

Equisuper

ABN 33 813 823 017

Financial Statements

For the year ended 30 June 2020

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**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	Notes	2020 \$000	2019 \$000
Assets			
Cash and cash equivalents	17	55,078	29,544
Receivables	18	44,578	144,352
Investments	8	15,913,858	15,836,984
Plant and equipment	20	2,135	2,366
Deferred tax assets	11	1,063	884
Total assets		16,016,712	16,014,130
Liabilities			
Payables	19	(49,933)	(74,012)
Income tax (payable)/refundable		(13,318)	34,191
Deferred tax liabilities	11	(202,101)	(247,807)
Total liabilities excluding member benefits		(265,352)	(287,628)
Net assets available for member benefits		15,751,360	15,726,502
Member liabilities:			
Defined contribution member liabilities	3	(13,708,348)	(13,410,531)
Defined benefit member liabilities	4	(1,723,944)	(1,659,878)
Total member liabilities		(15,432,292)	(15,070,409)
Total net assets		319,068	656,093
Equity			
Operational risk reserve	2(o)	41,490	41,283
Administration and general purpose reserve	2(o)	32,202	28,536
Other reserve	2(o)	2,135	2,367
Self-Insurance reserve	2(o)	6,162	6,000
Investment tax timing reserve	2(o)	(23,039)	85,195
Defined benefit plans over/(under) funded	5	260,118	492,712
Total equity		319,068	656,093

The above Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 8 to 54.

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	2020 \$000	2019 \$000
Superannuation activities			
Interest		59,585	90,810
Dividend revenue		434,111	547,128
Other investment income		7,039	6,901
Changes in assets measured at fair value	9	(360,219)	340,036
Other income		692	1,000
Total superannuation activities income		141,208	985,875
Investment expenses		(48,738)	(47,441)
Administration expenses		(41,262)	(42,059)
Depreciation expense and impairment losses		(362)	(373)
Total expense		(90,362)	(89,873)
Net result from superannuation activities		50,846	896,002
Net change in defined benefit member liabilities		(274,018)	(100,996)
Net benefits allocated to defined contribution member accounts		(137,558)	(717,884)
Net profit/(loss) before income tax		(360,730)	77,122
Income tax benefit	11	22,540	5,203
Net profit/(loss) after income tax		(338,190)	82,325

The above Income Statement is to be read in conjunction with the notes to the financial statements set out on pages 8 to 54.

**STATEMENT OF CHANGES IN MEMBER BENEFITS
FOR THE YEAR ENDED 30 JUNE 2020**

	Defined Contribution Members' Benefits*	Defined Benefit Members' Benefits*	Total
	\$000	\$000	\$000
Opening balance as at 1 July 2019	13,410,531	1,659,878	15,070,409
Member contributions	88,891	2,080	90,971
Spouse contributions	571	-	571
Employer contributions	531,933	23,689	555,622
Transfers from other superannuation plans	455,752	-	455,752
Transfers to other superannuation plans	(578,534)	-	(578,534)
Income tax on contributions	(73,799)	(3,181)	(76,980)
Net after tax contributions	<u>424,814</u>	<u>22,588</u>	<u>447,402</u>
Benefits paid to members/beneficiaries**	(450,221)	(40,790)	(491,011)
Insurance premiums charged to members	(27,122)	(3,376)	(30,498)
Death and disability benefits credited to member accounts	23,542	872	24,414
Transfer of funds from defined benefit member benefits	-	(189,246)	(189,246)
Transfer of funds to defined contribution member benefits	189,246	-	189,246
Reserve transfer to /(from) members	-	-	-
Net benefits allocated comprising:			
Net investment income allocated	165,738	-	165,738
Administration fees***	(28,180)	-	(28,180)
Net change in DB member benefits	-	274,018	274,018
Closing balance as at 30 June 2020	<u>13,708,348</u>	<u>1,723,944</u>	<u>15,432,192</u>

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

** Benefits paid to members/beneficiaries includes payments made under the governments COVID-19 early release of super with 5,402 members withdrawing a total of \$48.7m

*** 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 is to be read in conjunction with the notes to the financial statements set out on pages 8 to 54.

**STATEMENT OF CHANGES IN MEMBER BENEFITS
FOR THE YEAR ENDED 30 JUNE 2019**

	Defined Contribution Members' Benefits*	Defined Benefit Members' Benefits*	Total
	\$000	\$000	\$000
Opening balance as at 1 July 2018	12,425,184	1,841,338	14,266,522
Member contributions	94,447	2,512	96,959
Spouse contributions	354	-	354
Employer contributions	513,640	17,698	531,338
Transfers from other superannuation plans	344,241	-	344,241
Transfers to other superannuation plans	(516,693)	-	(516,693)
Income tax on contributions	(71,364)	(1,644)	(73,008)
Net after tax contributions	<u>364,625</u>	<u>18,566</u>	<u>383,191</u>
Benefits paid to members/beneficiaries	(358,132)	(39,767)	(397,899)
Insurance premiums charged to members	(28,259)	(3,674)	(31,933)
Death and disability benefits credited to member accounts	23,737	2,471	26,208
Transfer of funds from defined benefit member benefits	-	(265,492)	(265,492)
Transfer of funds to defined contribution member benefits	265,492	-	265,492
Reserve transfer to /(from) members Administration and General Purpose Reserve	-	5,440	5,440
Net benefits allocated comprising:			
Net investment income allocated	737,355	-	737,355
Administration fees**	(19,471)	-	(19,471)
Net change in DB member benefits	-	100,996	100,996
Closing balance as at 30 June 2019	<u>13,410,531</u>	<u>1,659,878</u>	<u>15,070,409</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 is to be read in conjunction with the notes to the financial statements set out on pages 8 to 54.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	2020 \$000	2019 \$000
Cashflows from operating activities			
Interest received		333	544
Insurance premiums paid		(33,324)	(29,334)
Other income		930	377
Administration expenses		(50,713)	(44,351)
Investment expenses		(35,666)	(37,428)
Other expenses		(1,020)	(1,163)
Death and disability benefits received		23,110	23,719
Plant and equipment purchased		(117)	(712)
Income tax paid		(55,227)	(71,956)
Net cash inflows (outflows) from operating activities	17	(151,692)	(160,304)
Cashflows from investing activities			
Transfer from Investment Assets		116,309	115,087
Net cash inflow/(outflow) from investing activities		116,309	115,087
Cashflows from financing activities			
Employer contributions		555,767	531,338
Member contributions		91,007	97,006
Spouse contributions		571	354
Benefit payments made to members		(486,866)	(385,449)
Income tax paid on contributions		26,816	(71,212)
Transfers from other superannuation plans		452,157	343,768
Transfers to other superannuation plans		(578,534)	(516,693)
Net cash inflow(outflow) from financing activities		60,918	(888)
Net increase/(decrease) in cash		25,534	(46,105)
Cash at the beginning of the financial period		29,544	75,649
Cash at the end of the financial period	17	55,078	29,544

The above Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 8 to 54.

**STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30 JUNE 2020**

	Operational Risk Reserve	Admin & General Purpose Reserve	Other Reserve	Self- Insurance Reserve	Investment Tax Timing Reserve [#]	Defined Benefit plans over/ (under) funded	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance	41,283	28,536	2,367	6,000	85,195	492,712	656,093
Transfer into reserves	-	1,165	-	-	-	-	1,165
Transfer between reserves	-	-	-	-	-	-	-
Transfers from DC member accounts	-	-	-	-	-	-	-
Transfers from DB member accounts	-	-	-	-	-	-	-
Operating result	207	2,501	(232)	162	(108,234)	(232,594)	(338,190)
Closing balance	41,490	32,202	2,135	6,162	(23,039)	260,118	319,068

At the beginning of each year, estimate investment tax rates are set and form part of the daily unit price calculation. During the 2020 financial year the tax deducted from unit prices was less than the actual tax as reflected in the financial statements. This under charging of tax through the unit price will be adjusted through the unit prices during the 2021 financial year.

**STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30 JUNE 2019**

	Operational Risk Reserve	Admin & General Purpose Reserve	Other Reserve	Self- Insurance Reserve	Investment Tax Timing Reserve	Defined Benefit plans over/ (under) funded	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance	38,809	36,642	2,022	6,457	(8,032)	497,870	573,768
Transfer between reserves	-	(5,440)	-	-	-	5,440	-
Transfer from SFT	-	-	-	-	-	-	-
Transfers from DC member accounts	-	-	-	-	-	-	-
Transfers from DB member accounts	-	-	-	-	-	-	-
Operating result	2,474	(2,666)	345	(457)	93,227	(10,598)	82,325
Closing balance	41,283	28,536	2,367	6,000	85,195	492,712	656,093

The above Statement of Changes in Reserves is to be read in conjunction with the notes to the financial statements set out on pages 8 to 54. An explanation of each reserve is included in note 2(o).

1. The Fund

Equisuper Superannuation Fund (the “Fund” or “Equisuper”) 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), mergers with the Gas and Fuel Superannuation Fund (1997) and the Water Industry Superannuation Fund (1999) and take-on of various corporate superannuation funds. The purpose of the Fund is to offer defined benefit and defined contribution benefits for employed members, benefits for spouses, 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 financial report has been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business. In making this assessment, the directors of the Trustee have considered future events and conditions for the period of twelve months following the approval of these financial statements, including the impact of the outbreak of COVID-19 which was declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020. Whilst the situation remains uncertain, the Trustee remains confident that the Fund will be able to continue as a going concern as the Fund's assets significantly outweigh its liabilities and it has sufficient liquidity to meet its debts as and when they fall due, refer to note 14(c).

The not-for-profit Trustee company for the Fund is Togethr Trustees Pty Ltd (former name Equisuper Pty Ltd) ABN 64 006 964 049 (the ‘Trustee’). The Trustee’s registered office is Level 12, 330 Collins Street, Melbourne VIC.

On the 21 October 2019, Togethr Trustees Pty Ltd (the trustee of Equisuper Superannuation Fund) entered into a Joint Venture agreement with CSF Pty Ltd (the previous trustee of the MyLifeMyMoney Superannuation Fund) to act as Trustee for MyLifeMyMoney Superannuation Fund. Although both funds remain separate at this stage, through the merger, the trustee seeks to improve member outcomes by achieving greater economies of scale.

In accordance with amendments to the Superannuation Industry (Supervision) Act 1993, the Fund was registered with the Australian Prudential Regulation Authority (APRA) on 31 August 2005 (registration no R1000177).

From 1 July 1996, the Fund is a complying superannuation fund under the Superannuation Industry (Supervision) Act 1993. Accordingly, for the year ended 30 June 2020 the Fund is a complying superannuation fund for the purposes of the Income Tax Assessment Act 1997 and is eligible to be taxed at the concessional tax rate of 15% (2018: 15%).

(a) Defined Benefit (DB)

The benefits provided and the contribution levels by members and employers depend on the particular benefit division. When a member retires and takes a lifetime pension, the pension liability is supported by assets in the defined benefit Employer Benefit Account (EBA).

(b) Defined Contribution (DC)

The Defined Contribution division is an accumulation fund that offers investment, contribution and insurance choice. The insurance cover offered can depend on who is the employer. DB division members who wish to “top-up” their defined benefits may also invest in the DC division.

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 including AASB 1056 “Superannuation Entities”, the Superannuation Industry (Supervision) Act 1993 and Regulations and the provisions of the Trust Deed. Since AASB1056 is the principal standard that applies to the financial statements, other standards, including Australian Accounting Standards issued by the AASB are also applied where necessary except to the extent that they differ from AASB 1056.

The financial statements were authorised for issue by the Trustee’s board of directors on 18 September 2020.

(b) New accounting standards and interpretations

The Fund adopted the following new accounting standards and interpretations during the year.

AASB Interpretation 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)

The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 *Income Taxes* when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances.

The adoption of the new Uncertainty over Income Tax Treatments interpretation does not have a significant impact on the Fund’s accounting policies or the amounts recognised in the financial statements.

The following standards and interpretations have been issued, but are not yet effective, up to the date of issuance of the Fund’s financial statements. They do not include those standards which, in the opinion of Management, will clearly not impact the Fund. Management intends to adopt these standards, if applicable, when they become effective.

2. Summary of significant accounting policies (continued)

(b) New accounting standards and interpretations (continued)

AASB 2018-7 Definition of material (effective 1 January 2020)

This Standard amends AASB 101 *Presentation of Financial Statements* and AAS 108 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition.

The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

(c) Consolidation

The Fund is an investment entity and, as such, does not consolidate the entities it controls. Instead, interests in subsidiaries are classified as fair value through profit or loss and measured at fair value.

Refer to Note 2(p) for further details.

(d) Financial assets and liabilities

(1) Classification

The Fund classifies its financial assets and liabilities into the categories below in accordance with AASB9.

Investments and derivatives of the Fund are initially recognised at cost, being the fair value of the consideration. AASB 9.5.1.1 states that financial instruments measured at FV do not include the value of transaction costs which would be required to be expensed. Gains or losses on investments and derivatives are recognised in the Income Statement in the period in which they occur.

Purpose of derivative financial products

The Trustee utilises derivatives, such as futures contracts and options, 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.

Fair values have been determined as follows:

Shares in listed companies, convertible notes in listed companies and units in listed property trusts: Investments traded on the Australian Securities Exchange are valued by reference to the relevant market quotation at the reporting date. Investments traded on overseas exchanges are valued at reporting date, those values are then translated into Australian dollars at the exchange rate applying at 30 June 2020.

2. Summary of significant accounting policies (continued)

(d) Financial assets and liabilities (continued)

Shares in unlisted companies:

Fair value per share or by valuation by independent valuer as at the reporting date or by some other valuation process acceptable to the Trustee, based on sound and justifiable practices.

Short-term deposits:

Outstanding principal and interest as at the reporting date.

Units in managed funds and property trusts:

By reference to the unit redemption price at the reporting date as advised by the investment managers which is based on the market value of the underlying investments. Unit values denominated in foreign currency are then translated into Australian dollars at the exchange rate applying at year end.

Annuities:

The Fund has purchased policies from a life office to underwrite the pensions of members who were formerly employed by a participating employer who has withdrawn from the Fund. The value attributed to these policies is the value of the underlying pensions as determined by Mercer (Australia) Pty Ltd (the "Fund's Actuary").

Government securities and other fixed interest securities:

Government securities, semi-government securities, bills of exchange, notes and other fixed interest securities are valued at market value derived from yields obtained from independent sources.

(2) Recognition

The Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchase or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Fund commits to purchase or sell the asset.

(3) De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- i. The rights to receive cash flows from the asset have expired; or
- ii. The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- iii. Either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

2. Summary of significant accounting policies (continued)

(d) Financial assets and liabilities (continued)

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

(4) Initial recognition

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in the income statement.

(5) Subsequent measurement

After initial measurement, the Fund measures investments and derivatives at fair value through profit or loss. Subsequent changes in fair value of those investments are recorded as 'changes in assets measured at fair value' through the income statement. Interest earned is recorded in 'Interest' according to the terms of the contract. Dividend revenue is recorded in 'Dividend revenue'.

(e) 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. Refer to Note 15(a).

2. Summary of significant accounting policies (continued)

(f) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position 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.

For the purpose of statement of cash flows, cash and cash equivalents consists of cash and short-term deposits as defined above.

(g) 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.

(h) Plant and equipment

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

(i) Revenue recognition

Changes in fair values:

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:

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.

Dividends and distributions:

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.

All revenue received arises from the operating activities of the Fund. Distributions from managed investment schemes are recognised as at the date the units are quoted ex-distribution and if not received at balance date, are reflected in the statement of financial position as a receivable. Distribution income and receivables are recorded and disclosed as advised by the Fund's custodian.

2. Summary of significant accounting policies (continued)

(j) 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.

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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that 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, except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

2. Summary of significant accounting policies (continued)

(j) Income Tax (continued)

Unrecognised deferred tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(k) 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.

(l) Superannuation contributions surcharge

The Superannuation Laws Amendment (abolition of Surcharge) Act 2005 abolishes both the superannuation contributions surcharge and the termination payments surcharge in respect of superannuation contributions and certain termination payments made or received on or after 1 July 2005. Assessments for surcharge in respect of contributions and payments for the year ended 30 June 2005 and prior years will continue to be issued and remain payable.

The Fund recognises the amount paid and payable in respect of the surcharge contributions levy as an expense. The expense (and any corresponding liability) is brought to account in the period in which the assessments are received by the Fund. No estimate has been made for the balance of any levy payable.

In respect of surchargeable contributions received by the Fund during the year, the Fund is unable to determine this amount until receipt of applicable assessments. The superannuation contributions surcharge is charged to the relevant member unless precluded by legislation.

2. Summary of significant accounting policies (continued)

(m) 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. The Fund's performance is evaluated, and its liquidity managed in Australian Dollars. Therefore, the Australian Dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Transactions in foreign currencies are initially recorded in the functional currency spot rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the balance sheet date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in a previous financial statement report, are recognised in the income statement in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(n) 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.

(o) Reserves

The Trustee has created five categories of reserves as follows:

Operational Risk 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 and is managed within a range of 23 to 27 basis points. The reserve is monitored on an on-going basis and replenished with additional funds in the event the balance falls below the lower tolerance limit.

2. Summary of significant accounting policies (continued)

(o) Reserves (Continued)

Administration and General Purpose 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 long-term interests of members. The amount held is managed within a range of 10 to 30 basis points of total member entitlements. The appropriate target level is established annually through the business planning process.

Other Reserve:

Established for capital expenditure purposes such as plant and equipment purchased to facilitate the operation of the Fund.

Investment Tax Timing Reserve:

Reflects investment tax yet to be attributed to members due to timing differences between the reporting date of financial statements and payment dates of tax commitments and refund entitlements.

Self-insurance Reserve:

Established to fund the future service component of the death and disability benefits of certain defined benefit members, this reserve is funded by relevant defined benefit employers. The amount held is determined by the Fund's actuary and reviewed on an on-going basis.

Further detail on the movement in reserve balances over the reporting period is provided in Statement of Changes in Reserves.

(p) 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.

The Fund's consideration of the COVID 19 pandemic can be found in note 15 (e) *Coronavirus (COVID-19) impact*.

2. Summary of significant accounting policies (continued)

(p) Significant accounting judgements, estimates and assumptions (continued)

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 including a discounted cashflow model (DCF model). The inputs in these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required to establish fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

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

Assessment as investment entity

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' (AASB10) and does not consolidate the entities it controls. Instead, interests in subsidiaries are classified as fair value through profit or loss and measured at fair value.

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

- Obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- Commits to its investors 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 substantially all of its investments on a fair value basis.

The Fund's product disclosure statement details 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. The Fund has a clearly documented exit strategy for all of its investments.

The Fund held 100% of South Australian Ports Trust and Equisuper Holdings Pty Ltd as at 30 June 2020. However, the entities are not consolidated because the Fund has elected to adopt the exemption from consolidation afforded by AASB10.

These conclusions will be reassessed on an annual basis, if any of these criteria or characteristic changes.

2. Summary of significant accounting policies (continued)

(p) Significant accounting judgements, estimates and assumptions (continued)

Valuation of defined benefit member liabilities

The amount of member liabilities in relation to defined benefit 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.

In determining the appropriate discount rate, the actuary considers 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 mortality assumption is based on publicly available mortality tables. Future salary increases are based on Wage Price Index produced by the Australian Bureau of Statistics and in consultation with employer-sponsors.

(q) Netting off financial instruments

Financial assets and financial liabilities are only offset and the net amount presented in the balance sheet when, and only 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.

(r) Insurance

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

Using the definition contained within AASB 1056; 'Superannuation entities', the Trustee has determined that the Fund does not act in the capacity of an insurer. The Fund provides income protection, death and disability benefits to its members. The Trustee has group policies in place with third party insurance companies to ensure there is income protection, death and disability benefits available for the members of the Fund.

The Fund collects premiums from members on behalf of the insurance companies. 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.

2. Summary of significant accounting policies (continued)

(s) 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 amended. Comparative figures have been adjusted to conform to the current period's presentation.

3. Defined contribution member liabilities

Defined contribution member account balances are determined by unit prices that are determined based on the underlying investment movements. Defined contribution members bear the investment risk relating to the underlying assets and unit prices used to measure the member liabilities. Unit prices are updated daily. Refer to Note 14 for the Fund's management of the investment risks.

At 30 June 2020 all net assets attributable to defined contribution members have been allocated to those members (2019: nil) except for the Investment Tax Timing Reserve, which is attributed to members subsequent to the finalisation of the income tax return.

Defined contribution member liabilities are fully vested as at 30 June 2020 and 30 June 2019.

4. Defined benefit member liabilities

The Fund engages qualified actuaries on an annual basis to measure the defined benefit members' liabilities. The Fund has no information that would lead it to adjust the assumptions from the previous reporting period.

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-funds were:

- The future rate of investment return (net of investment taxes and net of investment management fees)
- The future rate of salary growth; and
- The future rate of pension increases.

Relevant assumptions are disclosed in the following table.

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

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.

4. Defined benefit member liabilities (continued)

The Trustee has a number of steps 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 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.

The tables on the following pages list sensitivity calculations on a univariate basis for investment return and rate of salary adjustment assumptions for the defined benefit sub plans. The identification codes for sub plans with 5 members or less have been modified with the denotation of XX to maintain member privacy.

4. Defined benefit member liabilities (continued)
2020 Sensitivity Analysis

DB sub plan	Assumption for sub plans assumed at reporting date		Amount of increase/(decrease) in member liabilities \$'000	
	Discount rate	Salary adjustment rate	Reasonable possible change in Discount rate -1%pa	Reasonable possible change in Salary adjustment rate +1%pa
EQ9023	4.0%	4.5%	27,564	21,854
EQ9037	4.0%	4.0%	1,050	804
EQ90XX	4.0%	2.75%	80	80
EQ9021	3.4%	3.0%	3,063	1,849
EQ9048	3.4%	4.0%	4,852	3,901
EQ9009	3.4%	4.50%	846	786
EQ9032	4.0%	3.50%	20,102	16,572
EQ9074	4.0%	3.50%	10,597	6,442
EQ9008	3.4%	3.00%	671	339
EQ9084	4.0%	4.25%	7,993	6,789
EQ9030	4.0%	4.25%	1,332	49
EQ9046	4.0%	4.50%	1,351	370
EQ90XX	4.0%	3.25%	166	-
EQ9028	4.0%	4.25%	2,641	254
EQ90XX	4.0%	3.50%	118	-
EQ9024	4.0%	3.25%	3,764	2,694
EQ9047	4.0%	3.50%	1,181	995
EQ9049	4.0%	4.25%	1,345	1,245
EQ9012	4.0%	2.50%	4,209	4,123
EQ9039	4.0%	4.25%	4,466	2,502
EQ90XX	4.0%	4.25%	2	-
EQ9056	4.0%	3.25%	274	261
EQ9062	3.4%	2.50%	137	137
EQ90XX	4.0%	3.50%	-	-
EQ9054	4.0%	3.50%	1,225	846
EQ9010	4.0%	5.75%	6,517	6,458
EQ9064	4.0%	4.50%	317	281
EQ9073	4.0%	4.25%	404	405
EQ90XX	4.0%	3.50%	116	111
EQ90XX	4.0%	4.25%	(4)	1
EQ90XX	4.0%	3.25%	35	35
EQ90XX	4.0%	4.50%	265	115
EQ9092	4.0%	4.50%	2,666	2,071
EQ9093	4.0%	3.25%	-	-
EQ9094	4.4%	3.5%	1,245	1,248
EQ9095	4.5%	3.0%	19	19
EQ9096	3.8%	3.0%	1,337	1,303
EQ9097	4.6%	2.0%	4,532	4,159
EQ9098	4.5%	3.0%	201	194
EQ9099	4.4%	3.0%	5,772	5,410
EQ9100	4.4%	3.5%	505	391
EQ9993	5.3%	0.0%	155	-
EQ9994	5.3%	0.0%	454	-

4. Defined benefit member liabilities (continued)
2019 Sensitivity Analysis

DB sub plan	Assumption for sub plans assumed at reporting date		Amount of increase/(decrease) in member liabilities \$'000	
	Discount rate	Salary adjustment rate	Reasonable possible change in Discount rate -1%pa	Reasonable possible change in Salary adjustment rate +1%pa
EQ9004	6.3%	4.75%	3,331	2,394
EQ9023	6.3%	5.25%	19,570	16,052
EQ9037	6.3%	4.25%	977	705
EQ9018	6.3%	4.75%	5,137	2,933
EQ90XX	6.3%	3.25%	92	82
EQ9021	6.3%	5.25%	2,710	1,607
EQ9048	6.3%	3.75%	4,094	3,196
EQ9009	3.4%	4.25%	926	725
EQ9032	6.3%	5.25%	18,104	14,804
EQ9074	6.3%	4.75%	12,240	9,589
EQ9008	6.3%	3.75%	461	353
EQ9084	6.3%	4.25%	7,636	6,138
EQ9030	6.3%	4.25%	869	253
EQ9046	6.3%	5.25%	1,063	329
EQ90XX	6.3%	3.25%	53	38
EQ9028	6.3%	4.25%	1,524	516
EQ90XX	6.3%	3.75%	90	0
EQ9024	6.3%	3.25%	2,708	2,301
EQ9047	6.3%	3.75%	1,126	1,037
EQ9049	6.3%	4.25%	1,282	1,288
EQ90XX	6.3%	2.75%	206	134
EQ9039	6.3%	4.25%	3,457	2,448
EQ90XX	6.3%	4.25%	2	0
EQ9056	6.3%	3.25%	217	179
EQ9062	6.3%	3.25%	129	89
EQ9051	6.3%	3.75%	-	-
EQ9054	6.3%	3.75%	1,096	751
EQ9010	6.3%	5.75%	5,089	4,762
EQ9064	6.3%	5.25%	154	111
EQ9073	6.3%	4.25%	551	554
EQ9078	6.3%	3.75%	50	44
EQ90XX	6.3%	4.25%	2	1
EQ90XX	6.3%	3.25%	-	-
EQ9086	6.3%	4.75%	160	149
EQ9092	6.3%	4.75%	2,689	2,130
EQ9093	5.5%	3.25%	-	-
EQ9094	5.2%	3.75%	1,406	1,288
EQ9095	5.0%	3.50%	38	53
EQ9096	6.0%	3.25%	1,119	871
EQ9097	6.3%	3.25%	4,394	3,894
EQ9098	5.0%	3.50%	367	420
EQ9099	5.6%	3.75%	6,099	5,283
EQ9100	5.6%	3.75%	440	286
EQ9993	6.7%	0.0%	140	-
EQ9994	6.7%	0.0%	365	-

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

The below table shows the funding position of the Fund's DB plans at the 30 June 2020.

DB sub plan	2020 \$000	2019 \$000
EQ9023	(12,109)	61,960
EQ9037	4,011	6,895
EQ90XX	718	923
EQ9021	(1,553)	1,565
EQ9048	18,930	35,668
EQ9009	(511)	(288)
EQ9032	30,543	40,379
EQ9074	55,072	47,201
EQ9008	2,038	3,631
EQ9084	21,127	34,640
EQ9030	4,875	8,134
EQ9046	925	3,063
EQ90XX	558	1,028
EQ9028	(762)	5,136
EQ90XX	(18)	168
EQ9024	18,738	29,388
EQ9047	6,224	9,508
EQ9049	9,547	13,501
EQ90XX	1,516	1,658
EQ9039	8,096	18,810
EQ90XX	2,816	2,776
EQ9056	256	735
EQ9062	3,464	3,705
EQ9051	246	256
EQ9054	6,718	8,648
EQ9010	(4,637)	4,524
EQ9064	1,082	1,653
EQ9073	2,146	3,635
EQ9078	(243)	122
EQ90XX	129	127
EQ90XX	61	132
EQ9086	430	540
EQ9092	5,834	7,641
EQ9093	6,280	6,713
EQ9094	2,531	5,129
EQ9095	777	725
EQ9096	13,462	17,059
EQ9097	1,769	4,163
EQ9098	675	204
EQ9099	27,407	36,112
EQ9100	14,390	12,780
EQ9993	3,170	3,292
EQ9994	3,390	4,109
Pensions backed by annuity	-	-
	260,118	492,712

5. Defined Benefit Plans that are over/(under) funded (continued)

As at 30 June 2020 the assets of the Corporate Plan Defined Benefit Division in aggregate were \$260 million above the Accrued Benefits in that Division (2019: \$492 million above) and \$312 million above Vested Benefits (2019: \$445 million above). The Corporate Plan Defined Benefit Division is made up of 43 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 2020 there were 7 plans that were underfunded. Subsequent to balance date the Actuary re-calculated the funding position for all plans at the 20 August 2020 and only 2 plans remained underfunded to the value of \$1.525 million. The Actuary of the 2 underfunded plans will be recommending that the employer-sponsor make additional contributions, which according to current assumptions, will result in member liabilities being fully funded in 3 years.

6. Contributions receivable

There are no employer sponsored contributions receivable as at 30 June 2020 (2019: Nil).

7. Funding arrangements

The employers have contributed to the Fund during the financial year at a rate of at least 9.5% (2019: 9.5%) of the gross salaries of those employees who were defined contribution members of the Fund. The employers for the defined benefit members have contributed to the Fund during the financial year at the rate determined by the actuaries. Employees are also able to make voluntary contributions.

8. Investments at fair value

	2020 \$'000	2019 \$'000
Cash and deposits	1,474,326	868,584
Derivatives	53,523	38,692
Listed equities	6,034,989	5,766,505
Listed property trusts, Listed unit trusts	346,939	315,512
Other interest-bearing securities	2,226,622	3,990,124
Unlisted equities	641,227	529,543
Unlisted unit trusts	4,787,085	4,140,370
Unlisted partnerships	347,511	186,073
Annuity	1,636	1,581
	<u>15,913,858</u>	<u>15,836,984</u>

9. Changes in fair value of investments

	2020 \$000	2019 \$000
Investments held at balance date		
Cash and deposits	(1,791)	(140)
Derivatives	22,376	4,628
Listed equities	(51,752)	281,257
Listed property trusts, Listed unit trusts	(17,059)	19,139
Other interest-bearing securities	1,395	51,066
Unlisted equities	(42,146)	(377)
Unlisted unit trusts	(183,941)	124,076
Unlisted partnerships	(2,623)	7,266
Annuity	55	(27)
Total unrealised gains/(losses)	(275,486)	486,888
Investments realised during financial year		
Cash and deposits	(6,049)	1,664
Derivatives	(87,777)	(81,814)
Listed equities	(5,331)	(112,129)
Listed property trusts, Listed unit trusts	(18,985)	(2,391)
Other interest-bearing securities	44,603	53,527
Unlisted equities	(5,910)	2
Unlisted unit trusts	(5,284)	(5,711)
Total realised (losses)	(84,733)	(146,852)
Changes in fair value of investments	(360,219)	340,036

*The amounts recorded as 'realised during the year' above is the difference between the fair value at sale and the carrying amount at the beginning of the reporting period or when acquired, if acquired during the year.

10. Auditor's remuneration

	2020 \$	2019 \$
Auditor's remuneration is paid by the Trustee company and reimbursed by the Fund on a cost recovery basis:		
Deloitte	157,500	-
- Audit of the Fund		
Ernst & Young		
- Audit of the Fund	-	151,000
- Other services for the Fund*	15,496	24,000
Total Auditor's Remuneration	<u>172,996</u>	<u>175,000</u>

*Other services include audit of APRA return, GS007 Specific Assertions Report and compliance with SIS, Corps Act 2001 and APRA prudential standards.

11. Income tax

	2020 \$000	2019 \$000
(a) Major components of income tax expenses for the years ended 30 June 2020 and 2019:		
Current tax expense		
Current tax charge	5,531	(1,831)
Adjustment in respect of current income tax of previous years	17,811	12,155
Deferred tax		
Relating to origination and reversal of temporary differences	<u>(45,882)</u>	<u>(15,527)</u>
Total tax (benefit) as reported in income statement	<u>(22,540)</u>	<u>(5,203)</u>
(b) Reconciliation between income tax expenses and the accounting profit before income tax:	2020 \$000	2019 \$000
Profit/(loss) from operating activities	<u>(57,306)</u>	896,002
Income tax (benefit) at 15%	(8,596)	134,400
Increase in tax expense due to:		
Under provision in prior years	17,811	12,155
Pension exemption	(7,216)	(18,043)
Difference between accounting and tax	22,772	(27,123)
Discount on capital gains and realized loss offset	-	(3,743)
Net imputation and foreign tax credits	<u>(47,311)</u>	<u>(102,849)</u>
Income tax (benefit) reported in the income statement	<u>(22,540)</u>	<u>(5,203)</u>

11. Income tax (continued)

(c) Deferred tax

Type of Temporary Difference	2020			
	Opening balance \$000	Charged to income \$000	Other Movement \$000	Closing balance \$000
Deferred tax assets				
Fund expenses accrued but not incurred	884	179	-	1,063
	884	179	-	1,063
Deferred tax liabilities				
Accrued income	(3,239)	2,328	-	(911)
Prepaid expenses	(26)	26	-	-
Unrealised gains on investments	(244,542)	43,349	-	(201,190)
	(247,807)	45,703	-	(202,101)
Net deferred tax asset/(liability)	(246,923)	45,882	-	(201,038)
Type of Temporary Difference	2019			
	Opening balance \$000	Charged to income \$000	Other Movement \$000	Closing balance \$000
Deferred tax assets				
Fund expenses accrued but not incurred	738	(42)	188	884
SFT take-on balance	188		(188)	
	926	(42)	-	884
Deferred tax liabilities				
Accrued income	(5,058)	1,819		(3,239)
Prepaid expenses	(30)	4		(26)
Unrealised gains on investments	(179,704)	13,746	(78,584)	(244,542)
SFT Take-on balance	(78,584)		78,584	-
	(263,376)	15,569	-	(247,807)
Net deferred tax asset/(liability)	(262,450)	15,527	-	(246,923)

The Fund offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets

12. Related parties

Directors

The names of the Directors of the Trustee company in office at any time during or since the end of the financial year and up to the date of signing these financial statements are:

A.E.J. Fairley AM
J. Azaris (Retired 21 October 2019)
D.G. Casey (Appointed 21 October 2019)
M.N. Cerche
M.J. Clinch
P. Davy-Whyte
J.C. Dekker
C.M. Harkin (Appointed 21 October 2019)
P.J. Haysey (Appointed 21 October 2019)
J.S. Hickey
D.K. James (Appointed 21 October 2019)
L. Rasmussen (Resigned 14 April 2020)
S.M. Thompson (Appointed 21 October 2019)
W.E. Walker (Retired 21 October 2019)

Key management personnel during the financial year were:

S.A. Cameron (Chief Executive Officer) (Appointed 3 September 2019)
N. Vamvakas (Chief Executive Officer) (Ceased employment 21 August 2019)
N.E. Alford (Executive Officer, Governance and Risk)
T.N. Cumming (Chief Member Officer)
M. Ellis (Executive Officer, Employer Relations and Catholic Super Corporate Development and Growth) (Appointed 18 December 2019)
J.M. Farrington (Executive Officer, Corporate Development and Growth) (Ceased employment 22 November 2019)
B.J. Grant (Chief Operating Officer)
W.V. Grant (Executive Officer, Investment Integration) (Ceased employment 21 November 2019)
S.J. Guthleben (Executive Officer, People)
C.L. Magee (Executive Officer, Member Engagement) (Ceased employment 25 October 2019)
D. O'Sullivan (Executive Officer, Joint Venture Integration Projects and Catholic Super Legal Counsel) (Appointed 18 December 2019)
M. Pizzichetta (Chief Financial Officer) (Appointed 18 December 2019)
T.J. Rieck (Executive Officer, Investments) (Ceased employment 20 September 2019)
A.L. Shelley (Chief Investment Officer) (Appointed 23 September 2019)

Related party transactions with the sponsoring employers arise from the Trustee's normal dealings when managing the superannuation fund. In accordance with the Rules of the Fund, Togethr Pty Ltd (ABN 64 006 964 049) is the Trustee of the Fund. The following are the transactions requiring disclosure:

12. Related parties (continued)

a. Compensation of Directors and key management personnel

Directors and key management personnel compensation is paid by the Trustee Company. In connection with the management of the Fund, some key management personnel received remuneration directly from the Fund.

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

Remuneration of Directors for the year ended 30 June:

Together Trustees Pty Ltd acts as Trustee for multiple funds and the remuneration disclosed are in respect of responsibilities of directors across all funds under trusteeship.

Director	2020 Total remuneration (including superannuation) \$	2019 Total remuneration (including superannuation) \$
A.E.J. Fairley AM	171,117	149,551
J. Azaris (Retired 21 October 2019)	27,000	74,775
M.N. Cerche	99,067	81,007
M.J. Clinch	87,585	81,007
P. Davy-Whyte	90,295	74,775
J.C. Dekker	94,339	87,238
J.S. Hickey	105,821	93,469
L. Rasmussen (Resigned 14 April 2020)	70,975	74,775
W.E. Walker (Retired 21 October 2019)	27,000	78,411
D.G. Casey (Appointed 21 October 2019)	81,877	-
C.M. Harkin (Appointed 21 October 2019)	61,362	-
P.J. Haysey (Appointed 21 October 2019)	66,099	-
D.K. James (Appointed 21 October 2019)	61,362	-
S.M. Thompson (Appointed 21 October 2019)	61,362	-
Total Directors	1,105,261	795,008

- Remuneration for Directors represents the total amount of fees paid and superannuation.
- Directors do not receive any short-term incentive payments, long-term incentive payments, or post-directorship benefits.

12. Related parties (continued)

a. Compensation of Directors and key management personnel (continued)

Remuneration of Key Management Personnel for the year ended 30 June:
Togethr Trustees Pty Ltd acts as Trustee for multiple funds and the salaries disclosed are in respect of responsibilities of executives across all funds under trusteeship.

Executive	2020 Salary (including super-annuation)	2020 Incentive payment*	2020 One-off Retention Payment *****	2020 Long service leave accrued	2020 Total remuneration \$	2019 Salary (including super-annuation)	2019 Incentive payment*	2019 Long service leave accrued	2019 Total remuneration \$
S. Cameron***	537,500	-	-	483	537,983	-	-	-	-
N. E. Alford*****	194,655	81,967	-	1,114	277,736	241,079	42,000	510	283,589
T.N. Cumming	306,061	102,000	-	1,895	409,956	300,000	60,000	786	360,786
J.M. Farrington**	190,873	90,958	-	-	281,832	242,192	82,000	11,358	335,550
B.J. Grant	277,794	96,282	-	1,384	375,459	272,289	87,000	646	359,935
W.V. Grant**	126,118	80,605	-	-	206,723	237,073	95,000	554	332,627
S.J. Guthleben	220,749	75,026	-	6,293	302,067	220,664	66,000	10,689	297,353
C.L. Magee**	250,855	56,781	-	-	307,636	240,531	96,000	13,171	349,702
T. Rieck**	106,348	124,789	-	-	231,138	367,027	112,000	5,002	484,029
N. Vamvakas**	453,579	-	-	-	453,579	503,271	72,000	14,693	589,964
M. Ellis****	280,904	-	145,264	30,451	456,619	-	-	-	-
D.A. O'Sullivan****	436,339	-	165,349	-	601,688	508,219	-	46,380	554,599
M.P. Pizzichetta****	399,786	-	124,775	9,803	534,364	251,398	-	5,775	257,173
A.L. Shelley****	546,117	-	-	17,644	563,761	435,000	-	11,963	446,963
Total Executives	4,327,677	708,407	435,388	69,067	5,540,540	3,818,743	712,000	121,527	4,652,270

- *The Executive was paid an incentive payment by the Equisuper Superannuation Fund on 23 September 2019 in relation to targets achieved in the previous year ending 30 June 2019.
- ** The Executive ceased to act as an Executive Officer during the Financial year. The remuneration was paid by the Equisuper Superannuation Fund and included leave and termination benefits. The remuneration for these executives were not applicable to the MyLifeMyMoney Superannuation Fund and therefore have not been disclosed within MyLifeMyMoney Superannuation Fund's Financial Statements note on Remuneration of Key Management Personnel.
- *** The Executive was appointed Chief Executive Officer during the Financial year.
- **** The Executive was appointed Executive Officer during the Financial year and was paid by the MyLifeMyMoney Superannuation Fund to 21 October 2019 and for the remainder of the year the cost was paid by the MyLifeMyMoney Superannuation and Equisuper Superannuation Funds.
- ***** Three Executive team members received a one-off retention payment by the MyLifeMyMoney Superannuation Fund on 31 March 2020 under an agreement dated 21 August 2019.
- ***** The Executive was on parental leave during the Financial year.
- During the period of the Joint Venture and pre Successor Fund Transfer, the remuneration of key management personnel will be allocated between the MyLifeMyMoney Superannuation Fund and Equisuper Superannuation Funds in fair and reasonable manner which is consistent with the best interests of both Funds member beneficiaries.
- Remuneration for Key Management Personnel includes salary, short-term incentive payments and the one-off incentive payment for the reported year.

12. Related parties (continued)

a. Compensation of Directors and key management personnel (continued)

The Trustee Company's remuneration policy sets out the remuneration philosophy, principles and governance on executive remuneration which is designed to attract, motivate and retain high performing individuals and align the interests of stakeholders. Executive remuneration is set by reference to external benchmark data based on comparable roles in other financial services organisations and is market competitive. Incentives are based on sustainable performance that reflects the Fund's strategic priorities, business goals and objectives. It is also based on both financial and non-financial key performance indicators, supports the Fund's risk management objectives and does not reward excessive risk taking.

Some Directors are members of the Fund. They 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.

b. Related Party Transactions

Togethr Trustees Pty Ltd incurs costs to administer the Funds, these costs are reimbursed by the Funds on a cost recovery basis. Allocation of costs between the Funds is based on the Trustees Cost Allocation Policy. During the Joint Venture (JV), this Policy sets out the basis for allocating costs in a fair and reasonable manner across the two funds that is consistent with the best interests of all the Fund's members and beneficiaries.

The fees paid as a reimbursement to the Trustee company by the Fund during the year (including the amount of GST not recoverable from the ATO) were \$44,617,249 (2019: \$41,301,345). The amounts due and payable at balance sheet date were \$4,846,525 (2019: \$5,077,191).

The fees paid as a reimbursement to Togethr Asset Management Pty Ltd by the Fund during the year (including the amount of GST not recoverable from the ATO) were \$30,350,566 (2019: \$34,987,961). The amounts due and payable at balance date were \$15,912,481 (2019: \$13,173,629).

The service fees paid to Togethr Financial Planning Pty Ltd by the Fund during the year (including the amount of GST not recoverable from the ATO) were \$2,737,284 (2019: \$2,261,539). The amounts due and payable at balance date were \$124,502 (2019: \$269,407).

The Fund holds 100% of the controlled entities Equisuper Holdings Pty Ltd, the South Australia Ports Trust and Equisuper Growth Alternatives Holdings Pty Ltd. The Fund's investment in these controlled entities is measured at fair value through profit and loss as the Fund elected to adopt the exemption from consolidation afforded by AASB10 for investment entities.

The Fund has transferred money to the Trustee company to meet Australian Prudential Regulation Authority Registrable Superannuation Entity Licensing conditions. The money is held in a term deposit and must be returned to the Fund if the Trustee company is wound up. The amount included in payables at balance date is \$100,000 (2019: \$100,000).

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.

12. Related parties (continued)

b. Related Party Transactions (continued)

The Trustee company Chair, Mr A. E. J. Fairley AM provides consulting services to Hall and Willcox. The Trustee company used Hall and Willcox's legal services during the year. All dealings with Hall and Willcox were conducted at arm's length and on normal commercial terms and conditions.

Mark Cerche, a director of the Trustee company, was 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. All dealings with Allens were conducted at arm's length and on normal commercial terms and conditions.

Terms and conditions of transactions with related parties

All related party transactions are at arm's length and 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. Other Disclosures

The Trustee company paid the Australian Financial Complaints Authority Limited (AFCA) a membership levy of \$180,578 (2019: \$43,534) to fund the operations of AFCA. Membership is required under SIS Act 1993 (amended). The Trustee company Chair, Mr A. E. J. Fairley AM was appointed an industry director of AFCA on 4 May 2018.

13. Segment information

The Fund operates in one business segment, being the provision of superannuation benefits to members. The Fund also operated 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.

14. Financial risk management objectives and policies

The Fund's principal financial instruments comprise units in unlisted unit trusts, equity securities, annuities, private equity, fixed interest securities, cash and short-term deposits. The main purpose of these financial instruments is to generate a return on investment.

The Fund also enters into derivative transactions, principally fixed interest futures and forward foreign exchange contracts. The main purpose of this is to manage financial risks associated with the Fund's investment transactions, and as a means to effect change in the asset mix. Investments in derivatives are not used to gear the Fund's investment portfolio and are limited to the asset allocation limits for the underlying investment class.

The Fund also has various other financial instruments such as sundry receivables and payables, which arise directly from its operations and are mainly current in nature.

14. Financial risk management objectives and policies (continued)

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.

(a) Risk management structure

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 Board has an Investment Committee, which is responsible for developing and monitoring the Fund's risk management policies related to investment activities. This includes the selection of fund managers, oversight of the allocation of investments to fund managers and evaluating their performance.

The Investment Committee receives bi-monthly reports from the Fund's internal investment manager and, in turn, reports quarterly to the Board of Directors of the Trustee on its activities. Divergence from asset allocations and to the composition of the portfolio is monitored by the Fund's internal investment manager on a daily basis.

The Trustee's Audit and Compliance Committee and Risk Committee oversee how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund.

Investments of the Fund are held on behalf of the Trustee by National Australia Bank Limited Asset Servicing division, which acts as the global custodian except for 2.53% (2019: 2.4%) of investments which are not held by the custodian. Each fund manager is required to invest the assets managed by it in accordance with the terms of a written mandate.

For the Defined Benefit Division, the Trustee sets the investment objective and strategy, with appropriate allocation to different asset classes within specific ranges. The Trustee receives advice from its investment adviser in making its assessments. The other Divisions of the Fund offer separate investment options providing specific investment objectives and asset allocations with specific ranges. These are detailed in the relevant Product Disclosure Statement.

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 assets classes of the Fund. The impact of these sensitivities will vary between

14. Financial risk management objectives and policies (continued)

(a) Risk management structure (continued)

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. The members' investment option exposure to the investment asset classes of the Fund is outlined in the relevant Product Disclosure Statement.

(b) 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.

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 (2019: nil). Credit risk is not considered to be significant to the Fund except in relation to investments in debt securities.

Credit quality per class of debt instrument

The Fund primarily invests in debt securities which are rated by well-known and industry recognised rating agencies. Investment managers manage the exposure to credit risk by setting minimum grade ratings by investment type and a minimum overall weighted average credit rating in investment mandates. The Fund uses National Australia Bank as its custodian. Other than that relationship, the Fund does not have any significant exposure to any individual counterparty.

14. Financial risk management objectives and policies (continued)

(b) Credit risk (continued)

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 2020

	Short term rating		Long term rating						Total
	A1 \$000	A2 \$000	AAA \$000	AA \$000	A \$000	BBB \$000	Non- investment grade \$000	Not rated \$000	
Cash and deposits	1,474,326	-	-	-	-	-	-	-	1,474,326
Discount securities	724,762	1,998	-	-	-	-	-	-	726,760
Fixed interest securities	-	-	131,183	148,991	124,003	85,120	-	284,896	774,193
Indexed securities	-	-	7,667	1,204	-	-	-	64,219	73,090
Floating rate notes	-	-	-	134,130	122,247	66,763	-	31,938	355,078
Mortgage securities	-	-	172,200	-	-	-	-	68,864	241,064
Loans	-	-	-	-	-	3,098	53,134	205	56,437
Total other interest-bearing securities	724,762	1,998	311,050	284,325	246,250	154,981	53,134	450,122	2,226,622

30 June 2019

	Short term rating		Long term rating						Total
	A1 \$000	A2 \$000	AAA \$000	AA \$000	A \$000	BBB \$000	Non- investment grade \$000	Not rated \$000	
Cash and deposits	868,584	-	-	-	-	-	-	-	868,584
Discount securities	1,239,485	73,091	-	-	-	2,498	-	-	1,315,074
Fixed interest securities	-	-	501,183	534,538	201,793	120,090	12,181	-	1,369,785
Indexed securities	-	-	95,540	33,699	29,185	-	-	-	158,424
Floating rate notes	-	-	-	378,369	121,752	116,300	854	3,224	620,499
Mortgage securities	-	-	299,340	4,061	9,000	1,045	1,264	14,224	328,934
Loans	-	-	-	-	-	1,741	26,679	8,742	37,162
Total other interest-bearing securities	1,343,004	129,318	896,063	950,667	361,730	242,174	40,978	26,190	3,990,124

14. Financial risk management objectives and policies (continued)

(b) 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:

	2020	2019
	\$'000	\$'000
Australia	2,090,283	3,464,885
North America	103,812	257,786
Europe	32,527	132,281
Asia	-	132,616
Other	-	2,556
Total	2,226,622	3,990,124

(c) 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 benefits payable to members 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.

14. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

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 2020	Carrying Amount \$'000	Less than 1 month \$'000	1-6 months \$'000	>6 months \$'000
Financial liabilities				
Net settled derivatives	30,912	-	-	30,912
Unsettled investment accruals	25,880	25,880	-	-
Foreign exchange contracts	3,564	-	3,564	-
Other payables	24,053	-	24,053	-
Income tax payable	13,318	-	13,318	-
Member liabilities	15,432,292	15,432,292	-	-
Total financial liabilities	15,530,019	15,458,172	40,935	30,912

As at 30 June 2019	Carrying Amount \$'000	Less than 1 month \$'000	1-6 months \$'000	>6 months \$'000
Financial liabilities				
Net settled derivatives	37,641	217	15,916	21,508
Unsettled investment accruals	48,927	48,927	-	-
Foreign exchange contracts	4,846	-	4,842	4
Other payables	25,085	-	25,085	-
Income tax payable	-	-	-	-
Member liabilities	15,070,409	15,070,409	-	-
Total financial liabilities	15,186,908	15,119,553	45,843	21,512

Financial assets that are available in cash or are readily convertible to cash within one business day to meet the above financial liabilities are \$664 million (2019: \$65 million). These assets are held within the internally managed cash portfolio.

(d) 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 investments 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.

14. Financial risk management objectives and policies (continued)

(d) Market risk (continued)

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.

The sensitivity of the statement of financial position is the effect of the assumed changes in interest rates on:

- The interest income for one year, based on the floating rate financial assets held at the balance date; and
- Changes in fair value of investments for the year based on revaluing fixed rate financial assets at the balance date.

	2020	2019
	\$'000	\$'000
Investments		
Cash and short-term deposits	1,474,326	868,584
Other interest-bearing securities	2,226,622	3,990,124
	<u>3,700,948</u>	<u>4,858,708</u>

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.

Currency	2020		2019	
	Change in basis points Increase / (decrease)	Sensitivity of interest income and changes on net assets \$'000 Increase / (decrease)	Change in basis points Increase / (decrease)	Sensitivity of interest income and changes on net assets \$'000 Increase / (decrease)
AUD	50 / (50)	(18,724) / 18,746	50 / (50)	(20,507) / 20,528
USD	50 / (50)	(3,078) / 3,078	50 / (50)	(5,530) / 5,535
EUR	50 / (50)	- / -	50 / (50)	(3,651) / 3,655
GBP	50 / (50)	(4,626) / 4,626	50 / (50)	(6,930) / 6,932
JPY	50 / (50)	- / -	50 / (50)	(3,243) / 3,245
Others	50 / (50)	- / -	50 / (50)	(842) / 842

14. Financial risk management objectives and policies (continued)

(d) Market risk (continued)

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 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:

	2020 \$'000	2019 \$'000
United States of America (USD)	1,652,696	1,751,254
European community (EUR)	223,531	246,108
Great Britain (GBP)	89,378	116,621
Japan (YEN)	45,801	65,829
Other currencies (OTH)	586,830	456,337
Total currency exposure	2,598,236	2,636,149

The table below 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.

Currency	2020		2019	
	Change in currency rate %	Effect on net asset / Investment return \$'000	Change in currency rate %	Effect on net asset / Investment return \$'000
USD	10 / (10)	162,032 / (132,571)	10 / (10)	27,946 / (22,865)
EUR	10 / (10)	24,370 / (19,939)	10 / (10)	8,856 / (7,246)
GBP	10 / (10)	5,285 / (4,324)	10 / (10)	5,103 / (4,176)
YEN	10 / (10)	4,201 / (3,438)	10 / (10)	7,314 / (5,984)

14. Financial risk management objectives and policies (continued)

(d) Market Risk (continued)

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. Equity 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. 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. This approach is consistent with the long term nature of Superannuation investments and is consistent with prior period disclosures.

Index/benchmark	2020		2019	
	Change in investment price %	Effect on net asset / Investment return \$'000	Change in investment price %	Effect on net asset / Investment return \$'000
Australian and International Equities				
ASX 300	18 / (18)	599,755 / (599,755)	18 / (18)	589,229 / (589,229)
MSCI World ex Australia	16 / (16)	587,772 / (587,772)	16 / (16)	611,132 / (611,132)
Fixed Interest				
Bloomberg AusBond Composite Bond	5 / (5)	87,337 / (87,337)	5 / (5)	116,768 / (116,768)
Cash				
Bloomberg AusBond Bank Bill Index	1 / (1)	24,083 / (24,083)	1 / (1)	26,305 / (26,305)

15. Fair value of financial instruments

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

AASB 13 *Fair Value Measurement* required disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. The following table shows financial instruments recognised at fair value, categorised between those whose fair value is based on:

- 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.

30 June 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Cash and deposits	-	1,474,326	-	1,474,326
Derivatives	34,797	18,726	-	53,523
Listed equities	6,028,390	5,958	641	6,034,989
Listed property trusts, Listed unit trusts	340,064	6,875	-	346,939
Other interest-bearing securities	142	2,223,262	3,218	2,226,622
Unlisted equities	3,662	427,881	209,684	641,227
Unlisted unit trust	-	3,439,001	1,348,084	4,787,085
Unlisted partnership	-	188,817	158,694	347,511
Annuity	-	1,636	-	1,636
Total investments	6,407,055	7,786,482	1,720,321	15,913,858

15. Fair value of financial instruments (continued)

30 June 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Cash and deposits	-	868,584	-	868,584
Derivatives	35,406	3,286	-	38,692
Listed equities	5,765,876	-	629	5,766,505
Listed property trusts, Listed unit trusts	315,512	-	-	315,512
Other interest-bearing securities	-	3,986,900	3,224	3,990,124
Unlisted equities	-	296,112	233,431	529,543
Unlisted unit trust	-	3,077,937	1,062,433	4,140,370
Unlisted partnership	-	186,073	-	186,073
Annuity	-	1,581	-	1,581
Total investments	6,116,794	8,420,473	1,299,717	15,836,984

Valuation technique

Other interest-bearing securities and unlisted partnerships

As can be seen from the table above the Fund invests in debt securities including corporate and government bonds both directly, and indirectly via unlisted partnerships. 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.

Listed equities, listed property trusts and listed unit trusts

When fair values of publicly traded equity securities are based on quoted market prices or binding dealer price quotations, in an active market for identical assets without any adjustments, the instruments are included within Level 1 of the hierarchy. The Fund values these instruments at bid price for long positions and ask price for short positions.

Private equity investments and unlisted equities

The Fund invests in private equity companies which are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Fund uses a market-based valuation technique for these 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.

15. Fair value of financial instruments (continued)

Unlisted unit trusts

The Fund invests in trusts, including private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets. The Fund's investment managers consider the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the NAV of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the fund. Depending on the nature and level of adjustments needed to the NAV and the level of trading in the fund, the Fund classifies these funds as either Level 2 or Level 3.

Derivatives

Some of the Fund's Managers may use widely recognised valuation models for determining fair value of over-the counter interest rate swaps, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including both credit and debit valuation adjustments for counterparty and own credit risk, foreign exchange spot and forward rates and interest rate curves. For these financial instruments, significant input models are market observable and they are therefore included within Level 2.

Valuation process for Level 3 valuations

The Level 3 assets of the Fund are predominantly composed of investments in unlisted property and infrastructure trusts which are valued at the latest net asset value price received from the relevant fund manager up to 30 June 2020. The balance of Level 3 assets of the Fund, are composed of underlying investments in Flinders Ports Holdings valued at \$279m and Brisbane Airport Corporation Holdings valued at \$76m. The fair value of both these investments are based on independent valuations either provided to, or approved by, the Investment Committee prior to 30 June 2020. Of this value, \$272m from Flinders Ports Holdings and \$76m from Brisbane Airport Corporation Holdings are reflected in the Level 3 column above. In addition to this value, \$5.7m and \$2m from Flinders Ports Holdings are included in receivables and cash respectively. These investments are managed by the related entity Togethr Asset Management Pty Ltd (TAM). In this capacity, TAM receives and validates a range of valuations that are produced by an external valuation consultant. The valuation process for these assets then involves The Trustee's Investment Committee reviewing this range of valuations. The Committee then selects what it deems to be the most appropriate valuation to record as the value of the asset.

15. Fair value of financial instruments (continued)

Quantitative information of significant unobservable inputs – Level 3:

Description	\$000*	Valuation technique	Significant unobservable inputs	Discount Rate
Floating rate notes (Flinders Ports)	2020: 3,218 2019: 3,224	Face value [#]		
Listed equities	2020: 641 2019: 629	Last traded price		
Unlisted equities (Brisbane Airport)	2020: 76,684 2019: 84,208	Discounted cashflow method	Discount Rate	9.20%
Unlisted equities (Flinders Ports)	2020: 128,000 2019: 147,660	Discounted cashflow method	Discount Rate	10.40%
Unlisted unit trusts (Flinders Ports)	2020: 140,424 2019: 162,418	Discounted cashflow method	Discount Rate	8.75%
Unlisted unit trusts	2020: 1,207,660 2019: 900,015	NAV	Discount Rate	9.00%

Description	Input	Sensitivity used**	Effect on fair value \$000
Unlisted equities (Brisbane Airport)	Discount Rate	0.55%	6,464
Unlisted equities (Flinders Ports)	Discount Rate	0.75%	14,779
Unlisted unit trusts (Flinders Ports)	Discount Rate	0.75%	16,213

*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.

[#]The Fund has adopted a conservative approach in valuing this security at Face Value as it is anticipated to be held to maturity.

15. 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 end of the reporting periods.

	2020 \$'000	2019 \$'000
Opening balance	1,299,717	1,298,259
Total realised/unrealised gains and losses (Sales)/(Redemptions)	(101,162)	1,806
Transfers into Level 3	579,935	-
Transfers out of Level 3	-	(348)
Closing balance	1,720,321	1,299,717

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

Investments of \$579,935 were reclassified from Level 2 to Level 3 during the period (2019: \$0).

(d) Responsible Investment

The overall objective of Togethr Trustees Pty Ltd is to maximise 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. 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's primary focus is on optimising members' long-term investment returns, and hence, retirement outcomes. At the same time, the Trustee believes that the welfare of members in retirement will be influenced by the environmental and social aspects of the world in which they live. Accordingly, all other things being equal, there will be an inclination to favour investments which contribute to positive environmental and social outcomes and will be inclined to avoid investments which have the opposite impact.

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.

15. Fair value of financial instruments (continued)

(d) Responsible Investment (continued)

The Trustee has a Climate Change Position Statement that outlines the approach to integrating climate change considerations into the Fund's investment strategy and other measures being taken to transition to a low carbon future - in accordance with the Paris Agreement. The integration of climate change investment risk and opportunities into investment decisions is required to shift the global economy and investment markets on to a more sustainable and resilient path and to enhance the Fund's members' interests through this transition. Climate change considerations and our commitments will be incorporated into the Fund's risk management process. As such the Trustee will seek 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.

(e) Coronavirus (COVID-19) impact

Background

COVID-19, which is a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation in March 2020. COVID-19, as well as measures to slow the spread of the virus, have since had a significant impact on global economies and equity, debt and commodity markets.

On 22 March 2020 the Australian Government announced the COVID-19 Early Release of Superannuation Scheme ('ERS') as a temporary measure to stimulate the Australian economy. The ERS allowed individuals to access up to \$10,000 of their superannuation in financial year 2020 and a further \$10,000 in 2021. For the year ended 30 June 2020 the Fund paid \$49m in member benefits and as at 31 August 2020 members had requested a further \$44m under the ERS.

The Trustee has considered the impact of COVID-19 and other market volatility in preparing its financial statements. Given the dynamic and evolving nature of COVID-19 as well as limited recent experience of the economic and financial impacts of such a pandemic, changes to the estimates and outcomes that have been applied in the measurement of the Fund's assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

Impact of COVID-19 on the macro-economic outlook, including an explanation of the matters considered in determining the Fund's assumptions for the purposes of valuation of unlisted investments and defined benefit liabilities, has been provided in the notes to the financial statements.

Noting the wide range of possible scenarios and macro-economic outcomes, and the relative uncertainty of how COVID-19 and its social and economic consequences will follow, these matters represent reasonable and supportable forward- looking views as at the reporting date.

15. Fair value of financial instruments (continued)

(e) Coronavirus (COVID-19) impact (continued)

Processes applied

In preparing these financial statements, the Trustee considered the impact of COVID-19 in the:

- evaluation of any areas of judgment or estimation uncertainty in addition to those disclosed above;
- adoption of significant assumptions and market inputs used in:
 - valuing the Fund's financial instruments (in particular, unlisted investments);
 - valuing the Fund's defined benefit member liabilities; and
 - preparing disclosures for the fair value of financial assets and liabilities and financial risk management;
- review of external market communications to identify other COVID-19 related impacts;
- review of public forecasts and experience from previous economic downturns;
- assessment of the fair value of the Fund's assets and liabilities;
- stress testing scenarios, which are an integral component of the Trustee's risk management framework, to assess the potential impacts of the COVID-19 pandemic on the Fund's portfolio valuation and liquidity; and
- preparation of the Fund's financial statement disclosures.

Consideration of the statements of financial position and further disclosures

Key items within the Statement of Financial Position and related disclosures impacted by COVID-19 are as follows:

Investments

Given recent market volatility, the Trustee reviewed the appropriateness of the inputs to its valuation of financial instruments as well as performing out of cycle valuations. The impact of changes in valuation inputs has also been considered in terms of the classification of financial instruments in the fair value hierarchy, transfers within the fair value hierarchy and the Level 3 sensitivity analysis. The Fund's financial instruments include a portfolio of unlisted equity investments which, in accordance with the Fund's accounting policies, are measured at fair value through profit and loss. The determination of the financial instruments' carrying value included a consideration of the impact of COVID-19.

Defined Benefit Liabilities

Given recent market volatility, the Trustee reviewed the appropriateness of the inputs to its defined benefit liability valuation. The impact of changes in valuation inputs has also been considered in terms of the disclosures around changes in actuarial assumptions and the impact this has had on the Fund's defined benefit surplus.

Recoverability of Deferred Tax Balances

In assessing whether a deferred tax asset can be recognised and given the macro-economic conditions arising from COVID-19 existed at the reporting date, the Trustee has ensured the projections of future taxable earnings is robust and based on reasonable assumptions regarding the Fund's future investment performance and taxable contribution levels.

15. Fair value of financial instruments (continued)

(e) Coronavirus (COVID-19) impact (continued)

Risk management

The Trustee's robust risk management framework continues to be applied across the Funds operations and the Trustee continues to monitor the impact of COVID-19 on the Fund's risk profile. Non-financial risks emerging from global movement restrictions, and remote working by our staff, counterparties, clients and suppliers, are being identified, assessed, managed and governed through timely application of the Trustee's risk management framework.

Due to COVID-19 the Trustee sees the need for liquidity as being driven by a range of interconnected factors, including:

- Decreased contributions from members and employers;
- Increasing benefit payments through the COVID-19 Early Release Scheme;
- Managing foreign currency hedging programs (including necessary liquidity to respond to any margin call requirements); and
- Members shifting into cash or defensive investment options.

The management of liquidity risk is a key element of the Fund's investment process. The approach to managing liquidity is outlined in a series of policies which are approved by the Trustee and implemented by Management. The Trustee is focused on the effects of the global COVID-19 pandemic and is monitoring it as it unfolds, specifically in:

- actively managing each Investment Option in line with its long-term investment strategy;
- continuing to monitor and respond to global investment markets;
- managing the Fund's cash flow on a daily basis;
- preparing for events that may affect the liquidity position; and
- stress-testing the portfolio for a range of possible scenarios.

16. 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 within the Growth Alternatives and Defensive Alternatives asset classes.

Commitments contracted for at the reporting date but not recognised as liabilities are expected to be settled as follows:

	2020 \$	2019 \$
Within one year	118,354,687	22,780,145
After one year but not later than five years	240,405,134	-
More than five years	-	-
	<u>358,759,821</u>	<u>22,780,145</u>

(b) Contingent liabilities

There are no contingent liabilities as at 30 June 2020 (2019: \$ Nil).

17. Cashflow Statement reconciliation

	2020	2019
	\$000	\$000
Cash and cash equivalents	<u>55,078</u>	<u>29,544</u>
Operating result after income tax	(338,190)	82,325
Adjustments for:		
Increase/(decrease) in payables	770	(7,799)
(Increase)/decrease in receivables	403	(595)
Increase/(decrease) in investment tax timing reserve	108,234	(93,227)
Increase/(Decrease) in term deposits (> 3 months)	-	-
Depreciation	362	372
Contributions tax impacting reserves	(2,099)	(2,167)
DB Member funding movement	233,327	5,158
Self-insurance reserves movement	(162)	457
Net allocations from member accounts	(82,758)	(67,449)
Insurance premiums paid	(30,608)	(29,334)
Death and disability benefits received	23,110	23,719
Annuity proceeds	150	160
Other income	780	31
Investments tax paid	(65,011)	(71,955)
Net cash flows from operating activities	<u>(151,692)</u>	<u>(160,304)</u>

18. Receivables

	2020	2019
	\$000	\$000
Unsettled investment sales	21,817	106,944
Investment income due and receivable	21,990	36,405
Employer non-member pay receivables	139	135
Prepaid expenses	374	202
Australian taxation office (GST)	258	666
Total	<u>44,578</u>	<u>144,352</u>

19. Payables

	2020	2019
	\$000	\$000
Unsettled investment purchases	25,880	48,927
Accounts due and unpaid	19,206	20,008
Administration fee payable to Togethr Trustees Pty Ltd	4,847	5,077
Total	49,933	74,012

20. Plant and equipment

	2020	2019
	\$000	\$000
Office furniture and equipment at cost	759	756
Computer and information technology equipment at cost	884	743
Leasehold improvements at cost	2,212	2,225
Less accumulated depreciation and impairment losses	(1,720)	(1,358)
Total plant and equipment	2,135	2,366

21. Meeting of Directors of the Trustee Company

Sections 300(10)(b) and (c) of the Corporations Act (2001) require public companies that are not wholly owned subsidiaries of another company to include details of the number of Board and Board Committee meetings held during the year and each Director's attendance at those meetings.

Togethr Trustees Pty Ltd is not a public company but the Directors have adopted the policy of disclosing similar details as a matter of good corporate governance.

21. Meeting of Directors of the Trustee Company (continued)

The number of Board and Committee meetings attended by each of the Directors during the financial year ended 30 June 2020 was:

Number of meetings during the year	Board		Audit and Compliance Committee		Governance and Rewards Committee		Innovation and Technology Committee (First Meeting 12/12/19)		Investment Committee		Member and Employer Engagement Committee		Risk Committee		Notes
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	
TOTAL HELD	12		7		5		3		9		4		5		
A E J Fairley AM	12	12	7	6	5	5	-	-	9	9	-	-	1	-	
M N Cerche	12	10	-	-	5	4	-	-	-	-	4	4	-	-	
M J Clinch	12	10	-	-	1	1	-	-	-	-	4	4	4	3	
P Davy-Whyte	12	12	-	-	-	-	3	3	-	-	4	4	-	-	
J C Dekker	12	12	2	2	-	-	-	-	9	9	-	-	5	5	
J S Hickey	12	12	7	6	-	-	-	-	9	9	-	-	-	-	
L Rasmussen	9	6	2	2	-	-	3	3	9	9	-	-	-	-	Resigned effective 14 April 2020
J Azaris	4	4	-	-	1	1	-	-	-	-	1	1	-	-	Retired effective 20 October 2019
W E Walker	4	4	-	-	-	-	-	-	-	-	-	-	-	-	Retired effective 20 October 2019
D Casey	8	8	5	5	4	4	-	-	7	7	-	-	-	-	Appointed – 21 October 2019
S Thompson	8	8	-	-	-	-	3	3	-	-	-	-	4	4	Appointed – 21 October 2019
C Harkin	8	8	5	5	-	-	3	3	-	-	-	-	-	-	Appointed – 21 October 2019
D James	8	8	-	-	-	-	-	-	-	-	3	3	4	2	Appointed – 21 October 2019
P Haysey	8	8	-	-	4	4	-	-	7	7	-	-	-	-	Appointed – 21 October 2019

Directors also occasionally do attend Committee meetings of which they are not a member as an observer. These attendances are not reflected in the above table.

Legend in the table

- “Held” means the number of meetings held while the Director was a member of the Board or Committee.
- “Attended” means the number of meetings attended in person or via telephone while the Director was a member of the Board or Committee.

Chair of the Board and Committees

- A.E.J. Fairley AM was elected as Independent Director, became Chair of the Board on 1 January 2009.
- P.J. Haysey has been the Chair of the Governance and Rewards Committee from 21 October 2019.
- J.C Dekker has been the Chair of the Risk Committee from 21 October 2019.
- D.G. Casey has been the Chair of the Audit and Compliance Committee from 21 October 2019.
- M.N. Cerche has been the Chair of the Member and Employer Engagement Committee from 1 July 2018.
- J.S. Hickey has been the Chair of the Investment Committee from 1 July 2018.
- P. Davy-Whyte has been Chair of the Innovation and Technology Committee since 21 October 2019.

22. Events subsequent to balance sheet date

Investment Markets

The Fund holds investments in Australian and international listed equities and is consequently exposed to the market risk associated with these investments. Since balance sheet date, Australian and international share markets have experienced an increase in value with the Fund's investments increasing, as at 28 August 2020, by 2.66% overall. Market volatility is a normal characteristic of investment markets.

As the investments are measured at their 30 June 2020 fair values in the financial statements, any subsequent changes in value are not reflected in the Income Statement or the Statement of Financial Position. As the Fund allocates all its investment income to members, the increase in value of investments has been reflected in the current unit prices, resulting in a corresponding increase in member funds.

The macro-economic outlook is still uncertain and Fund investment managers/independent valuers continue to factor in the economic impact of COVID -19 in measuring fair value and in some circumstances, valuations are being made more regular to keep up with changing economic conditions.

There are no other 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 2020

In the opinion of the Trustee of Equisuper Fund:

1. The accompanying financial statements of the Equisuper Fund are properly drawn up so as to present fairly the financial position of the Fund as at 30 June 2020 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 Pty Ltd (Trustee).



.....
A.E.J. Fairley AM
Chair



.....
D.G. Casey
Director

Melbourne
18 September 2020

Report by the RSE Auditor to the trustee and members of Equisuper Superannuation Fund (ABN 33 813 823 017)

Opinion

We have audited the financial statements of Equisuper Superannuation Fund for the year ended 30 June 2020 as set out on pages 1 to 55 attached.

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 2020 and the results of its operations, cash flows, changes in equity/reserves and changes in members' benefits for the year ended 30 June 2020.

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, 18 September 2020