740	-	3,740
Swaps Contracts	1,856,226	(1,837,120)	19,106
	14,451,545	(14,349,305)	102,240
<i>Derivative liabilities</i>			
Forward Foreign Exchange	(12,606,430)	12,512,185	(94,245)
Futures Contracts	(7,388)	-	(7,388)
Options Contracts	(2,041)	-	(2,041)
Swaps Contracts	(1,854,762)	1,837,120	(17,642)
	(14,470,621)	14,349,305	(121,316)
Net Derivative Asset/(Liability)	(19,076)	-	(19,076)

30 June 2022	Derivative fair value \$'000	Derivative amounts set off \$'000	Net amounts presented in statement of financial position \$'000
<i>Derivative assets</i>			
Forward Foreign Exchange	13,437,240	(13,417,473)	19,767
Futures Contracts	730	-	730
Swaps Contracts	864,168	(862,072)	2,096
	14,302,138	(14,279,545)	22,593
<i>Derivative liabilities</i>			
Forward Foreign Exchange	(13,657,608)	13,417,473	(240,135)
Futures Contracts	(822)	-	(822)
Swaps Contracts	(877,381)	862,072	(15,309)
	(14,535,811)	14,279,545	(256,266)
Net Derivative Asset/(Liability)	(233,673)	-	(233,673)

7. Changes in fair value of investments

	2023 \$'000	2022 \$'000
Cash and deposits	(7,048)	(4,417)
Derivatives	(240,046)	(370,915)
Listed equities	1,928,782	(1,730,183)
Listed unit trusts	(11,119)	(42,056)
Other interest-bearing securities	59,779	(117,981)
Unlisted equities	86,458	(5,055)
Unlisted unit trusts	188,580	(271,516)
Unlisted partnerships	3,804	140,585
Annuity	(174)	62
Changes in fair value of investments	2,009,016	(2,401,476)

8. Reserves

The trustee operates the following Reserves.

Operational Risk Financial Reserve

Established to meet the requirements of Superannuation Prudential Standard 114 “Operational Risk Financial Requirement”, this reserve is intended to provide financial resources to address losses that may arise from operational risks. The target funding level for this reserve is 25 basis points (or 0.25%) of total member entitlements. The reserve is monitored on an on-going basis and replenished with additional funds in the event the balance falls below the tolerance limit.

Administration Reserve

Established to facilitate the finance of current and future operational requirements of the Fund, this reserve is available to meet both day-to-day operational costs as well as one-off approved expenditures considered to be in the best financial interests of members.

Investment Reserve

The Investment Reserve reflects the net investment earnings accumulated which have not yet been allocated to members. The daily value will represent difference between the cumulative amount of net investment income (after fees and taxes) earned by the Fund and the cumulative returns provided to members via the unit price. The key component will represent the differences between the estimated tax rates utilised in the daily unit pricing and the actual investment tax experience of the Fund. This difference is trued up to the unit price on a regular basis.

Insurance Reserve

The Insurance Reserve is used to fund the future service component of the death and disability benefits of certain defined benefit members (historical self-insurance policies).

9. Income Tax

	2023 \$'000	2022 \$'000
(a) Major components of income tax expense for the years ended 30 June 2023 and 2022:		
Current tax (benefit)/expense		
Current tax on profits for the year	(74,559)	(78,597)
Adjustment for current tax of prior periods	14,463	(5,182)
Other (including Withholding tax)	37,506	18,386
Deferred tax		
(Decrease)/increase in net deferred tax liabilities	211,836	(206,719)
Total tax expense/(benefit) as reported in income statement	189,246	(272,112)

	2023 \$'000	2022 \$'000
(b) Reconciliation between income tax expense and the accounting profit before income tax:		
Profit/(loss) from operating activities	3,045,158	(1,604,960)
Income tax expense/(benefit) at 15%	456,774	(240,744)
Increase in tax expense due to:		
Adjustment for current tax of prior periods	14,463	(5,182)
Pension exemption	(11,222)	(33,655)
Difference between accounting and tax	(192,191)	1,694
Discount on capital gains	(3,318)	155,734
Net imputation and foreign tax credits	(112,766)	(168,345)
Other (including Withholding tax)	37,506	18,386
Income tax expense/(benefit) reported in the income statement	189,246	(272,112)

(c) Deferred tax

Type of Temporary Difference	2023			
	Opening balance \$'000	Recognised in income \$'000	Other movement \$'000	Closing balance \$'000
Deferred tax assets				
Fund expenses accrued but not incurred	5,330	(119)	-	5,211
	5,330	(119)	-	5,211
Deferred tax liabilities				
Accrued income	(13,299)	6,131	-	(7,168)
Unrealised gains on investments	(292,289)	(217,848)	-	(510,137)
	(305,588)	(211,717)	-	(517,305)
Net deferred tax asset/(liability)	(300,258)	(211,836)	-	(512,094)

9. Income Tax (continued)

(c) Deferred tax (continued)

Type of Temporary Difference	2022			Closing balance \$'000
	Opening balance \$'000	Recognised in income \$'000	Other movement \$'000	
Deferred tax assets				
Fund expenses accrued but not incurred	1,565	3,765	-	5,330
	1,565	3,765	-	5,330
Deferred tax liabilities				
Accrued income	(3,500)	(9,799)	-	(13,299)
Unrealised gains on investments	(505,043)	212,754	-	(292,289)
	(508,543)	202,955	-	(305,588)
Net deferred tax asset/(liability)	(506,978)	206,720	-	(300,258)

10. Related parties

(a) Key management personnel

Directors

Key management personnel include persons who were directors of the Trustee at any time during or since the end of the financial year and up to the date of signing these financial statements as follows:

D.G. Casey
M. R. Cassin
M.N. Cerche
P. Davy-Whyte
J.C. Decker (Retired 30 June 2023)
D. Doolan
J.S. Hickey
S. Rahmani
S.M. Thompson
J. J. Widdup (Appointed 1 July 2023)

Details of individual directors and their attendances at director meetings are available on the website of the Trustee company.

10. Related parties (continued)

(a) Key management personnel (continued)

Other key management personnel

Other key management personnel during the financial year, and up to the date of this report are as follows:

- S.A. Cameron (Chief Executive Officer)
- N.E. Alford (Executive Officer, Governance and Risk)
- S. J. Guthleben (Executive Officer, People and Culture) (Resigned 22 July 2022)
- A. H. Harrison (Chief member Officer) (Appointed 1 July 2022)
- A.N. Howard (Chief Investment Officer)
- I. Lancaster (Acting Executive Officer, Governance and Risk) (Term of appointment 18 July 2022 to 28 July 2023)
- A. Papile (Executive Officer, Strategic Operations and Delivery)
- M. P. Pizzichetta (Chief Financial Officer)
- B. A. Retallick (Executive Officer, Transformation and Technology)
- A.G. Vogt (Executive Officer, Financial Planning)
- C. Yanni (Executive Officer, Growth and Employer Relations)
- A. H. T. Veldman (Executive Officer, People and Culture) (Appointment as key management personnel 22 August 2022)

Directors are paid by the Trustee Company. Other key management personnel compensation are paid by either the Trustee Company or the Fund.

Directors and key management personnel compensation for the years ended 30 June is set out below:

	2023	2022
	\$	\$
Short-term employment benefits	4,723,922	4,255,602
Post-employment benefits	343,657	300,791
Long-term benefits	49,416	31,804
Termination benefits	101,047	153,060
	<u>5,218,042</u>	<u>4,741,257</u>

Directors and any key management personnel who are members of the Fund contribute and receive benefits on the same terms and conditions as those available to other members.

Details of individual directors and executives remuneration are available on the website of the Trustee company.

(b) Related Party Transactions

Togethr Trustees Pty Ltd incurs costs to administer the Fund, these costs are reimbursed by the Fund on a cost recovery basis.

The fees paid and accrued as a reimbursement to the Trustee company by the Fund during the year were \$74,890,963 (2022: \$74,441,372). This amount includes a Trustee Indemnity Reserve Fee of \$2,276,255 (2022: \$8,203,200) which is calculated in accordance with the Trust Deed (for further information refer Note 10(d) below). The amounts due and payable at balance sheet date were \$7,988,867 (2022: \$14,421,069).

10. Related parties (continued)

(b) Related Party Transactions (continued)

Togethr Asset Management Pty Ltd is a related party of the Trustee through common control and provides the Fund with investment management services. The fees paid and accrued as a reimbursement to Togethr Asset Management Pty Ltd by the Fund during the year were \$49,103,649 (2022: \$49,989,003). The amounts due and payable at balance date were \$16,892,395 (2022: \$14,778,552).

Togethr Financial Planning Pty Ltd is a related party of the Trustee through common control and provides the Fund with financial planning services. The service fees paid and accrued to Togethr Financial Planning Pty Ltd by the Fund during the year were \$3,925,499 (2022: \$4,520,626). The amounts due and payable at balance date were \$923,826 (2022: \$849,443).

The Fund had paid monies to the Trustee company in 2005-06 to meet Australian Prudential Regulation Authority Registrable Superannuation Entity Licensing conditions to hold cash of at least \$100,000. The amount of \$100,000 is held by the Trustee in a term deposit and must be returned to the Fund if the Trustee company is wound up.

The Trustee company purchases gas, electricity, water and other related services from employers who participate in the Fund. The transactions are carried out on an arms-length basis.

Mr M.N. Cerche is a former partner of Allens and is entitled to a retirement income payment from Allens. The Trustee company used Allens legal services during the year, with expenses totalling \$1,118,404 during the current financial year (2022: \$715,641).

Ms J. Hickey is a director of Australian Council of Superannuation Investors Ltd (ACSI). The Trustee company paid membership fees and voting alert service subscriptions to ACSI during the year totalling \$424,822 (2022: \$354,952).

Mr I. Lancaster is a director of Lancaster Partners Pty Ltd. The Trustee company paid Lancaster Partners Pty Ltd for the services of Mr. I. Lancaster as Acting Executive Officer, Governance and Risk during a period of leave taken by the Executive Officer, Governance and Risk. Total service fees paid to Lancaster Partners Pty Ltd during the year were \$357,480 (2022: Nil).

Mr B.A. Retallick is a director of Retavest Pty Ltd. The Trustee company paid Retavest Pty Ltd for the services of Mr. B. A. Retallick as Executive Officer, Transformation and Technology. Total service fees paid to Retavest Pty Ltd during the year were \$Nil (2022: \$49,500).

Terms and conditions of transactions with related parties

All related party transactions are on normal commercial terms and conditions. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables or payables.

(c) Controlled entities

The Fund invests in the following controlled entities:

	2023	2022
Equisuper Holdings Pty Ltd	100%	100%
South Australia Ports Trust	100%	100%
Equisuper Growth Alternatives Holdings Pty Ltd	100%	100%
Australia Social Infrastructure Pty Ltd	100%	100%

10. Related parties (continued)

(c) Controlled entities (continued)

The Fund fulfils the definition criteria of an investment entity and has elected to adopt the exemption from consolidation afforded by AASB 10 'Consolidated Financial Statements' and does not consolidate the entities it controls. Instead, interests in controlled entities are measured at fair value.

The Fund meets the criteria which define an investment entity because the Fund:

- obtains funds from members for the purpose of providing those members with investment management services;
- commits to its members that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- measures and evaluates the performance of all its investments on a fair value basis.

The Fund's Product Disclosure Statements detail its objectives of providing services to members which include investing in equities, fixed income securities and private equity for the purpose of returns in the form of income and capital appreciation.

The Fund reports to its members, via an annual report, and to its management, via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by AASB 1056 in the Fund's annual report.

(d) Trustee's Responsibility for Liabilities of Togethr and Right of Indemnity

From 1 January 2022, as a result of changes to section 56 and 57 of the Superannuation Industry (Supervision) Act 1992 (SIS Act), superannuation Trustees and Trustee directors are not permitted to use trust assets to pay criminal, civil or administrative penalties incurred in relation to breaches of Commonwealth law.

On 7 November 2022 the Supreme Court of South Australia changed the Trust Deed of Equipsuper, at the request of the Trustee company. These changes allow the Trustee to:

- charge a Trustee Fee ("Trustee Indemnity Reserve Fee") to the Fund, and
- establish a Trustee Reserve ("Trustee Indemnity Reserve") from which to pay fines and penalties should the need arise.

The fee is calculated in accordance with the Trust Deed.

In order to mitigate any funding risks, the Trustee company established a Trustee Indemnity Reserve during the year. The Fund paid to the Trustee a total Trustee Indemnity Reserve Fee of \$2,276,255 (2022: \$8,203,200) during the year. This reserve will be maintained to ensure sufficient liquidity is available should a penalty be incurred. The reserve cannot be used by the Trustee or its directors, to conduct other businesses or pay any dividends or profits to the Trustee's shareholders.

11. Segment information

The Fund operates in one business segment, being the provision of superannuation benefits to members. The Fund also operates from one reportable geographic segment, being Australia, from where its activities are managed. Whilst the Fund operates from Australia only, the Fund has investment exposures in different countries and across different industries. Revenue is derived from interest, dividends, realised gains on sales of investments and unrealised changes in values of investments.

12. Financial risk management

Risk is inherent in the Fund's activities, but it is managed through the process of ongoing identification, measurement, monitoring, imposition of risk limits and other controls. The Fund is exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Fund's overall objective is to generate a return on investment for the benefit of its members.

The Trustee is responsible for identifying and controlling the risks that arise from the financial instruments held and does this through the Fund's Risk Management Framework. The framework is composed of risk management policies and systems which are reviewed regularly to reflect changes in market conditions and the Fund's activities. Compliance with the framework is subject to regular review both by management and the Board and also via an annual audit.

The financial risks are managed by the Trustee through approving the investment objectives and strategic asset allocations for each investment option, including the Defined Benefit Division. The Fund's Investment Governance Framework sets out the policies, procedures, standards, resources and governance measures relevant to the management of the Fund's investments.

The Board has delegated certain powers to the Investment Committee, which is responsible for developing and monitoring the Fund's risk management policies related to investment activities. These include selection of fund managers, oversight of the allocation of investments to fund managers and evaluating their performance.

In carrying out the above responsibilities, the Investment Committee and Board receive reporting from management and external advisers.

Each fund manager is required to invest the assets managed by it in accordance with the terms of a written mandate.

The Investment Committee uses different methods to measure different types of risk to which the Fund is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and rating analysis for credit risk. The Investment Committee, in conjunction with its investment adviser, uses a range of qualitative and quantitative measures when assessing the individual fund managers' and overall Fund's investment arrangements.

The outlines of the various risks are a generic assessment of the financial risks and associated sensitivity analysis for the investment asset classes of the Fund. The impact of these sensitivities will vary between members depending on the members' choice of investment option(s). It is through the investment option that the member has exposure to the investment assets of the Fund and any movement in the underlying financial instruments.

(a) Credit risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The Fund is exposed to the risk of credit related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations.

The main concentration of credit risk, to which the Fund is exposed, arises from the Fund's investment in interest bearing securities. The Fund is also exposed to credit risk on derivative financial instruments, cash and cash equivalents, amounts due from brokers and other receivables.

12. Financial risk management (continued)

(a) Credit risk (continued)

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values (i.e. derivative assets). The risk associated with these contracts is minimised by undertaking transactions with high quality counterparties on recognised exchanges and ensuring that transactions are undertaken with a number of counterparties.

There are no significant financial assets that are past due or impaired (2022: Nil).

Credit quality per class of debt instrument

The Fund invests in debt securities of which the majority are rated by well-known and industry recognised rating agencies. Investment managers manage the exposure to credit risk by setting limits to assessed credit ratings groupings.

The fair value of financial assets included in the Statement of Financial Position represents the Fund's exposure to credit risk relating to those assets. An analysis of debt securities by rating is set out below.

30 June 2023

	Short term rating		Long term rating						Total \$'000
	A1 \$'000	A2 \$'000	AAA \$'000	AA \$'000	A \$'000	BB \$'000	BBB \$'000	Not rated \$'000	
Cash and deposits	2,017,568	-	-	-	-	-	-	-	2,017,568
Discount securities	2,544,586	270,836	-	-	-	-	-	94,279	2,909,701
Fixed interest securities	-	-	383,617	548,755	219,817	942	238,715	883,727	2,275,573
Indexed securities	-	-	3,022	-	-	-	-	53,276	56,298
Floating rate notes	-	-	-	48,889	112,286	286	149,838	45,828	357,127
Mortgage securities	-	-	212,205	9,368	3,044	164	327	232,455	457,563
Total other interest-bearing securities	2,544,586	270,836	598,844	607,012	335,147	1,392	388,880	1,309,565	6,056,262

30 June 2022

	Short term rating		Long term rating						Total \$'000
	A1 \$'000	A2 \$'000	AAA \$'000	AA \$'000	A \$'000	BB \$'000	BBB \$'000	Not rated \$'000	
Cash and deposits	1,056,641	-	-	-	-	-	-	-	1,056,641
Discount securities	1,619,311	158,877	-	-	-	-	-	74,912	1,853,100
Fixed interest securities	-	-	294,987	443,672	148,703	503	185,953	678,123	1,751,941
Indexed securities	-	-	3,393	-	-	-	-	47,224	50,617
Floating rate notes	-	-	-	42,462	113,664	152	168,283	18,788	343,349
Mortgage securities	-	-	203,765	6,646	-	175	324	155,615	366,525
Total other interest-bearing securities	1,619,311	158,877	502,145	492,780	262,367	830	354,560	974,662	4,365,532

12. Financial risk management (continued)

(a) Credit risk (continued)

Risk concentrations of the maximum exposure to credit risk

Concentration of credit risk is managed by counterparty and by geographical region. The Fund's financial assets in interest bearing securities except cash and deposits can be analysed by the following geographic regions:

	2023	2022
	\$'000	\$'000
Australia	4,387,647	3,232,432
North America	800,235	605,923
Europe	460,010	350,674
Asia	397,805	170,373
Other	10,565	6,130
	6,056,262	4,365,532

(b) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Fund's investment in financial instruments, which under market conditions are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Fund's significant financial liabilities are members' funds and payable liabilities.

The Fund manages its obligation to pay member liabilities on an expected maturity basis based on management's estimates of when such funds will be drawn down by members. The Fund considers it is highly unlikely that all members will request to roll over their superannuation fund account at the same time.

Other financial liabilities of the Fund comprise payables which are contractually due within 30 days and derivative liabilities comprising foreign exchange contracts payable within 12 months.

As at 30 June 2023	Carrying	Less than 1		
	Amount	month	1-6 months	>6 months
	\$'000	\$'000	\$'000	\$'000
Financial liabilities				
Net settled derivatives	121,316	29,420	74,254	17,642
Unsettled investment accruals	156,045	156,045	-	-
Other payables	52,091	52,091	-	-
Member liabilities	31,274,314	31,274,314	-	-
Total financial liabilities	31,603,766	31,511,870	74,254	17,642

12. Financial risk management (continued)

(b) Liquidity risk (continued)

As at 30 June 2022	Carrying Amount \$'000	Less than 1 month \$'000	1-6 months \$'000	>6 months \$'000
Financial liabilities				
Net settled derivatives	256,266	103,928	137,029	15,309
Unsettled investment accruals	244,506	244,506	-	-
Other payables	53,976	53,976	-	-
Member liabilities	29,084,823	29,084,823	-	-
Total financial liabilities	29,639,571	29,487,233	137,029	15,309

(c) Market risk

Market risk is the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. Market risk is minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

The Fund also enters into derivative transactions, principally fixed interest futures and foreign exchange contracts, to economically hedge against adverse price movements in the value of financial assets and mitigate market risk.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Fund has set investment allocation ranges to meet its objectives of holding a balanced portfolio, including limits on investments in interest bearing assets, which are monitored regularly. The Fund may use derivatives to hedge against unexpected increases in interest rates.

Financial assets of the Fund exposed to interest rate risk are cash and cash equivalents and other interest-bearing securities. At 30 June, the fair value of financial assets exposed to interest rate risk were as follows:

	2023 \$'000	2022 \$'000
Cash and cash equivalents	143,086	84,694
Investments		
Cash and short-term deposits	2,017,568	1,056,641
Other interest-bearing securities	6,056,262	4,365,532
	8,216,916	5,506,867

The following table demonstrates the sensitivity of the Fund's statement of financial position and income statement to a change in the Reserve Bank of Australia's official cash interest rates and global interest rates, with all other variables held constant.

12. Financial risk management (continued)

(c) Market risk (continued)

Interest rate risk (continued)

Currency	2023		2022			
	Change in basis points	Sensitivity of interest income and changes on net assets \$'000		Change in basis points	Sensitivity of interest income and changes on net assets \$'000	
	Increase/ (decrease)	Increase/ (decrease)		Increase/ (decrease)	Increase/ (decrease)	
AUD	50 / (50)	(37,549)	37,571	50 / (50)	(27,293)	27,312
USD	50 / (50)	(22,733)	22,770	50 / (50)	(24,509)	24,540
GBP	50 / (50)	(6,550)	6,561	50 / (50)	(6,873)	6,876
EUR	50 / (50)	(10,706)	10,714	50 / (50)	(8,477)	8,843
JPY	50 / (50)	(8,032)	8,039	50 / (50)	(6,678)	6,684
Other	50 / (50)	(3,627)	3,629	50 / (50)	(2,976)	2,978

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

As a result of significant investments held in the United States of America and Europe, the Fund's statement of financial position and income statement can be affected significantly by movements in USD, GBP and EUR when translated to AUD. The Fund manages its exposure to foreign currency risk and mitigates effects of its foreign currency translation exposure by adhering to the Fund's mandate which limits the portion of the Fund's assets which can be invested in different currencies in addition to taking out foreign exchange contracts. This foreign exchange policy is monitored against actual on an ongoing basis throughout the year.

The Fund's exposure to currency risk was as follows:

	2023 \$'000	2022 \$'000
United States of America (USD)	2,948,019	2,667,944
European community (EUR)	336,580	360,119
Great Britain (GBP)	83,102	108,019
Japan (YEN)	182,229	118,067
Other currencies (OTH)	933,977	1,121,734
Total currency exposure	4,483,907	4,375,883

The following table indicates the currencies to which the Fund has significant exposure at balance date on its monetary assets and liabilities and forecast cash flows. The analysis calculates the effect of a movement of global currency rates against the Australian Dollar on the statement of financial position and income statement, with all other variables held constant.

12. Financial risk management (continued)

(c) Market risk (continued)

Currency risk (continued)

Currency	2023		2022	
	Change in currency rate %	Effect on net assets / investment return \$'000	Change in currency rate %	Effect on net assets / investment return \$'000
USD	10 / (10)	(228,141) 278,839	10 / (10)	(202,865) 247,947
GBP	10 / (10)	(4,078) 4,984	10 / (10)	(29,469) 36,017
EUR	10 / (10)	(26,730) 32,671	10 / (10)	(5,562) 6,798
JPY	10 / (10)	(16,284) 19,902	10 / (10)	(10,053) 12,287
Other	10 / (10)	(82,918) 101,344	10 / (10)	(100,266) 122,548

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments in the market. Price risk exposure arises from the Fund's investment portfolio.

Investments in the Fund that are exposed to other price risk include Australian and international equities and unlisted unit trusts.

To limit other price risk the Trustee diversifies its investment portfolio in line with the Fund's mandate and the strategic asset allocation of the options. The majority of the equity investments are of high quality and are publicly traded on recognised, reputable exchanges. The Trustee monitors the Fund's exposure to various indices on an ongoing basis throughout the year ensuring the mandate is not breached.

The effect on the statement of financial position due to reasonably possible changes in market factors, as represented by the volatility of change in the individual indices over the last 10 years, with all other variables held constant, is indicated in the table below.

Index/benchmark	2023		2022	
	Change in investment price %	Effect on net assets / investment return \$'000	Change in investment price %	Effect on net assets / investment return \$'000
Australian and International Equities				
ASX 300	16.8 / (16.8)	1,288,298 (1,288,298)	18.9 / (18.9)	1,317,168 (1,317,168)
MSCI World ex Australia	14.7 / (14.7)	955,810 (955,810)	14 / (14)	1,161,174 (1,161,174)
Fixed Interest				
Bloomberg AusBond Composite Bond	4 / (4)	229,322 (229,322)	4 / (4)	224,446 (224,446)
Cash				
Bloomberg AusBond Bank Bill Index	0.5 / (0.5)	17,482 (17,482)	0.5 / (0.5)	13,809 (13,809)

12. Financial risk management (continued)

(c) Market risk (continued)

Derivatives

The Fund enters into derivative transactions, principally fixed interest futures, swaps and forward foreign exchange contracts. The Trustee utilises derivatives in order to gain access to the financial markets and allow flexibility in order to manage and structure the Fund's investment portfolio in line with the Fund's investment strategy. Derivatives are not utilised in a speculative manner, therefore whenever derivative positions are created, cash or securities are held to cover any derivatives exposures.

Offsetting of derivatives

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

13. Fair value of financial instruments

Fair Value Measurement

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Fund.

The fair value of the asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Classifications of Financial Instruments under the Fair Value Hierarchy

The Fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable.

The determination of what instruments are classified in the hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety. Assessment of the significance of an input requires judgement after considering factors specific to the instrument.

13. Fair value of financial instruments (continued)

Classifications of Financial Instruments under the Fair Value Hierarchy (continued)

Types of assets/liabilities	30 June 2023			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Assets				
Cash and deposits	-	2,017,568	-	2,017,568
Derivative assets	3,740	98,500	-	102,240
Listed equities	13,723,147	-	-	13,723,147
Listed property trusts, Listed unit trusts	751,011	-	3,152	754,163
Other interest-bearing securities	-	6,053,044	3,218	6,056,262
Unlisted equities	-	468,717	332,767	801,484
Unlisted unit trusts	-	3,721,561	3,219,478	6,941,039
Unlisted partnerships	-	129,257	1,410,605	1,539,862
Annuities	-	1,454	-	1,454
Total Assets	14,477,898	12,490,101	4,969,220	31,937,219
Liabilities				
Derivative Liabilities	7,388	113,928	-	121,316
Total Liabilities	7,388	113,928	-	121,316

Types of assets/liabilities	30 June 2022			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Assets				
Cash and deposits	-	1,056,198	443	1,056,641
Derivative assets	730	21,863	-	22,593
Listed equities	12,865,703	17,117	11,273	12,894,093
Listed property trusts, Listed unit trusts	786,249	2,650	-	788,899
Other interest-bearing securities	-	4,362,074	3,458	4,365,532
Unlisted equities	2,516	548,392	305,381	856,289
Unlisted unit trusts	-	4,572,733	3,206,235	7,778,968
Unlisted partnerships	-	84,242	1,479,923	1,564,165
Annuities	-	1,628	-	1,628
Total Assets	13,655,198	10,666,897	5,006,713	29,328,808
Liabilities				
Derivative Liabilities	822	255,444	-	256,266
Total Liabilities	822	255,444	-	256,266

13. Fair value of financial instruments (continued)

Valuation techniques

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Assets included within this level includes cash, listed equities, listed unit trusts and other interest-bearing securities.

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Units in managed funds and property trusts:

Investments held in unlisted unit trusts are valued by reference to the price at the reporting date as advised by the investment managers. The Fund reviews the valuation methodology adopted by the relevant investment manager as part of initial due diligence stages of investment. The valuation provided by the manager is based on the market value of the underlying investments held in the unlisted trust.

Depending on the nature of the underlying trust assets and the level of trading in the trusts, the Fund classifies these funds as either Level 2 or Level 3.

Unlisted equities

Independent valuation reports are obtained for unlisted equities held directly by the Fund. Valuation reports are received at least annually. Transactions in such investments do not occur on a regular basis.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a rate for the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

13. Fair value of financial instruments (continued)

Valuation techniques (continued)

Other interest bearing securities

As can be seen from the table above the Fund invests in debt securities, including corporate and government bonds, both directly and indirectly. In the absence of a quoted price in an active market, observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers and yield curves are utilised. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms. To the extent that the significant inputs are observable, the Fund categorises these investments as Level 2.

Derivatives

The fair value of derivatives that are not exchange traded is estimated as the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. For these financial instruments, significant input models are market observable and they are therefore included within Level 2.

Valuation techniques for Level 3 Valuations

The Level 3 assets of the Fund are predominantly composed of investments which are valued at the latest net asset value price received from the relevant fund manager up to 30 June 2023.

The Fund uses a market-based valuation technique for these private equity positions. The Fund's investment manager determines comparable public companies (peers) based on industry size, leverage and strategy, and calculates an appropriate trading multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the investee company to measure the fair value. The Fund classifies the fair value of these investments as Level 3.

The balance of Level 3 assets of the Fund are composed of directly held infrastructure assets which are not actively traded. The fair value of these investments are based on recent independent valuations. Independent valuations are reviewed and approved by the Trustee's Investment Committee prior to the revaluation of an asset being included.

13. Fair value of financial instruments (continued)

(a) Quantitative information of significant unobservable inputs - Level 3

Description		\$'000*	Valuation technique	Significant unobservable inputs	Discount Rate
Fixed interest loan (Equipsuper Holdings)	2023	3,218	Face value		
	2022	3,219			
Listed equities	2023	-	Last traded price		
	2022	11,273			
Unlisted equities	2023	47,003	Last available price		
	2022	48,265			
Listed property trusts, Listed unit trusts	2023	3,152	Last traded price		
	2022	-			
Unlisted equities (Brisbane Airport)	2023	104,896	Discounted cashflow method	Discount rate	9.60%
	2022	98,310		Discount rate	9.85%
Unlisted equities (Flinders Ports)	2023	180,868	Discounted cashflow method	Discount rate	9.30%
	2022	158,806		Discount rate	9.10%
Unlisted unit trusts (Flinders Ports)	2023	199,242	Discounted cashflow method	Discount rate	9.30%
	2022	174,748		Discount rate	9.10%
Unlisted unit trusts	2023	3,020,236	Net asset values		
	2022	3,031,487			
Unlisted partnerships	2023	1,410,605	Net asset values		
	2022	1,479,923			

Description	Input	Sensitivity used**	Effect on fair value \$'000
Unlisted equities (Brisbane Airport)	Discount rate	0.30%	5,234
Unlisted equities (Flinders Ports)	Discount rate	0.50%	15,018
Unlisted unit trusts (Flinders Ports)	Discount rate	0.50%	16,544

*The fair value of the asset would increase/decrease if the discount rate decreases/increases. The fair value of the asset would increase/decrease if the other inputs increase/decrease.

**The sensitivity analysis refers to a percentage amount added or deducted from the significant unobservable input and the effect this has on the fair value.

13. Fair value of financial instruments (continued)

(b) Level 3 financial instruments transactions

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the beginning and end of the reporting period.

	2023	2022
	\$'000	\$'000
Opening balance	5,006,713	4,689,559
Total realised/unrealised gains and losses	143,901	(1,058,013)
(Sales)/(redemptions)	(352,543)	(214,522)
Purchases/applications	167,493	1,589,689
Transfers into Level 3	3,895	-
Transfers from Level 3	(239)	-
	4,969,220	5,006,713

(c) Transfers between Level 1 or 2 and Level 3

Investments of \$535,070 from Level 1 and \$3,359,450 from Level 2 were transferred into Level 3 during the period (2022: Nil) as the valuation inputs for these securities were not based on market observable inputs.

14. Responsible Investment

The overall objective is to optimise the retirement income for members of the Fund. The Trustee recognises that Environmental, Social and Governance (ESG) issues are factors which may influence whether this objective is met.

ESG issues cover a range of topics and generally have one or more of the following characteristics:

- are a focus of public concern;
- have a medium to long-term horizon;
- may be qualitative and not readily quantifiable in monetary terms;
- reflect externalities not well captured by market mechanisms;
- are often the focus of policy and regulatory reform; and
- can arise throughout a company's supply chain as well as in the production process, marketing, and eventual use of the products and services produced by the company.

The integration of ESG issues, and the application of Responsible Investment practices, into the management of the Fund's investment portfolios is consistent with the Trustee's overall investment beliefs. This approach will enhance the risk adjusted returns for the Fund's members over the long term.

The Trustee has a Responsible Investment Policy that outlines the Fund's commitment and approach to Responsible Investment. The Trustee believes, as stewards of the assets to which they have been entrusted, that excellence in investment governance enables value to be added to the Fund's member retirement outcomes.

The Trustee believes that climate change is a material systemic issue and presents foreseeable and actionable financial risks and opportunities for investors. As such, the Trustee needs to manage implications for the Fund on behalf of members.

14. Responsible Investment (continued)

Climate change considerations and our commitments are incorporated into the Fund's risk management process, through our Responsible Investment Policy. As such, the Trustee continues to assess and understand the investment implications of climate change in its stewardship role in order to achieve sustainable long-term growth for members in their retirement.

As part of the management of climate change the Trustee is committed to supporting the transitioning to Net Zero emissions economy by 2050 (in line with the international climate agreement), in recognition that this goal aligns to the best financial interests of our members.

15. Statement of cash flows

	2023	2022
	\$'000	\$'000
Cash and cash equivalents	143,086	84,694
Operating result after income tax	255,550	(154,593)
Adjustments for:		
Depreciation	2,418	1,228
Changes in assets measured at fair value	(2,009,016)	2,401,476
Investment income reinvested	(1,197,475)	(973,094)
Investment expenses deducted from investments	19,237	22,922
Withholding tax expense	37,506	18,386
Allocation to members	2,668,959	(1,258,378)
Net change in defined benefit member liabilities	(68,597)	80,123
Increase/(decrease) in payables	(1,947)	14,295
(Increase)/decrease in receivables	4,468	(444)
Increase/(decrease) in income tax payable	9,367	(305,979)
Increase/(decrease) in deferred tax payable	211,836	(206,718)
Insurance premiums paid	(59,376)	(60,300)
Death and disability benefits received	36,134	37,819
Other	-	(181)
Net cash flows from operating activities	(90,936)	(383,438)

16. Receivables

	2023	2022
	\$'000	\$'000
Unsettled investment sales	631,492	833,061
Investment income due and receivable	61,761	53,864
Employer fees receivable	284	388
Prepaid expenses	506	1,168
GST receivable	716	605
Other receivables	164	3,828
Total	694,923	892,914

17. Payables

	2023	2022
	\$'000	\$'000
Unsettled investment purchases	156,045	244,506
Accounts due and unpaid	44,102	39,555
Administration fee payable to Togethr Trustees Pty Ltd	7,989	14,421
	208,136	298,482

18. Commitments and contingent liabilities

(a) Capital commitments

The Fund has outstanding capital commitments in relation to uncalled capital amounts that are committed to various private equity and direct lending funds. Commitments contracted for at the reporting date but not recognised as liabilities are expected to be settled as follows:

	2023	2022
	\$'000	\$'000
Within one year	415,000	505,349
After one year but not later than five years	-	-
More than five years	-	-
	415,000	505,349

(b) Contingent liabilities

There are no contingent liabilities as at 30 June 2023 (2022: \$ Nil).

19. Auditor's remuneration

	2023	2022
	\$	\$
Auditor's remuneration is paid by the Trustee company and reimbursed by the Fund on a cost recovery basis:		
Deloitte		
- Audit of the Fund	397,175	285,175
Total Auditor's remuneration	397,175	285,175

20. Events subsequent to balance sheet date

There are no matters or circumstances that have arisen since the end of the financial year, which significantly affected or may significantly affect the operation of the Fund, the result of those operations or the state of affairs of the Fund in subsequent financial years except as may be stated elsewhere in the financial statements.

TRUSTEE DECLARATION FOR THE YEAR ENDED 30 JUNE 2023

In the opinion of the Trustee of Equipsuper Fund:

1. The accompanying financial statements of the Equipsuper Fund are properly drawn up so as to present fairly the financial position of the Fund as at 30 June 2023 and the results of its operation for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia; and
2. The operation of the Fund has been carried out in accordance with its Rules and in compliance with the requirements of the Superannuation Industry (Supervision) Act 1993, Regulations and the Corporations Act 2001 and regulations and Guidelines during the year.

Signed in accordance with a resolution of the Board of Directors of Togethr Trustees Pty Ltd.



D.G. Casey
Chair



M.N. Cerche
Director

Melbourne
26 September 2023

Equisuper Superannuation Fund (ABN 33 813 823 017)

Report by the RSE Auditor to the trustees and members

Opinion

We have audited the financial statements of Equisuper Superannuation Fund (the Registrable Superannuation Entity or RSE) for the year ended 30 June 2023 comprising the statement of financial position as at 30 June 2023, the income statement, the statement of changes in members' benefits, the statement of cash flows, the statement of changes in reserves and notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of Equisuper Superannuation Fund as at 30 June 2023 and the results of its operations, cash flows, changes in reserves and changes in members' benefits for the year ended 30 June 2023.

Basis for Opinion

We conducted the audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the trustee for the Financial Statements

The RSE's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the RSE or cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Australian Auditing Standards, we exercised professional judgement and maintained professional scepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RSE's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Concluded on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the RSE's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the RSE to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicated with the trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.



DELOITTE TOUCHE TOHMATSU



Fiona O'Keefe
Partner
Chartered Accountants

Melbourne, 26 September 2023