

Future Super Fund

ABN: 45 960 194 277

RSE: R1072914

Annual Report
For the Year Ended 30 June 2022

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STATEMENT OF FINANCIAL POSITION
As at 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Assets			
Cash and cash equivalents	12	98,401	88,391
Investments held at fair market value	4	1,331,676	1,160,357
Receivables			
Distributions and dividends receivable		19,599	30,561
GST receivable		244	285
Other assets			
Deferred tax assets	10	9,117	10
Total Assets		<u>1,459,037</u>	<u>1,279,604</u>
Liabilities			
Benefits payable		1,230	1,052
Accounts payable and accrued expenses		1,684	1,492
Current tax liabilities		14,011	15,923
Deferred tax liabilities	10	-	13,721
Total Liabilities Excluding Member Benefits		<u>16,925</u>	<u>32,189</u>
Net Assets Available For Member Benefits		<u>1,442,112</u>	<u>1,247,415</u>
Defined contribution member liabilities		1,424,804	1,239,213
Contributions not allocated to Members		737	991
Total Net Assets		<u>16,571</u>	<u>7,212</u>
Equity			
Operational Risk Reserve	9(a)	3,612	2,902
Expense reserve	9(b)	1,746	92
Unallocated surplus	9(c)	11,213	4,218
Total Equity		<u>16,571</u>	<u>7,212</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

INCOME STATEMENT

For the Year Ended 30 June 2022

		2022	2021
	Notes	\$'000	\$'000
Superannuation activities			
Interest revenue		4,754	3,546
Dividend revenue		2,548	248
Distribution income		28,618	67,094
Net changes in fair value of investments	5	(191,045)	94,514
Other income		2,735	-
Total Net Income		<u>(152,390)</u>	<u>165,402</u>
Less expenses			
General administration expenses	11	<u>(19,151)</u>	<u>(14,838)</u>
Total Expenses		<u>(19,151)</u>	<u>(14,838)</u>
Results From Superannuation Activities Before Income Tax Expense		<u>(171,541)</u>	<u>150,564</u>
Income tax (expense) / benefit	10	<u>26,708</u>	<u>(20,172)</u>
Results From Superannuation Activities After Income Tax Expense		<u>(144,833)</u>	<u>130,392</u>
Net benefits deducted from / (allocated to) defined contribution members		<u>151,750</u>	<u>(130,085)</u>
Operating Result After Income Tax		<u><u>6,917</u></u>	<u><u>307</u></u>

The above income statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN MEMBER BENEFITS
For the Year Ended 30 June 2022

	2022	2021
Notes	\$'000	\$'000
Opening Balance Of Member Benefits (as at 1 July)	1,239,203	755,065
Contributions:		
- Employer contributions	170,235	109,349
- Member contributions	20,589	17,346
- Government co-contributions	2,056	2,083
Transfers in from other superannuation funds	242,662	308,014
Lost earnings compensation	30	21
Income tax on contributions	(26,671)	(17,555)
Net After Tax Contributions	408,901	419,258
Benefits to members	(71,997)	(64,143)
Insurance premiums charged to member accounts	(1,008)	(743)
Death & disability benefits credited to member accounts	-	21
Reserve transferred to/(from) members		
- Operational Risk Reserve	(152)	(95)
- Expense Reserve	(490)	(557)
- Unallocated surplus	2,096	311
Net benefits allocated comprising:		
- Net investment income	(132,598)	144,923
- Administration expenses	(19,151)	(14,838)
Closing Balance Of Member Benefits (as at 30 June)	1,424,804	1,239,203

The above statement of changes in member benefits should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2022

	Operational Risk Reserve	Expense Reserve	Unallocated Surplus	Total Equity
	\$'000	\$'000	\$'000	\$'000
Opening Balance as at 1 July 2021	2,902	92	4,218	7,212
Operating result	21	1,702	5,194	6,917
Net transfers (to)/from member accounts	152	489	(2,096)	(1,455)
Transfer from fee accrual	537	(537)	-	-
Amounts not yet allocated to members	-	-	3,897	3,897
Closing Balance as at 30 June 2022	<u>3,612</u>	<u>1,746</u>	<u>11,213</u>	<u>16,571</u>
Opening Balance as at 1 July 2020	1,629	703	1,496	3,828
Operating result	20	(10)	296	306
Net transfers (to)/from member accounts	96	556	(310)	342
Transfer from fee accrual	1,157	(1,157)	-	-
Amounts not yet allocated to members	-	-	2,736	2,736
Closing Balance as at 30 June 2021	<u>2,904</u>	<u>92</u>	<u>4,218</u>	<u>7,212</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
For the financial year ended 30 June 2022

		2022	2021
	Notes	\$'000	\$'000
Cash Flows From Operating Activities			
Interest received		4,754	3,546
Distributions and dividends income received		42,129	36,532
Other income received		2,776	-
General administration expenses paid		(17,306)	(13,763)
Insurance premiums paid		(983)	(726)
Income tax refunded		493	2,861
Net Cash Inflow/(Outflow) From Operating Activities	13	<u>31,863</u>	<u>28,787</u>
Cash Flows From Investing Activities			
Sale of financial instruments		115,337	133,399
Purchases of financial instruments		(477,701)	(499,388)
Net Cash Inflow/(Outflow) From Investing Activities		<u>(362,364)</u>	<u>(365,989)</u>
Cash Flows From Financing Activities			
Employer contributions received		170,235	109,349
Member contributions received		22,646	19,429
Transfers from other superannuation entities		242,662	308,035
Benefit payments to members or beneficiaries		(71,819)	(63,091)
Unallocated contributions		(255)	991
Tax paid on contributions		(22,958)	(15,868)
Net Cash Inflow/(Outflow) From Financing Activities		<u>340,511</u>	<u>358,845</u>
Net Increase In Cash And Cash Equivalents		10,010	21,643
Cash and cash equivalents at the beginning of the financial year		88,391	66,748
Cash And Cash Equivalents At The End Of The Financial Year	12	<u><u>98,401</u></u>	<u><u>88,391</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Future Super Fund (ABN 45 960 194 277) (the "Fund") is a retail superannuation fund domiciled in Australia. The Fund is primarily involved in providing retirement benefits to its members. The Fund was constituted by a Trust Deed dated 30 September 2011 as amended which replaced in its entirety, a Trust Deed dated 25 June 2009 as amended.

In accordance with amendments to the Superannuation Industry (Supervision) Act 1993 the Fund is registered with the Australian Prudential Regulation Authority ("APRA") as a Registrable Superannuation Entity ("RSE") R1072914.

The Fund is a defined contribution fund. Members have voluntarily selected the Fund.

The Trustee of the Fund during the reporting period was Diversa Trustees Limited (ABN 49 006 421 638) (RSE No L0000635). The address of the Fund's registered office is Level 9, 2 Southbank Boulevard, Southbank Victoria.

Both the Trustee and the Fund are domiciled in Australia and registered with APRA.

These financial statements cover the Fund as an individual entity. The financial statements of the Fund were authorised for issue by the directors of the Trustee on 14 October 2022. The directors of the Trustee have the power to amend and re-issue these financial statements.

2. Summary of significant accounting policies

Unless covered in other notes to the financial statements, the principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, the Superannuation Industry (Supervision) Act 1993 and Regulations ("SIS") and the provisions of the Trust Deed.

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

(b) Financial instruments

(i) Classification

The Fund's investments are classified as at fair value through the income statement. They comprise:

Fair value through profit or loss.

Derivative financial instruments such as futures, forward contracts, options and interest rate swaps are included under this classification, however the Fund presently is not directly exposed to or involved in the use of derivative financial instruments. However, some of the underlying investments may utilise derivative financial instruments to hedge or partially hedge specific exposures. The fund does not enter into, hold or issue derivative financial instruments for trading purposes.

Financial instruments designated at fair value through income statement upon initial recognition.

These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded debt and equity instruments, unlisted trusts and commercial paper.

These investments are managed and their performance is evaluated on a fair value basis in accordance with the Fund's investment strategy.

(ii) *Recognition/de-recognition*

Financial assets and financial liabilities are recognised on the date the Fund becomes party to the contractual agreement (trade date) and changes in the fair value of the financial assets or financial liabilities are recognised from this date.

Investments are de-recognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all of the risks and rewards of ownership.

(iii) *Measurement*

At initial recognition, the Fund measures a financial asset or liability at fair value. Transaction costs are expensed in the income statement.

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

For further details on how the fair values of financial instruments are determined refer to note 4.

(iv) *Offsetting financial instruments*

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

(c) **Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from investing activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

(d) **Revenue recognition**

Interest revenue is recognised in profit or loss for all financial instruments that are held at fair value through profit or loss using the effective interest method. Income from cash and cash equivalents is presented as interest income. Interest income on assets held at fair value through profit or loss is included in the net changes in fair value of financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(b) to the financial statements.

Dividend and trust distribution income is recognised gross of withholding tax in the period in which the Fund's right to receive payment is established.

(e) **Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses arise from the settlement of such transactions and from the translations at year end exchange rates of monetary items denominated in foreign currencies.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at balance date. Translation differences on assets and liabilities carried at fair value are reported in the income statement on a net basis within net changes in fair value of financial instruments.

(f) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date. A provision for impairment is made when the fund will not be able to collect all amounts due from the relevant broker.

(g) Receivables

Receivable amounts are generally received within 30 days of being recorded as receivables.

Collectability of trade receivables is reviewed regularly. Debts which are known to be uncollectable are written off by reducing the carrying amount.

(h) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period. These amounts are unsecured and are usually paid within 30 days of recognition.

(i) Benefits paid and payable

Benefits paid and payable are valued at the amounts paid to members during the period or payable to members as at reporting date. Benefits payable comprise pensions accrued at balance date and lump sum benefits of members who are due a benefit but had not been at balance date.

(j) Contributions received and transfers from other funds

Contributions received and transfers from other Funds are recognised in the statement of changes in member benefits when the control of the contribution or transfer has transferred to the Fund. They are recognised gross of any taxes.

(k) Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel. Refer to note 4 for details.

(l) New accounting standards and interpretations

Accounting standards and interpretations effective for the current financial year

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2021 that have a material impact on the amounts recognised in the prior or current periods or that will affect future periods.

Accounting standards and interpretations issued, but not yet effective

A number of new standards, amendments and interpretations are effective for annual periods beginning after 1 January 2022, and have not been adopted in preparing these financial statements. None of these are expected to have a material impact on the financial statements of the Fund.

New or revised requirement	Title	Effective Date	30 June 2022 Applicability
AASB 17	Insurance Contracts	1 January 2023	Optional
AASB 2020-3	Amendments to Australian Accounting Standards - Annual Improvements 2018-2022 and Other Amendments	1 January 2022	Optional
AASB 2021-2	Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023	Optional
AASB 2021-5	Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	Optional

These Standards apply to annual reporting periods beginning on or after 1 January 2022. These amendments are not expected to have a significant impact on the Fund financial statement.

Other legislative or government developments
Climate related and other emerging risk disclosure

There is a continuing global push to standardise environmental, social and governance (ESG) reporting and be aware of how recent global developments, might be implemented in the Australian context. The IFRS Foundation has announced the formation of the International Sustainability Standards Board (ISSB) and the Australian regulatory environment continues to evolve.

The ISSB is expected to finalise its first Standards in 2022. Operating within the existing institutional framework, the AASB intends to develop reporting requirements for non-financial information and the AUASB intends to simultaneously update relevant assurance standards, which are already capable of addressing current voluntary disclosures. ASIC is also increasingly focusing on material risk disclosures in the operating and financial review (OFR), including recommending that directors should consider whether to disclose information that would be relevant under the Task Force on Climate-related Financial Taskforce (TCFD) recommendations. Financial reporting areas that may be impacted include asset impairment, changes in useful lives, valuation of assets, provisions and contingent liabilities and expected credit losses.

(m) Rounding of amounts

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

(n) 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 of the line items in the notes to the financial statements have been reclassified to align comparative information with the current year's presentation.

3. Financial risk management

The Fund's activities expose it to a variety of finance risks, market risks (including price risk and interest rate risk), credit risk and liquidity risk.

In March 2020, the World Health Organisation declared COVID-19 a pandemic. The Trustee acknowledges the current outbreak of COVID-19 and the increased market volatility it has created within the financial markets the Fund operates. This volatility has had a corresponding impact on the fair value of the Fund's investment portfolio, both during the financial year as well as subsequent to the reporting date.

The Trustee is monitoring developments closely, noting that given the nature of the outbreak and the ongoing developments, there is a high degree of uncertainty and therefore it is not possible to predict the extent and nature of the overall future impact of the Fund. The Trustee however actively manages the financial risks that the Fund is exposed to, with the approach outlined further within this note and the fair value of the Fund's investments continue to be valued in accordance with the frequency set out in the Fund's Investment governance framework ('IGF') established by the trustee, applying valuation methodologies reflective of the prevailing market conditions.

The IGF sets out the Trustee's policies and procedures for the selection, management and monitoring of investments for the Fund. For each investment option offered by the Fund, the Trustee seeks to maximise the returns derived for the level of risk to which the Fund is exposed.

At the time of signing these financial statements, there is an increased level of global uncertainty associated with the conflict in Ukraine. The long-term impacts of the Ukraine conflict are not yet known but are likely to result in increased market and economic volatility. The Trustee's risk management framework continues to be applied across the Fund's operations, and the Trustee has considered the impact of the situation in Ukraine and other market volatility in preparing these financial statements.

(a) **Market risk**

(i) *Price risk*

The Fund is exposed to equity securities price risk. These arise from investments held by the Fund for which prices in the future are uncertain.

The Trustee mitigates price risk through diversification and a careful selection of securities. Compliance with the IGF and supporting investment guidelines are monitored by the Trustee on a regular basis.

At 30 June, the fair value of investments exposed to price risk were shown as follows:

	2022	2021
	\$'000	\$'000
Equity securities	154,873	31,570
Unlisted unit trusts	183,637	143,043
Exchange traded funds	824,739	844,536
Debt Securities	168,427	141,208
Net exposure to price risk	<u>1,331,676</u>	<u>1,160,357</u>

(ii) *Foreign exchange risk*

Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates.

There is no direct foreign exchange risk in the Fund.

(iii) *Cash flow and fair value interest rate risk*

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates.

Financial instruments with fixed interest rates expose the Fund to fair value interest rate risk.

The table below summarises the Fund's direct exposure to interest rate risk.

As at 30 June 2022	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Financial assets				
Cash and cash equivalents	98,401	-	-	98,401
Debt securities	88,628	79,800	-	168,428
Net exposure interest rate risk	<u>187,029</u>	<u>79,800</u>	<u>-</u>	<u>266,829</u>
As at 30 June 2021	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Financial assets				
Cash and cash equivalents	88,391	-	-	88,391
Debt securities	102,210	38,998	-	141,208
Net exposure interest rate risk	<u>190,601</u>	<u>38,998</u>	<u>-</u>	<u>229,599</u>

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to interest rate risk and price risk. The reasonably possible movements in the risk variables have been based on the Trustee's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and market volatility. Actual movements in the risk variables may be greater or less than anticipated due to a number of factors. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

	Price Risk		Interest rate risk	
	Impact on operating profit/Net assets attributable to unitholders			
	-15% MSCI Index	+7.5% MSCI	-75 bps	+75 bps
	\$'000	\$'000	\$'000	\$'000
30 June				
2022	(199,751)	99,876	2,001	(2,001)
2021	(174,054)	87,027	1,715	(1,715)

(c) Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due, causing a financial loss to the Fund.

The main credit risks, to which the Fund is exposed, arises from the Fund's investment in cash and cash equivalents, interest bearing securities, units in unit trusts and other receivables. The Trustee monitors the Fund's credit risk exposure on a regular basis.

(i) Debt securities

The Fund invests in debt securities which are rated by Standard and Poors (or Fitch where Standard and Poors is unavailable). For unrated assets the Trustee assess credit risk using an approach similar to that used by rating agencies. An analysis of debt securities by rating is set out in the following table.

Rating	30 June 2022	30 June 2021
	\$'000	\$'000
Australian		
BBB+	42,786	13,456
BBB	26,584	18,973
BB	12,084	14,432
Unrated	86,973	94,347
Total	<u>168,427</u>	<u>141,208</u>

(ii) Derivative financial instruments

The Fund presently is not directly exposed to or involved in the use of derivative financial instruments. However, some of the Fund's underlying investments may, as part of the respective fund manager's investment strategy, utilise derivative financial instruments to hedge or partially hedge specific exposures. The Fund does not enter in to, hold or issue derivative financial instruments for trading purposes.

(iii) Settlement of securities transactions

All transactions in listed securities are settled for upon delivery using brokers approved by the Trustee. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment.

(iv) *Cash and cash equivalents*

The Fund's exposure to credit risk for cash and cash equivalents is considered low as all counterparties have a rating of A or higher in 2022 (A or higher in 2021) as determined by the Standard and Poors (or Fitch where Standard and Poors is unavailable).

(v) *Assets in custody*

The clearing and depository for the Fund's security transactions are concentrated with one counterparty, namely Citibank Securities Services. Citibank Securities Services had a credit rating of A+ at 30 June 2022 (A+ as at 30 June 2021).

(vi) *Maximum exposure to credit risk*

The Fund's maximum exposure to credit risk is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

(d) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations to members or counterparties in full as they fall due or can only do so on terms that are disadvantageous.

The Fund is obligated to pay member benefits upon request. The Trustee's policy is therefore to primarily hold investments that are traded in an active market and can be readily disposed. Only a limited proportion of its assets are held in investments not actively traded on a stock exchange or ordinarily redeemable within a short period of time. The Fund's overall liquidity risks are monitored by the Trustee at least annually.

(i) *Maturities of financial liabilities*

The tables below show the Fund's financial liabilities based on their contractual maturities using undiscounted cash flows. Due to brokers and benefits payable are payable on demand. Liabilities to defined contribution members are payable upon request. The Fund considers it is highly unlikely that all liabilities to members would fall due at the same time.

As at 30 June 2022	Less Than 1 month	1-3 months	Greater than 3 months	Total
	\$'000	\$'000	\$'000	\$'000
Non-derivatives				
Accounts payable and accrued expenses	1,684	-	-	1,684
Defined contribution member liabilities	1,424,804	-	-	1,424,804
	<u>1,426,488</u>	<u>-</u>	<u>-</u>	<u>1,426,488</u>
As at 30 June 2021	Less Than 1 month	1-3 months	Greater than 3 months	Total
	\$'000	\$'000	\$'000	\$'000
Non-derivatives				
Accounts payable and accrued expenses	1,492	-	-	1,492
Defined contribution member liabilities	1,239,213	-	-	1,239,213
	<u>1,240,705</u>	<u>-</u>	<u>-</u>	<u>1,240,705</u>

The defined contribution member liabilities have been included in the less than one month column. This is the earliest date on which the Fund can be required to pay members' vested benefits, however the Trustee does not anticipate that members will call upon amounts vested to them during this time.

4. Fair value measurement

(a) Fair value hierarchy

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

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities. These inputs are readily available in the market and are normally obtainable from multiple sources.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly. The Trustee values fixed interest securities held by the Fund using broker quotes, units in unit trusts using the unit price provided by the underlying fund manager.
- Level 3: one or more of the significant inputs are not based on observable market data, examples include discount rates and other material unobservable inputs. The Trustee values units in unit trusts classified as level 3 using the unit price provided by the underlying fund manager. These unit trusts hold illiquid investments such as unlisted property and private equity. The Trustee values debt securities classified as level 3 using the valuation provided by the underlying investment manager.

Recognised fair value measurements

The table below sets out the Fund's financial assets and liabilities at fair value according to the fair value hierarchy.

As at 30 June 2022	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Equity securities	154,873	-	-	154,873
Debt securities	43,683	70,448	54,296	168,427
Units in unit trusts and Exchange traded funds	824,739	55,285	128,352	1,008,376
As at 30 June 2022	1,023,295	125,733	182,648	1,331,676
As at 30 June 2021	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Equity securities	31,570	-	-	31,570
Debt securities	-	125,708	15,500	141,208
Units in unit trusts and Exchange traded funds	844,536	85,836	57,207	987,579
As at 30 June 2021	876,106	211,544	72,707	1,160,357

Movement in level 3 investments

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were transfers between levels in the fair value hierarchy for the year ended 30 June 2022 (no transfers in for the year ended 30 June 2021).

	2022	2021
	\$'000	\$'000
Opening balance	72,708	43,761
Purchases	77,300	30,344
Sales	(10,205)	(738)
Transfers into Level 3	44,241	-
Change in fair value	(1,396)	(660)
Closing balance	<u>182,648</u>	<u>72,707</u>

Valuation inputs and relationships to fair value

The Fund's level 3 investments comprise units in unlisted unit trusts and debt securities. The debt securities are recognised at cost and the Trustee has determined that cost is a fair approximation of fair value for these investments. The table below summarises the quantitative information about the significant unobservable inputs used by the Trustee in level 3 fair value measurements of unlisted unit trusts.

Description	Fair value as 30 June \$'000	Unobservable inputs	Relationship of unobservable inputs to fair value
2022 Unlisted unit trusts and Debt securities	\$182,648	Redemption price	Higher (lower) redemption price (+/- 10%) would increase/ (decrease) fair value by \$18,264,786
2021 Unlisted unit trusts and Debt securities	\$72,708	Redemption price	Higher (lower) redemption price (+/- 10%) would increase/ (decrease) fair value by \$7,270,750

Valuation process

The Trustee reviews valuations of the financial instruments required for financial reporting purposes, including level 3 fair values. Changes in level 2 and 3 fair values are analysed at each reporting date by the Trustee.

5. Net changes in fair value of financial instruments

Net changes in financial assets and liabilities measured at fair value:

	2022	2021
	\$'000	\$'000
Designated at fair value through profit or loss		
Equity securities	(24,221)	4,724
Exchange traded funds	(156,036)	5,400
Debt securities	(6,376)	5,400
Unlisted unit trusts	(4,412)	84,389
Total	<u>(191,045)</u>	<u>94,514</u>

6. Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual arrangements.

The Fund considers all investments in managed investment schemes (funds) to be structured entities. The Fund invests in underlying managed funds for the purpose of capital appreciation and or earning investment income.

The investee funds' objectives are to achieve medium to long term capital growth. The investee funds invest in a number of different financial instruments, including equities and debt instruments. The investee funds finance their operations by issuing redeemable shares which are puttable at the holder's option and entitle the holder to a proportional stake in the respective fund's net assets.

The exposure to investments in investee funds at fair value, by investment strategy, is disclosed below:

	Fair value of investment 2022 \$'000	Fair value of investment 2021 \$'000
Australian property funds	8,088	-
Australian equity funds	327,459	360,071
International fixed interest funds	43,750	94,947
International equity funds	543,772	389,518
Other	85,307	143,043
Total	<u>1,008,376</u>	<u>987,579</u>

The fair value of financial assets of \$1,008,375,195 (2021; \$987,579,486) is included in financial assets at in the balance sheet.

The Fund's maximum exposure to loss from its interests in investee funds is equal to the total fair value of its investments in the investee funds.

During the year ended 30 June 2022 total losses incurred on investments in investee funds were \$160,447,746 (total gains 2021: \$94,513,716).

During the year the Fund incurred fair value losses and distribution income as a result of its interests in other funds.

7. Member liabilities

(a) Recognition and measurement of member liabilities

The entitlements of members to benefit payments are recognised as liabilities. They are measured at the amount of the accrued benefits as at the reporting date, being the benefits that the Fund is presently obliged to transfer to members or their beneficiaries in the future as a result of the membership up to the end of the reporting period.

(b) Defined contribution member liabilities

Defined contribution member account balances are measured using unit prices determined by the Trustee based on the underlying investment option values selected by members or alternatively reflect the fair value of the investments held by the members.

The defined contribution members bear the investment risk relating to the underlying investment options. Unit prices used to measure defined contribution member liabilities are updated each day for movements in investment values.

As at 30 June 2022, the net assets attributable to defined contribution members have been substantially allocated. Unallocated amounts are shown in the statement of financial position as "Contributions not allocated to members" and "Unallocated surplus" within equity.

8. Insurance arrangements

The Fund provides death and disability benefits to its members. The Trustee has a group and/or retail policies in place with third party insurance companies to insure these death and disability benefits for the members of the Fund.

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

The Trustee determined that the Fund is not exposed to material insurance risk because:

- members (or their beneficiaries) will only receive insurance benefits if the external insurer pays the claim
- insurance premiums are only paid through the Fund for administrative reasons, and
- insurance premiums are effectively set directly by reference to premiums set by an external insurer.

9. Reserves

(a) Operational risk reserve

The operational risk financial reserve (ORR) may be used in certain circumstances to address operational risk events or claims against the Fund arising from certain operational risk events. The ORR is operated in accordance with the Operational Risk Financial Requirement Strategy. The Trustee has assessed an ORR target amount of 0.25% of funds under management as appropriate for the Fund. The Fund achieves its ORR target amount through an operational risk reserve in the Fund.

Changes in the ORR are detailed in the Statement of Changes in Equity.

(b) Expense reserve

The Expense recovery reserve has been established for the purpose of meeting the Fund's operating costs and to top-up the ORR as required

(c) Unallocated surplus/(deficit)

The unallocated surplus/deficit is utilised by the Fund to maintain the difference between the amounts allocated to members as at the end of the financial year and the net assets of the Fund. It includes, among other items, income receivable to be allocated to members on receipt, and tax expense/benefit arising from the completion of the tax position following the year end. This income or any tax benefit/credit will be allocated in accordance with applicable Funds' policies.

10. Income Tax

This note provides an analysis of the Fund's income tax expense and how the tax expense is affected by non-assessable and non-deductible items.

(i) Accounting policy

Under the Income Tax Assessment Act, the Fund is a complying superannuation fund. As such, a concessional tax rate of 15% is applied on net investment earnings with deductions allowable for administrative and operational expenses. Financial assets held for less than 12 months are taxed at the Fund's rate of 15%. For financial assets held for more than 12 months, the Fund is entitled to a further discount on the tax rate leading to an effective tax rate of 10% on any gains/(losses) arising from the disposal of investments.

Current tax is the expected tax payable on the estimated taxable income for the current year based on the applicable tax rate adjusted for instalment payments made to the ATO during the year and by changes in deferred tax assets and liabilities attributable to temporary differences.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the amounts used for taxation purposes. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) *Income tax expense*

	2022	2021
	\$'000	\$'000
Current tax expense		
Current tax on profits for the year	1,471	11,927
Adjustments for current tax of prior periods	(5,351)	(963)
Current tax expense/(benefit)	<u>(3,880)</u>	<u>10,964</u>
Movement in temporary differences	(22,828)	9,209
Income tax expense/(benefit)	<u><u>(26,708)</u></u>	<u><u>20,172</u></u>

(iii) *Numerical reconciliation of income tax expense to prima facie tax payable*

Operating result before income tax expense	(171,541)	150,564
Tax at the Australian rate of 15% (2021 – 15%)	(25,731)	22,585
Discount on capital gains	7,465	(1,191)
Non-taxable investment market value movement	(309)	-
Non-deductible expenses	31	24
Other non-assessable income	(83)	(283)
Insurance premiums deductible	(151)	-
Imputation credits	(2,579)	-
Adjustments for current tax of prior periods	(5,351)	(963)
Income tax expense/(benefit)	<u><u>(26,708)</u></u>	<u><u>20,172</u></u>

In addition to the above \$26,670,536 (2021: \$17,554,570) is recognised in the statement of changes in member benefits relating to tax on contributions deducted from member accounts.

(iv) *Deferred tax balances*

The balance comprises temporary differences attributable to:

	2022	2021
	\$'000	\$'000
Deferred tax assets/(liabilities)		
Financial assets measured at fair value through profit or loss Australian rate of 15% (2021 – 15%)	9,103	(13,721)
Accrued (income/expenses)	14	10
Net deferred tax assets/(liabilities)	<u><u>9,117</u></u>	<u><u>(13,711)</u></u>

The movements in temporary differences during the year are:

	Beginning of year \$'000	Recognised in income \$'000	End of year \$'000
30 June 2022			
Changes in accrued (income)/expenses	10	4	14
Net changes in fair value of financial instruments	(13,721)	22,824	9,103
Deferred tax assets/(liabilities)	(13,711)	22,828	9,117
30 June 2021			
Changes in accrued (income)/expenses	16	(6)	10
Net changes in fair value of financial instruments	(4,518)	(9,202)	(13,721)
Deferred tax assets/(liabilities)	(4,502)	(9,209)	(13,711)

11. General administration expenses

	2022 \$'000	2021 \$'000
Administration fees	2,040	1,361
Promoter fees	6,210	4,954
Trustee fees	902	805
Custody fees	222	93
Investment management fees	9,402	7,551
Audit fees	86	74
Other expenses	289	0
	<u>19,151</u>	<u>14,838</u>

12. Cash and cash equivalents

	2022 \$'000	2021 \$'000
Cash at bank	98,401	88,391
	<u>98,401</u>	<u>88,391</u>

13. Reconciliation of profit/(loss) after income tax to net cash inflow/(outflow) from operating activities

(a) Reconciliation of profit/(loss) after income tax to net cash inflow/(outflow) from operating activities

	2022 \$'000	2021 \$'000
Operating result after income tax	6,917	307
Adjustments for:		
Net changes in financial instruments measured at fair value through the profit and loss	191,045	(94,514)
Net benefits allocated to defined contribution members	(151,749)	130,085
(Increase)/decrease in receivables	1,896	(30,567)
Increase/(decrease) in payables	(15,263)	24,170
Net insurance proceeds received	-	21
Insurance premiums paid	(983)	(726)
Net cash inflow/(outflow) from operating activities	<u>31,863</u>	<u>28,777</u>

(b) Non-cash financing and investing activities

There were no non-cash financing activities during the year or in the prior year.

14. Commitments

There are no commitments the Trustee is aware of as at the date of this report.

15. Contingent liabilities and contingent assets

There are no outstanding contingent assets or liabilities as at 30 June 2022 and 30 June 2021.

16. Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund as at 30 June 2022 or on the results and cash flows of the Fund for the year ended on that date.

17. Related party transactions

(a) Trustee

The Trustee of Future Super Fund is Diversa Trustees Limited. Amounts paid to the trustee in form of fees and reimbursements are disclosed in note 11. As at 30 June 2022, \$74,149 (30 June 2021 \$62,502) was payable to the Trustee and is included in other payables in the Statement of Financial Position.

(b) Directors

Key management personnel includes persons who were directors of Diversa Trustees Limited at any time during the financial year as follows:

M. Terlet (Chairperson), appointed 18 February 2021

V. Plant, appointed 4 May 2017

A. Peterson, appointed 28 June 2019

F. McNabb, appointed 28 June 2019

R. Beard, appointed 18 February 2021

S Thomas, appointed 15 August 2022

None of the directors nor the Trustee are or were unitholders of the Fund.

(c) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

(d) Remuneration of directors of the Trustee

The directors of the Trustee do not receive remuneration directly from the Fund.

(e) Other entities with significant influence over the Fund

Future Superannuation Group Pty Ltd (ABN 68 618 367 927) owned 100% of the Fund's Sponsor, Promoter and Investment Manager, Future Super Investment Services Pty Ltd (ABN 55 621 040 702) AFS Authorised Representative 001255665 and AFSL 238184 at 30 June 2022.

(f) Sponsor & Promoter

The Sponsor & Promoter of the Fund is Future Super Investment Services Pty Ltd (ABN 55 621 040 702) AFS Authorised Representative 001255665 .

There have been no transactions between the Promoter and the Fund other than promoter fees disclosed in Note 11. The compensation received or due and receivable by the Promoter from the Fund in connection with services provided to the Fund was \$6,209,574 (2021: \$4,954,423).

(g) Administrator

The Administrator of the Fund is OneVue Super Services (ABN 76 006 877 872) (AFSL 246883).

There have been no transactions between the Administrator and the Fund other than administrator fees disclosed in Note 11. The compensation received or due and receivable by the Administrator from the Fund in connection with services provided to the Fund was \$2,039,800 (2021: \$1,360,951).

There were no other transactions between the Administrator and the Fund during the year.

(h) Investment Manager

The Investment Manager of the Fund is Future Super Investment Services Pty Ltd ABN 55 621 040 702 AFSL 238184. Future Super Investment Services Pty Ltd is 100% owned by Future Superannuation Group (ABN 68 618 367 927).

There have been no transactions between the Investment Manager and the Fund other than Investment Management fees disclosed in Note 11. The compensation received or due and receivable by the Investment Manager from the Fund in connection with services provided to the Fund was \$9,402,119 (2021: \$7,550,706).

(i) Investments

The Fund held investments in the following schemes for which the Investment Manager provides services pertaining to ethical screening. The investments are disclosed on the balance sheet. Future Super Investment Services Pty Ltd has negotiated fee rebates on behalf of the Fund which are passed onto the Fund in full. The management fee rebates received by the Fund was \$2,735,271.46 (2021: \$2,242,890.92). Future Super Investment Services Pty Ltd does not earn revenues from the Funds investment in the BetaShares Global Sustainability Leaders Exchange Traded Fund (ETHI), the BetaShares Australian Sustainability Leaders Exchange Traded Fund (FAIR), BetaShares Climate Change Innovation ETF (ERTH), Betashares Ethical Diversified Bond Exchange Traded Fund (GBND) and Betashares Global Sustainability Leaders ETF Currency Hedges (HETH).

Investments held

	Fair value of investments held	
	2022	2021
	\$'000	\$'000
Betashares Global Sustainability Leaders ETF Units (ETHI)	351,423	360,430
BetaShares Climate Change Innovation ETF (ERTH)	26,373	29,087
Betashares Australian Sustainability Leaders ETF Units (FAIR)	280,967	360,072
Betashares Sustainability Leaders Diversified ETF (GBND)	97,575	94,947
Betashares Global Sustainability Leaders ETF Currency Hedged (HETH)	68,401	55,682
	<u>824,739</u>	<u>900,218</u>

18. Remuneration of auditors

During the year the following fees were paid or are payable for services provided by the auditor(s) of the Fund:

Audit Services	2022	2021
	\$'000	\$'000
Auditor of the Fund – Deloitte (2021: PricewaterhouseCoopers)		
Audit and review of financial statements and regulatory audit services	86	77
Other Audit Services – Grant Thornton		
Audit and review of the risk management framework	3	3
Total	89	80

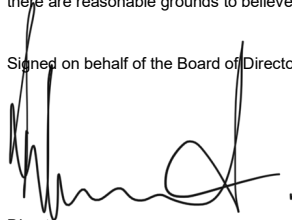
These costs are external audit fees for the Fund as per the audit engagement letter.

Trustees' declaration

In the opinion of the directors of the Trustee of Future Super Fund:

- (a) the accompanying financial statements and notes set out on pages 2 to 23 are in accordance with:
 - (i) Australian Accounting Standards and other mandatory professional reporting requirements, and
 - (ii) present fairly the Fund's financial position as at 30 June 2022 and of its performance for the financial year ended on that date,
- (b) the Fund has been conducted in accordance with its constituent Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 and its accompanying Regulations; the relevant requirements of the Corporations Act 2001 and Regulations; the requirements under section 13 of the Financial Sector (Collection of Data) Act 2001, during the year ended 30 June 2022, and
- (c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board of Directors of Diversa Trustees Limited as Trustee for Future Super Fund



Director

Melbourne
14 October 2022

Future Super Fund (ABN 45 960 194 277)

Report by the RSE Auditor to the trustee and members

Opinion

We have audited the financial statements of Future Super Fund for the year ended 30 June 2022 as set out on pages 1 to 24 attached.

In our opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of Future Super Fund as at 30 June 2022 and the results of its operations, cash flows, changes in equity and changes in members' benefits for the year ended 30 June 2022.

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 controls 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.

The logo for Deloitte Touche Tohmatsu, featuring the company name in a cursive script.

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read 'Kuziow'.

Adam Kuziow
Partner
Chartered Accountants
Melbourne, 14 October 2022