CARE Super

A.B.N. 98 172 275 725

ANNUAL REPORT

For the year ended 30 June 2024

CARE Super

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CARE Super
DIRECTORS' REPORT

The directors of CARE Super Pty. Ltd. A.B.N. 91 006 670 060 ('the Trustee'), as the trustee for CARE Super ('the Fund'), present their report on the Fund together with the financial statements for the financial year ended 30 June 2024.

Principal activities

During the year the principal continuing activities of the Fund consisted of providing superannuation, retirement and insurance benefits for its members. There were no significant changes in the nature of the Fund's activities during the financial year.

Review of operations

The Fund's performance and financial positions are summarised as follow:

	30 June 2024 $'000	30 June 2023 $'000
Net assets available to pay benefits	23,140,353	21,088,456
Total member liabilities	22,990,907	20,940,046
Net benefits allocated to members' account	1,737,271	1,674,284
Operating result after income tax	1,036	(74,845)

This year we've continued to deliver outstanding service, and our unique active investment strategy has again enabled us to achieve strong returns for the 2023/24 financial year.

We've also been diligently planning our merger, which is on track to take place on 1 November 2024. The merger between CareSuper and Spirit Super is a significant step forward in better serving our members now and into the future.

Merger Update

Our plans to merge with Spirit Super are on track to bring together two Industry SuperFunds. This means our members will be invested in an even stronger fund that puts their best financial interests at heart.

Jason Murray, the current CEO of Spirit Super, will serve as CEO of the merged fund. As we collaborate closely with Jason and the Spirit Super team, his experience and vision will be invaluable as we move forward together.

Michael Dundon, our current CareSuper CEO, will work with Jason and hand over the reins of CEO when we merge. Michael's leadership has been instrumental in CareSuper's growth, helping to position CareSuper as a challenger to the mega funds, as well as prepare us for the merger.

Linda Scott will continue in the role as Chair in the merged fund. Linda has a wealth of experience, having served on the CareSuper Board since 2018, and as Chair since 2022. Linda's leadership has been characterised by her deep understanding of the superannuation industry and dedication and commitment to our members. Her extensive experience will undoubtedly be a tremendous asset to the merged fund.

Bringing together leadership from both funds reflects our close collaboration and shared vision. Both the CareSuper and Spirit Super teams have worked diligently to reach this significant milestone, and we have a lot to be proud of as we prepare for this exciting new chapter.

Our bigger size will help us streamline our operations and provide members with good value. Our staff will continue to work to achieve strong long-term returns, deliver outstanding value and service and support our members to achieve their financial goals.

The merger is an exciting opportunity for both funds, and a positive step forward in serving all our members' best financial interests now, and into the future.

Industry Awards Recognition

CareSuper has a proud history of top performance and achievement stretching more than 35 years. As a top profit-to-member Industry SuperFund, industry recognition is also a win for members. We're one of the top performing funds over 10, 15 and 20 years and have been rated as a platinum fund for 20 years in a row.

This year, we were thrilled to receive the SuperRatings 20-Year Platinum Performance 2024. Being continuously recognised as having Australia's best value-for-money MyChoice product across investments, fees, insurance, member serving, administration and governance is a testament to how we help members achieve a better retirement.

This year, we were also honoured to receive the Chant West 5 Apples, the highest rating given by Chant West, for both our super and pension products. This rating defines CareSuper as a 'highest quality fund' and recognises our service to members, fees, insurance, governance and investments.

Plus, it means our members can be rest assured they are with a top performing super fund that delivers outstanding outcomes in their best financial interests.

Investment Performance

As a profit-to-member Industry SuperFund, our returns are all for our members. CareSuper has continued to deliver strong investment returns for the 2023/24 financial year.

Our Balanced (MySuper) option, where most CareSuper members invest, achieved a return of 8.54% for the financial year to 30 June 2024. Our pension option also performed well, returning 8.71% for our members.

Our long-term returns also remain strong, with CareSuper ranked in the top ten over ten years.

These are excellent results for members who value high performance and a smoother ride over the longer term, which show our active investment approach, applied through many market cycles and past downturns, is key to our consistent track record of outperformance.

Investment Updates

At CareSuper, we're always working to provide you with the best investment choices to help you reach your financial goals.

In September 2023, we made some changes to our investment options. We also introduced a 'thematic opportunities' asset class to our diversified investment options. These changes will take advantage of emerging economic and investment trends, enhance long-term returns, and bring further diversity to our Managed investment options.

Review of operations (continued)

New and Improved Insurance Flexibility
Members' needs are unique. That's why we give our members plenty of choice when it comes to their insurance with us. In October 2023, we introduced Life events cover for Employee Plan and Personal Plan members. This new option allows our members to apply to increase their insurance cover at certain stages of your life when their circumstances change.

Introducing MetLife 360Health
This is another way in which we support our members achieve a better outcome in retirement. We're proud to offer members and their families (including their children, partners, parents and parents-in-law) virtual access to professional health and medical services through MetLife 360Health. This popular member benefit is designed to support their overall health and wellbeing, and is available at no extra cost to our members.

Maintaining Strong Relationships with Employers and Other Stakeholders
We partner with employers across a wide range of industries and sectors in Australia.

We aim to be the preferred fund for employers by adding value beyond being just a super fund. To achieve this, we provide:
- Dedicated relationship managers to support employers
- Tailored service plans to meet employers' needs for their businesses
- Help to ensure employees understand super through education tools, seminars and general advice
- Updates on government changes to super and important milestones to remember
- Service to ensure super is as easy as possible to help them meet their super obligations.

This service proposition is an important differentiator for us. It's not something all funds provide and reinforces our commitment as a medium-sized fund delivering superior value and service.

We recognise members often source information and help from other professional organisations. We have a dedicated team which works with external financial advisers and research organisations to ensure they have the most up to date information about CareSuper when assisting our members.

Regular Communication
Our annual member statements, regular e-newsletters and magazines and other communications to support our members, aim to provide timely and relevant updates to engage and retain our members and employers.

Annual statements are a key communication sent to all members from September each year, and they continue to achieve a high level of engagement.

Members value their annual statement as an opportunity to check-in with their super and make sure it's on track for life after work.

Members who opt to receive their statements via email show strong interest in this communication, measured by the percentage of members who open their statement:
- 76% for pension members
- 64% for super members.

Trusted Financial Advice
We care about helping our members achieve their goals in life. Our financial advice model aligns with our members-first philosophy, meaning our planners receive no commissions to provide advice.

We offer three different types of advice, which aim to help our members put strategies in place to achieve a positive financial future. Limited advice, covering super-related topics, is available over the phone at no extra cost to members. Members also have access to comprehensive and complex financial advice that costs extra, where we can review and provide recommendations on their whole financial situation.

Changes to the Board
In January 2024, we welcomed Nola Watson as our new Employer Director. Nola stepped into the role of Terry Wetherall, after he completed his term in December 2023. Terry was appointed in 2015, served as Deputy Chair from January 2017, and completed his term as Chair in March 2022.

Super Changes
We saw notable legislative changes come into effect from 1 July 2024.

- The super guarantee (SG) increased to 11.5% from 11% and is on track to increase to 12% by 2025.
- Contribution caps, the limits on how much you can contribute to your super each year, increased — so you can contribute more to your super.
- More people will now be eligible to receive a government co-contribution, with changes to the eligibility criteria.
- The lower income and assets thresholds for the Age Pension changed, meaning more people are now eligible for a full Age Pension. This comes following changes to the upper income thresholds on 20 March.

We're confident these changes are positive for members, the superannuation system, and all Australians.

Changes in state of affairs

On 30 May 2023, the Trustee and Motor Trades Association of Australia Superannuation Fund Pty Ltd ('Spirit Super Trustee') signed an Implementation Deed for Successor Fund Transfer, confirming the parties' intention to transfer all members' entitlements and assets of the Fund to Spirit Super by way of a successor fund transfer. The parties are working towards implementation of the successor fund transfer, which is subject to completion of a range of conditions.

Other than working towards the implementation of the successor fund transfer, there were no significant changes in the state of affairs of the Fund that occurred during the financial year.

Subsequent events

On 28 August 2024, the Trustee and Spirit Super Trustee signed a Successor Fund Transfer Deed, confirming the parties' intention to transfer all transferring members' entitlements and assets of the Fund to Spirit Super by way of a successor fund transfer on 1 November 2024.

The Fund and Spirit Super acknowledge and agree that members' balances, assets, associated liabilities, leases and commitments will transfer to Spirit Super.

Spirit Super was established in 1989, and merged with Tasplan in 2021. As a fund for hard-working Australians, with a focus on growing membership in regional Australia, Spirit Super has over 350,000 members and $30 billion funds under management.

The merged fund which will be called CareSuper, will have approximately 573,000 members and $53 billion funds under management.

Except as disclosed above, no matter or circumstance has arisen since 30 June 2024 that has significantly affected the Fund's operations, results or state of affairs, or may do so in future years.

Future developments

There are no likely developments to report except as may be stated elsewhere in this report or in the financial statements.

Environmental regulations

The operations of the Fund are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Audit and non-audit services

During the year the following fees were paid or payable for services provided by PricewaterhouseCoopers Australia ('PwC') as the auditor of the Fund and by PwC's related network firms.

	30 June 2024 $'000	30 June 2023 $'000
Auditors of the Fund - PwC and related network firms		
Audit of financial reports	326	279
Other assurance services	203	208
Other services		
Merger advisory	42	443
Total other non-audit services	42	443
Total services provided by PwC	**571**	**930**

The directors of the Trustee, in accordance with advice provided by the Compliance, Audit and Risk Committee, are satisfied that the provision of the non-audit services provided during the financial year by the auditor (or by another person or firm on the Auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* .

The directors are of the opinion that services as disclosed above do not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been approved by the Compliance, Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in in APES 110 *Code of Ethics for Professional Accountants.*

The above directors' statements are in accordance with the advice received from the Compliance, Audit and Risk Committee.

Rounding of amounts

Amounts in the directors' report have been rounded to the nearest thousand dollars in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Auditor's independence declaration

As lead auditor for the audit of CARE Super for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit, and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of CARE Super.

Nicole Oborne OAM
Partner

Melbourne
26 September 2024

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Liability limited by a scheme approved under Professional Standards Legislation.

Remuneration report

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of the key management personnel of CARE Super (the Fund) for the financial year ended 30 June 2024. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Fund directly or indirectly, including any director (whether executive or otherwise) of the Trustee of the Fund. The prescribed details for each person covered by this report are detailed below under the following headings:

(a) Key management personnel
(b) Remuneration of key management personnel
(c) Remuneration policy and link to performance
(d) Elements of remuneration
(e) Performance based remuneration granted and forfeited during the year
(f) Contractual arrangements
(g) Directors' remuneration

(a) Key management personnel
The directors of the trustee and other key management personnel during the financial year were:

Directors of the Trustee

Name	*Status*
Linda Scott (Chair)	Member nominated
Anthony Cavanagh	Member nominated
Rebecca Girard	Member nominated
Robert Potter	Member nominated
Vanessa Seagrove	Member nominated
Michael Drew	Employer nominated
Jeremy Johnson AM (Deputy Chair)	Employer nominated
Merran Kelsall AO	Employer nominated
Katherine Sampson	Employer nominated
Nola Watson (from 1 January 2024)	Employer nominated
Terence Wetherall (until 31 December 2023)	Employer nominated

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Other key management personnel

Name	*Position*
Julie Lander (until 31 July 2023)	Chief Executive Officer
Michael Dundon	Chief Executive Officer
Jean-Luc Ambrosi	Chief Experience Officer
Suzanne Branton	Chief Investment Officer
Sam Horskins	Chief Financial Officer
Mark Lyons	Chief Capability Officer
Christine Nguyen	Chief Risk Officer
Paul Northey	Chief Growth Officer

(b) Remuneration of key management personnel

	Short-term employee benefits				Post - employment benefits		Long-term employee benefits		Termination benefits	
2024	**Salary & fees $**	**Cash bonus $**	**Non-monetary $**	**Other $**	**Super $**	**Other $**	**Annual and long service leave $**	**Variable remuneration $**	**$**	**Total $**
Directors of the Trustee										
Linda Scott	145,140	-	-	-	15,965	-	-	-	-	161,105
Jeremy Johnson	113,429	-	-	2,601	12,477	-	-	-	-	128,507
Terence Wetherall	41,405	-	-	-	4,555	-	-	-	-	45,960
Katherine Sampson	80,285	-	-	-	8,831	-	-	-	-	89,116
Robert Potter	121,470	-	-	-	-	-	-	-	-	121,470
Anthony Cavanagh	109,048	-	-	-	11,995	-	-	-	-	121,043
Merran Kelsall	99,171	-	-	-	10,909	-	-	-	-	110,080
Vanessa Seagrove	83,503	-	-	-	8,957	-	-	-	-	92,460
Rebecca Girard	95,784	-	-	-	-	-	-	-	-	95,784
Nola Watson	43,726	-	-	-	4,810	-	-	-	-	48,536
Michael Drew	125,380	-	-	-	-	-	-	-	-	125,380
	1,058,341		-	2,601	78,499	-	-	-	-	1,139,441
Other key management personnel										
Julie Lander	23,108	-	-	60	2,292	-	-	-	-	25,460
Michael Dundon	663,953	-	-	-	27,500	-	9,142	-	-	700,595
Jean-Luc Ambrosi	404,844	-	-	-	27,500	-	6,517	-	-	438,861
Suzanne Branton	681,396	168,979	3,383	720	27,500	-	26,228	45,461	-	953,667
Sam Horskins	415,409	-	-	-	27,500	-	12,819	-	-	455,728
Mark Lyons	447,695	-	-	1,230	27,500	-	16,342	-	-	492,767
Christine Nguyen	370,310	-	-	-	27,500	-	8,689	-	-	406,499
Paul Northey	389,383	-	-	2,027	27,500	-	14,560	-	-	433,470
	3,396,098	168,979	3,383	4,037	194,792	-	94,297	45,461	-	3,907,047
	4,454,439	168,979	3,383	6,638	273,291	-	94,297	45,461	-	5,046,488

(c) Remuneration policy and link to performance

The Governance and Remuneration Committee ('Committee') is made up of four directors. The Committee recommends and the board approves the remuneration policy and structure biennially to ensure it remains aligned to business needs, and meets the remuneration principles. From time to time, the Committee also engages external remuneration consultants to assist with this review. In particular, the board aims to maintain a remuneration framework that:

- aligns with the Trustee's business plan, strategic objectives and risk management framework;
- promotes effective management of both financial and non-financial risks, sustainable performance and the Trustee's and the Fund's long-term soundness;
- promotes performing its duties and exercising its powers in the best interests of beneficiaries; and
- supports the prevention and mitigation of conduct risk.

Figure 1: Remuneration framework

Element	Purpose	Performance metrics	Potential value	Changes in FY 2024
Fixed remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits	Nil	Positioned at median market rate	Reviewed in line with market positioning
Variable remuneration (VR)	Reward for annual performance (Cash bonus)	MySuper Balanced Option investment performance, individual performance during the current financial year	Chief Investment Officer (CIO): 60% of FR, 40% of total VR deferred	As a result of implementing Superannuation Prudential Standard CPS 511 *Remuneration* , the CIO's contract was amended effective 1 July 2023 to defer a portion of VR.

(d) Elements of remuneration

(i) Fixed annual remuneration ('FR')

Executives may receive their fixed remuneration as cash, or cash with non-monetary benefits such as car parking. FR is reviewed annually, or on promotion. It is benchmarked against market data for comparable roles in other superannuation funds with similar funds under management. The Committee aims to position executives at or near the median, with flexibility to take into account capability, experience, value to the Fund and performance of the individual.

Superannuation is included in the FR for all executives.

In FY 2024, FR was increased for 7 executives, with an average of 5.36%. This was done to align the remuneration with the median level for comparative roles.

(ii) Variable remuneration ('VR')

Figure 2: Variable remuneration framework

Feature	Description			
Max opportunity	Chief Investment Officer: 60% of fixed remuneration			
Performance metrics	The VR metrics align with the strategic priorities of achieving and maximising members' best financial interests			
	Metric	Target	Weighting	Reason for selection
	Net return versus peers	Rolling 3-year MySuper Balanced Option position reported in the Super Ratings SR50 Survey at 30 June	30%	Alignment with remuneration strategy
	Risk outcomes versus peers	Rolling 3-year MySuper Balanced Option position reported in the Super Ratings SR50 Survey at 30 June	20%	Alignment with remuneration strategy
	Outperformance of Strategic Asset Allocation benchmark	Results reported in JANA Quarterly Report at 30 June	20%	Alignment with remuneration strategy
	Individual outcome to investments outcomes	Annual review against targets set by CIO and approved by CEO	30%	Alignment with remuneration strategy
Delivery of VR	Chief Investment Officer: • 60% of the VR is paid in cash at end of the financial year • 40% of the VR is deferred for a maximum of 5 years, vesting in two equal instalments after 4 and 5 years.			
Forfeiture and termination	The unvested portion of deferred VR will be forfeited under 'specific exceptions' unless the board determines otherwise, e.g. in the case of retirement due to death, serious disability, serious illness or redundancy.			
Board discretion	The Board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes, including reducing (down to zero, if appropriate) any deferred VR.			

(e) Performance based remuneration granted and forfeited during the year

Figure 3 shows for the CIO how much of their VR was awarded and how much was forfeited based on the satisfaction of the performance metrics and service conditions.

Figure 3: Performance based remuneration granted and forfeited during the year

2024		Total variable remuneration			Vesting				
	Grant date	Total opportunity	Awarded **		Forfeited		Vested	Max yet to vest *	Years in which remainder of cash bonus will be paid
		$	$	%	$	%	$	$	
Suzanne Branton	4-Sep-23	$ 396,957	$ 223,487	56%	$ 173,470	44%	$ 134,092	$ 89,395	FY 2027 FY 2028
	17-Sep-24	$ 417,231	$ 281,631	68%	$ 135,600	33%	$ 168,979	$ 112,652	FY 2028 FY 2029

* *The minimum value of the deferred compensation that is yet to vest is nil. Deferred VR vests in instalments after 4 years, as disclosed in Figure 2.*

** *Incentives granted on 1 July 2023 were paid in FY 2024. Annual incentive bonus amounts earned for FY 2024 that are not subject to deferral will be paid in October 2024.*

*** *Any annual incentive bonus amounts earned, which are subject to deferral, will transfer to Spirit Super as part of the successor fund transfer.*

(f) Contractual arrangements

During the financial year, there were no new contracts of services negotiated between the Fund and a member of key management personnel.

(g) Directors' remuneration

All directors enter into a service arrangement with the Trustee in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

Directors receive a board fee and fees for chairing or participating on board committees. They do not receive performance-based pay or retirement allowances. The fees are inclusive of superannuation. The Chair does not receive additional fees for participating in or chairing ordinary committees, but does receive additional fees for participating in Joint Implementation Committee ('JIC') or Joint Valuation Committee ('JVC') meetings, where relevant. The Deputy Chair of the Fund is required to Chair the Governance and Remuneration Committee, but does not receive additional fees for this Chair role.

Fees are reviewed annually by the Trustee's Governance and Remuneration Committee and will be reviewed with a benchmarking exercise undertaken by an independent remuneration consultant every three years.

In the intervening years (unless otherwise agreed by the Board), they will be adjusted in accordance with the total increase in the CPI during the immediately preceding year, which adjustment would apply each 1 July based on the CPI figures published in April of that year.

Where a CPI increase is used, the quantum of the increase is not to exceed the average annual increase applicable to staff in that year. This occurred from 1 July 2023 when the current base fees were reviewed and revised in accordance with CPI, not exceeding the average annual staff increase. There were also increases in the JIC and JVC meeting fees approved by the Trustee during the financial year, in order to more appropriately compensate Directors for the additional workload undertaken in these committees.

Directors fees structure:	$
Base fees (Annual)	
Chair	154,497
Deputy Chair	115,873
Other directors	77,249
Additional fees (Annual)	
Investment Committee - chair	30,899
Investment Committee - member	7,725
Compliance, Audit and Risk Committee - chair	27,037
Compliance, Audit and Risk Committee - member	6,760
Insurance Claims (until 31 March 2024), Member Experience and Services Committees - chair	23,175
Insurance Claims (until 31 March 2024), Member Experience and Services, Governance and Remuneration Committees - member	5,794
Additional fees (per Meeting)	
Benefit Payments Committee - member	576
Joint Implementation, Joint Valuation Committees - member (until 31 March 2024)	576
Joint Implementation, Joint Valuation Committees - member (from 1 April 2024)	1,288

This directors' report is made in accordance with a resolution of directors.

On behalf of the Directors of the Trustee

Director

Director

Dated at Thursday this 26 day of September 2024

CARE Super
Statement of Financial Position
As at 30 June 2024

	Note	2024 $ '000	2023 $ '000
Assets			
Cash and cash equivalents	13	117,421	92,721
Receivables	5	2,742	5,111
Financial assets	4		
Cash & short-term deposits held for investing activities		2,233,392	2,513,994
Capital guaranteed		134,203	167,121
Australian shares		5,660,440	5,056,203
Overseas shares		5,936,348	4,949,996
Alternatives		6,021,789	5,328,974
Fixed interest		1,637,552	1,356,158
Property		1,907,554	2,117,865
Derivative assets		139,330	71,598
Property, plant and equipment	6	2,891	4,194
Right-of-use assets	7	18,335	20,897
Deferred tax assets	11	7,631	7,609
Total assets		**23,819,628**	**21,692,441**
Liabilities			
Payables	8	(55,705)	(49,501)
Income tax payable		(95,722)	(27,773)
Deferred tax liabilities	11	(472,765)	(385,567)
Lease liabilities	7	(21,764)	(23,763)
Lease provisions		(972)	(900)
Derivative liabilities	4	(32,347)	(116,481)
Total liabilities excluding member benefits		**(679,275)**	**(603,985)**
Net assets available for member benefits		**23,140,353**	**21,088,456**
Member benefits			
Allocated to members		(22,978,146)	(20,927,053)
Unallocated to members		(12,761)	(12,993)
Total member liabilities	3	**(22,990,907)**	**(20,940,046)**
Net assets		**149,446**	**148,410**
Equity			
General reserve	2(p)	(91,583)	(95,313)
Operational risk reserve	2(p)	(57,863)	(53,097)
Total equity		**(149,446)**	**(148,410)**

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

CARE Super
Income Statement
For the year ended 30 June 2024

	Note	2024 $ '000	2023 $ '000
Superannuation activities			
Interest		226,666	148,360
Dividends and distributions		469,549	701,658
Net changes in fair value of financial instruments	9	1,317,137	996,303
Other investment income		3,982	3,666
Other income		4,236	3,414
Total superannuation activities income		**2,021,570**	**1,853,401**
Investment expenses		(87,110)	(79,689)
Administration expenses		(17,163)	(14,646)
Operating expenses	19	(60,038)	(53,890)
Total expenses		**(164,311)**	**(148,225)**
Result from superannuation activities before income tax expense		**1,857,259**	**1,705,176**
Income tax (benefit)/expense	11	118,952	105,737
Result from superannuation activities after income tax expense		**1,738,307**	**1,599,439**
(Benefits)/losses allocated to members' accounts:			
Net investment income		(1,788,454)	(1,722,887)
Net administration fees		51,183	48,603
Net (benefits)/losses allocated to members' accounts		(1,737,271)	(1,674,284)
Operating result after income tax		**1,036**	**(74,845)**

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

CARE Super
Statement of Changes in Member Benefits
For the year ended 30 June 2024

	2024 $ '000	2023 $ '000
Opening balance of member benefits	20,940,046	18,926,245
Contributions:		
Employer	1,160,167	1,062,729
Member	316,940	261,901
Transfers from other superannuation funds	281,724	323,991
Government co-contributions	1,088	1,321
Income tax on contributions	(182,418)	(164,382)
Net after tax contributions	**1,577,501**	**1,485,560**
Benefits paid to members/beneficiaries	(1,275,282)	(1,144,079)
Insurance premiums charged to members' accounts	(70,595)	(74,817)
Death and disability insurance entitlements credited to members' accounts	81,966	72,853
Benefits allocated to members' accounts, comprising:		
Net investment income	1,788,454	1,722,887
Net administration fees	(51,183)	(48,603)
Closing balance of member benefits	**22,990,907**	**20,940,046**

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

CARE Super
Statement of Changes in Reserves
For the year ended 30 June 2024

	General reserve $ '000	Operational risk reserve $ '000	Total equity $ '000
Opening balance as at 1 July 2023	95,313	53,097	148,410
Net transfers to/from reserves	-	-	-
Drawdowns from reserves	-	-	-
Operating result	(3,730)	4,766	1,036
Closing balance as at 30 June 2024	**91,583**	**57,863**	**149,446**

	General reserve $ '000	Operational risk reserve $ '000	Total equity $ '000
Opening balance as at 1 July 2022	176,513	46,754	223,267
Net transfers to/from reserves	(1,726)	1,714	(12)
Drawdowns from reserves	-	-	-
Operating result	(79,474)	4,629	(74,845)
Closing balance as at 30 June 2023	**95,313**	**53,097**	**148,410**

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

CARE Super
Statement of Cash Flows
For the year ended 30 June 2024

	Note	2024 $ '000	2023 $ '000
Cash flows from operating activities			
Interest received		226,666	148,360
Dividends received		282,526	318,482
Insurance proceeds received from insurer		81,966	72,853
Other income		4,818	2,823
Administration expenses		(17,163)	(14,646)
General Operating expenses		(53,443)	(48,752)
Investment expenses		(86,484)	(79,022)
Insurance premiums paid		(70,091)	(75,300)
Income tax refunds/(paid)		36,173	166,532
Purchases of fixed assets		(283)	(582)
Net cash inflow/(outflow) from operating activities	13	**404,685**	**490,748**
Cash flows from investing activities			
Net payments for investments		(685,674)	(814,046)
Net cash inflow/(outflow) from investing activities		**(685,674)**	**(814,046)**
Cash flows from financing activities			
Employer contributions		1,160,167	1,062,729
Member contributions		316,940	261,901
Transfers from other superannuation plans received		281,724	323,991
Government co-contributions received		1,089	1,321
Benefits paid to members or beneficiaries		(1,271,813)	(1,144,236)
Income tax paid on contributions received		(182,418)	(164,382)
Net cash inflow/(outflow) from financing activities		**305,689**	**341,324**
Net increase/(decrease) in cash and cash equivalents		24,700	18,026
Cash and cash equivalents at the beginning of the financial year		92,721	74,695
Cash and cash equivalents at the end of the financial year	13	**117,421**	**92,721**

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

1. Operation of the Fund

CARE Super (the Fund) is a defined contribution superannuation fund and was established by Trust Deed dated 18 December 1986. The Fund has both accumulation members and retirement members. Under the terms of the Fund's declaration of trust CARE Super Pty Ltd (A.B.N. 91 006 670 060) is appointed trustee. CARE Super Pty Ltd is a company limited by shares that is incorporated and domiciled in Australia. The registered office of CARE Super Pty Ltd is located at Level 6, 447 Collins Street, Melbourne, Victoria, Australia. The members' accounts are credited or debited with contributions and their proportionate share of the net investment income, expenses, and income tax expense of the Fund.

In accordance with the amendments to the Superannuation Industry (Superannuation) Act 1993 the Fund was registered with the Australian Prudential Regulation Authority on 18 December 1986 (Registration number 125703943).

2. Summary of material 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.

(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 Corporations Act 2001 and Corporations Regulations 2001 and the provisions of the Trust Deed. The financial statements are presented in the Australian currency.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for financial investments, derivative liabilities and net assets available for member benefits.

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

The financial statements were authorised for issue by the Board of Directors of the Trustee on 26 September 2024.

(b) Accounting standards and interpretations

The Fund has applied the following standards and amendments for the first time for its annual reporting period commencing 1 July 2023:

(i) New and amended standards adopted by the Fund

- *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2]*

- *AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction [AASB 112]*

- *AASB 2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules [AASB 112]*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(ii) New accounting standards and interpretations not yet adopted

Certain amendments to accounting standards have been published that are not mandatory for 30 June 2024 reporting periods and have not been early adopted by the Fund. These amendments are not expected to have a material impact on the Fund in the current or immediate future reporting periods and on foreseeable future transactions.

Other material accounting policies

(c) Consolidation

The Fund is an investment entity and, as such, does not consolidate the entities it controls.

(d) Financial assets and liabilities

(i) Classification

The Fund's financial investments are classified at fair value through profit or loss in accordance with AASB 1056 Superannuation Entities.

Financial assets and liabilities held at fair value through profit or loss
The Fund classifies its investments based on its business model for managing those financial instruments and the contractual cash flow characteristics of the financial instruments. The Fund's portfolio of financial instruments is managed and its performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund uses fair value information to assess performance of the portfolio and to make decisions to rebalance the portfolio or to realise fair value gains or minimise losses through sales or other trading strategies. The Fund's policy is for the Trustee to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

Equity securities, unlisted unit trusts and derivatives are measured at fair value through profit or loss. For debt securities, the contractual cash flows are solely payments of principal and interest, however they are neither held for collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, the debt securities are measured at fair value through profit or loss.

2. Summary of material accounting policies (continued)

(d) Financial assets and liabilities (continued)

(ii) Recognition / derecognition

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

Investments are derecognised when the right to receive cash flows from the investments has expired or has been transferred and the Fund has transferred substantially all of the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires. Any gains or losses arising on derecognition of the asset or liability (calculated as the difference between the disposal proceeds and the carrying amount of the asset or liability) are included in the Income Statement in the reporting period that the asset or liability is derecognised as realised gains or losses on financial instruments.

(iii) Measurement

Financial assets and liabilities held at fair value through profit or loss
Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately in the income statement.

Subsequent to initial recognition, all financial assets and financial liabilities held at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities held at fair value through profit or loss are presented in the Income Statement within 'net gains/(losses) on financial instruments held at fair value through profit or loss' in the period in which they arise.

(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 by the Fund.

The fair value of an asset or a 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 4.

(f) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents held by the Fund.

Cash and cash equivalents held for investing activities is reported separately on the Statement of Financial Position.

(g) Receivables and payables

Receivables may include amounts for GST and interest and are measured at fair value. GST is accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in Note 2 (k) below. These amounts are generally received within 30 days of being recorded as receivables.

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

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. These amounts are recognised initially at fair value and subsequently measured at fair value.

(h) Benefits paid/payable

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

(i) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is calculated using the straight line method over their estimated useful lives, ranging from two to ten years.

2. Summary of material accounting policies (continued)

(i) Property, plant and equipment (continued)

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit and loss.

The assets' residual values and useful lives are reviewed, and adjusted as appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(j) Right-of-use assets and lease liabilities

The Fund leases various offices and equipment. Rental contracts are typically made for fixed periods of 6 months to 7 years, but may have extension options as described in Note 7 (iii).

Contracts may contain both lease and non-lease components. The Fund allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Fund is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis.
Lease liabilities include the net present value of the fixed payments less any lease incentives receivable.
Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Fund where possible, uses a quote for third-party financing as a starting point, adjusted to reflect changes in financing conditions. In absence of the quote received from the third-party, the Fund obtained the Bank Bill Swap Bid Rate (BBSY) as appropriate. It is noted that Superannuation Funds are not permitted to borrow against the assets of the Fund.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Fund is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Fund revalue its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Fund.

Payments associated with short-term leases (lease terms of 12 months or less) of equipment and vehicles and all leases of low-value assets (equal to or less than $7,500) are recognised on a straight-line basis as an expense in the Income Statement.

(k) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised.

Changes in fair value
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. All changes are 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 is recognised in the income statement.

Dividends and distributions
Dividend and distribution revenue is 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.

(l) Contributions received and transfers from other superannuation 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.

2. Summary of material accounting policies (continued)

(m) Income tax

The Fund is a complying superannuation fund within the provisions of the *Income Tax Assessment Act 1997* . Income tax expense (or benefit) on operating results in the income statement is calculated based on the accounting profit (or loss) for the financial year. It is calculated as 15% (current tax rate) of accounting profit, adjusted for any permanent differences (i.e. income that is not taxable, or expenses that are not deductible). 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 represents the income tax payable or recoverable at the reporting date, in respect of the taxable profit or loss for the financial year. It is calculated using tax rates and tax laws that have been enacted, or substantively enacted by the reporting date. Current tax is recognised as a liability to the extent that it is unpaid, or as an asset to the extent that it is refundable. The difference between current tax and tax expense is deferred tax and is explained below.

Deferred tax consists of deferred tax assets and deferred tax liabilities, which is the result of timing differences between recognition of income tax expense for accounting purposes and assessability/deductibility for tax purposes.

Deferred tax assets may result from:
- Expenses incurred in current and/or prior years that are deductible in future years;
- Tax paid in current and/or prior years for income that is recognised as earned in future years;
- Losses resulting from current and/or prior year performance that have not yet been claimed; or
- Tax offsets from current and prior years that have not yet been claimed.

Deferred tax liabilities may result from:
- Income earned in current and/or prior years that is taxable in future years; or
- Deductions claimed in current and/or prior years for assets that are depreciated/amortised in future years.

Deferred tax assets and liabilities do not result from:
- Income that is not taxable (e.g. insurance claims);
- Expenses that are not deductible (e.g. fines, infringements and penalties); or
- The initial recognition of assets and liabilities (except as a result of business combinations).

Measurement and recognition

Deferred tax is calculated using the comprehensive balance sheet liability method. This involves calculating all temporary differences between:
- The carrying amounts of assets and liabilities in the financial statements; and
- The corresponding tax bases of those items.

Once the temporary difference has been calculated, this is multiplied by the expected tax rate to determine the deferred tax asset or liability. The expected tax rate refers to the rate that is expected to apply once the asset is realised or liability is settled, representing the future expected benefit or liability.

A deferred tax asset is only recognised where it is expected that, in future years, there would be sufficient taxable income to realise the benefit, while deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realised.

(n) 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 the 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 amounts 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.

(o) Foreign currency transactions and balances

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates (the functional currency). The financial statements are presented in Australian Dollars, which is the Fund's functional and presentation currency.

2. Summary of material accounting policies (continued)

(o) Foreign currency transactions and balances (continued)

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. Amounts are recognised in the period in which they arise within other income.

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.

(p) Reserves

The Fund maintains an Operational Risk Reserve, in accordance with the requirements established by APRA under Prudential Standard SPS 114 *Operational Risk Financial Requirement*, and also holds a General Reserve.

The purpose of the Operational Risk Reserve is to provide protection to the Fund in the event that a loss is incurred from an operational risk event occurring. The use of the Operational Risk Reserve is governed by the requirements of SPS 114, which is applicable to all APRA-regulated funds. The current Operational Risk Reserve of $57.863 million (2023: $53.097 million) represents approximately 25.00 bps (2023: 25.18 bps) of the net assets of the Fund. The Trustee has an Operational Risk Financial Requirement target of 25 basis points. The Operational Risk Reserve must be maintained at or above 20 basis points.

The General Reserve of $91.583 million (2023: $95.313 million) represents that pool of funds required to meet the general operating and administration costs of the Fund and any unexpected or otherwise unforeseeable operating costs that may arise. Administration levies are deducted from members' accounts to fund the Reserve. It also receives and distributes net investment earnings, (income and capital gains from investments less tax and other relevant deductions). The General Reserve may be used to fund approved expenses, projects, system development or other costs as determined by the Fund where there is a benefit to members over the long term.

The General Reserve also includes unallocated surplus/(deficits) such as tax liability and investment fee accrual timing differences, as well as unit pricing spread differences (differences in investment assets and member liabilities due to the use of a sell price). At 30 June 2024, the unallocated deficit is $5.509 million (2023: $13.346 million surplus) while the Equity within the General Reserve is $97.092 million (2023: $81.967 million).

Transfers in and out of the reserves and drawdowns are made only at the authorisation of the Trustee and in accordance with the Fund’s Reserving Policy.

In February 2023, the Trustee authorised a drawdown from the Operational Risk Reserve of $6.844 million as a result of an investment governance execution failure in executing a foreign currency hedging position approved by the board and investment committee.

(q) 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 over-the-counter derivatives or 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.

(r) Rounding of amounts

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

(s) Reclassification of financial information

Where necessary, comparative information has been reclassified to achieve consistency with current period disclosures.

3. Member liabilities

The entitlements of members to benefit payments are recognised as liabilities. They are calculated as 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.

Defined contribution member account balances are measured using unit prices determined by the Trustee based on the underlying investment option values selected by members, net of a calculated estimate of transaction costs incurred in disposing of investments assets (the unit price sell spread).

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 daily for movements in investment values.

At 30 June 2024 $12,760,723 (2023: $12,992,935) has not been allocated to members as at the end of the reporting period. The amount not yet allocated to members' accounts consists of contributions received by the Fund that have not been able to be allocated to members' accounts as at the end of the reporting period.

Refer to Note 16 for the Fund's management of investment risks.

Member liabilities vest 100% to members.	2024 $ '000	2023 $ '000
Members' liabilities		
Allocated to members	22,978,146	20,927,053
Unallocated to members	12,761	12,993
Member liabilities at end of the financial year	**22,990,907**	**20,940,046**
As compared to net assets available to pay benefits	23,140,353	21,088,456

4. Financial assets and liabilities

(a) Asset classes

The investments of CARE Super are aggregated by asset class. The asset classes are broadly consistent with the asset classes listed in the Fund's Investment Guide, which is a supplement to the Product Disclosure Statement, released 29 September 2023. The Fund separately discloses the value of derivative assets and liabilities, which may be used in various asset classes.

Cash & short-term deposits held for investing activities
Cash investments include cash, term deposits (with terms normally less than one year), fixed term annuities, deposit accounts held on notice and marketable discount securities including bank accepted bills, commercial paper and short-term fixed interest securities.

Capital guaranteed
This asset class invests in the AMP Capital Guaranteed Savings Account, which is a portfolio of cash and fixed interest investments wherein the capital and credited accrued interest are guaranteed by AMP Life Limited not to be reduced by negative investment returns.

Australian shares
Investments in Australian shares are equity securities listed on the Australian Securities Exchange (ASX) which represent part ownership in a company.

Overseas shares
Investments in Overseas shares are equity securities listed on various international securities exchanges which represent part ownership in a company.

Alternatives
Alternative investments is a broad term used to describe a range of different types of investments. The Fund groups these into four broad categories:

- Infrastructure: These are mainly equity holdings in airports, transmission networks, telecommunications infrastructure, ports and rail.

- Private Equity: These investments comprise mainly equity holdings in unlisted companies, ranging from those in an early stage of development to more mature businesses seeking capital restructure, change of ownership or expansion.

- Credit: This asset class comprises investments in debt instruments that typically pay an interest rate that is floating. Examples of credit investments include direct loans made to companies, securitised bank loans, mortgage-backed securities and infrastructure debt.

- Absolute return: This asset class involves a mix of investment strategies which invest predominantly across fixed interest, credit and currency markets. The objective of this asset class is to produce a return in excess of cash over the long term, but with less volatility than would be expected from shares.

4. Financial assets and liabilities (continued)

(a) Asset classes (continued)

Fixed interest
Fixed interest investments (or bonds) are interest-bearing debt securities issued by governments and large corporations. They represent loans made to borrowers for a pre-determined period, for which regular interest payments are received.

Property
Property investments include commercial, industrial and retail real estate assets. These investments generate a return through rental income and by increases (or decreases) in capital value over time.

Derivative Assets / Liabilities
These derivative assets and liabilities represent Over The Counter (OTC) and exchange traded derivative securities, including futures, forward foreign exchange contracts, options, warrants and swaps. Derivative securities comprise the assets and liabilities of various asset classes of the Fund, which are disclosed separately in Note 4(e) in the Financial Statements.

(b) 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 and OTC derivatives using valuation models.

- 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 levels in which 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 judgements after considering factors specific to the instrument as set out in Note 4(c).

Recognised fair value measurements

The table below sets out the level of the fair value hierarchy within which the fair value measurements of the Fund are categorised.

		30 June 2024		
Types of assets/liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Assets				
Cash and Short Term Deposits Held for Investing Activities	2,110,914	122,478	-	2,233,392
Capital Guaranteed	134,203	-	-	134,203
Australian Shares	5,636,135	21,088	3,217	5,660,440
Overseas Shares	5,920,989	15,359	-	5,936,348
Alternatives	114,352	1,621,213	4,286,224	6,021,789
Fixed Interest	6,535	1,631,017	-	1,637,552
Property	11,135	-	1,896,419	1,907,554
Derivative Assets	4,920	134,410	-	139,330
Total Assets	**13,939,183**	**3,545,565**	**6,185,860**	**23,670,608**
Liabilities				
Derivative Liabilities	7,191	25,156	-	32,347
Total Liabilities	**7,191**	**25,156**	**-**	**32,347**

4. Financial assets and liabilities (continued)

(b) Fair value hierarchy (continued)

	30 June 2023			
Types of assets/liabilities	**Level 1 $ '000**	**Level 2 $ '000**	**Level 3 $ '000**	**Total $ '000**
Assets				
Cash and Short Term Deposits Held for Investing Activities	2,275,230	238,764	-	2,513,994
Capital Guaranteed	104,650	62,471	-	167,121
Australian Shares	4,953,791	98,521	3,891	5,056,203
Overseas Shares	4,935,097	14,899	-	4,949,996
Alternatives	101,750	1,394,767	3,832,457	5,328,974
Fixed Interest	121,054	1,235,104	-	1,356,158
Property	16,396	-	2,101,469	2,117,865
Derivative Assets	5,689	65,909	-	71,598
Total Assets	**12,513,657**	**3,110,435**	**5,937,817**	**21,561,909**
Liabilities				
Derivative Liabilities	4,520	111,961	-	116,481
Total Liabilities	**4,520**	**111,961**	**-**	**116,481**

Transfers Between Hierarchy Levels

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 have been net reclassifications that amounted to $18,875,737 from Level 2 to Level 3 during the year (2023: $187,950,276).

(c) Valuation process and techniques used to derive fair value

The Fund has an Asset Valuation Policy which sets out its approach to determining the carrying value of investment assets. The Asset Valuation Policy describes the Fund’s use of asset valuations calculated by investment managers or other third parties. The Trustee-appointed Investment Committee is responsible for the oversight of the valuation process.

Valuation of unlisted investment assets is conducted by the Fund’s investment managers, or their administrators or responsible entities, notwithstanding that the ultimate responsibility lies with the Trustee. The inputs used to calculate valuations for these investments include net asset value (‘NAV’), discounted cash flow models and observable transactions in similar securities.

For financial instruments classified in Level 3 in the fair value hierarchy some of the inputs to the valuation models are unobservable and therefore subjective in nature. The use of reasonably possible alternative assumptions could produce a different fair value measurement.

Information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used) is detailed below.

Listed equities
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 investments at market close price (i.e. the last traded price).

Unlisted unit trusts
The Fund invests in these trusts which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods and redemption gating. The Fund considers 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.

Derivative assets and liabilities
The Fund uses widely recognised valuation models for determining fair values 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 inputs into models are market observable and are included within Level 2.

4. Financial assets and liabilities (continued)

(c) Valuation process and techniques used to derive fair value (continued)

Holdings of Pooled Investment Vehicles
The Fund's holding in pooled investment vehicles comprises holdings of limited partnerships, limited liability corporate investment vehicles and other alternative investment vehicles. Some of the Fund's holdings of investments via pooled investment vehicles are classified as Level 3 in the Fair Value Hierarchy disclosure. This is due to the valuations of these vehicles being calculated using inputs that are not based on observable market inputs. Oversight of the valuation of external investment managers is achieved through regular review of valuation policies of the Fund's custodian and investment managers, to ensure they are consistent with the Fund's principles. Through its due diligence processes, the Trustee ensures the asset valuation standards of its investment managers follow industry guidelines. Assets classified as Level 3 are across the property, infrastructure, private equity and credit investments of the Fund.

Direct Holdings in Unlisted Equity
The Fund carries an exposure to direct holdings in unlisted equity securities of $74.584 million (2023: $58.354 million). These are classified as Level 3 in the Fair Value Hierarchy disclosure as the securities are not actively traded on an exchange and the valuation of these holdings is not observable through on-market transactional data. Valuation of the Fund's direct equity holdings is conducted according to the Asset Valuation Policy. Direct holdings in unlisted equity securities are valued using market multiples of comparable listed or unlisted companies. These valuations are conducted at least annually by a suitably qualified independent valuer. The independent valuer is periodically rotated.

Market uncertainty considerations for the fair value of Level 3 investments
Market uncertainty, high inflation and high interest rates have had, and continue to have, a significant impact on the general business environment and financial markets. The Trustee's evaluation of Level 3 investment valuations has included further consideration relating to the economic implications of the current market volatility and the measures taken to contain it.

Estimating the valuation implications of the ongoing market uncertainty for the Fund's Level 3 investments has continued to require considerable judgement by the external investment managers and the Trustee. The valuation of the Fund's Level 3 investments is based on data available at the time of the relevant valuation which may change as circumstances and events continue to unfold. The Fund's Level 3 investment valuations will continue to be closely monitored through the current market uncertainty. Valuations are updated when new information becomes available or circumstances change, in accordance with the Fund's Asset Valuation Policy and will be reflected in member balances at the time.

(d) Level 3 investments

Changes in valuation techniques

There have been no changes to asset valuation techniques during the year.

30 June 2024	Overseas Shares $ '000	Australian Shares $ '000	Alternatives $ '000	Property $ '000	Total $ '000
Opening balance	-	3,891	3,832,457	2,101,469	5,937,817
Transfers into / (out of) Level 3	-	-	18,876	-	18,876
Purchases/(sales)	-	-	248,356	(8,699)	239,657
Gains/(losses)	-	(674)	186,535	(196,351)	(10,490)
Closing Balance	**-**	**3,217**	**4,286,224**	**1,896,419**	**6,185,860**

30 June 2023	Overseas Shares $ '000	Australian Shares $ '000	Alternatives $ '000	Property $ '000	Total $ '000
Opening balance	253	6,851	3,153,561	2,273,786	5,434,451
Transfers into / (out of) Level 3	-	-	187,950	-	187,950
Purchases/(sales)	(269)	305	336,388	(37,212)	299,212
Gains/(losses)	16	(3,265)	154,558	(135,105)	16,204
Closing Balance	**-**	**3,891**	**3,832,457**	**2,101,469**	**5,937,817**

4. Financial assets and liabilities (continued)

(d) Level 3 investments (continued)

Valuation inputs and relationships to fair value

The Fund's Level 3 fair value investments comprise investments in Australian shares, unlisted alternative investment assets and investment properties.

The significant unobservable inputs used in Level 3 fair value measurements are summarised below:

Description	Fair value as at 30 June 2024 $ '000	Fair value as at 30 June 2023 $ '000	Key unobservable Inputs*	Range of inputs (Weighted average) 2024	Range of inputs (Weighted average) 2023
Australian Shares	3,217	3,891	Current market transactions	Increased/(decreased) market transactions price (+/-10%) would increase/(decrease) fair value by $321,700	Increased/(decreased) market transactions price (+/-10%) would increase/(decrease) fair value by $389,100
	3,217	**3,891**			
Private Equity	1,330,444	1,140,131	Unlisted trust unit price / Limited partnership capital account balance	Increased/(decreased) unlisted trust unit price (+/-10%) would increase/(decrease) fair value by $133,044,400	Increased/(decreased) market transactions price (+/-10%) would increase/(decrease) fair value by $114,013,100
Infrastructure	2,151,890	1,982,741	Unlisted company unit price / Limited partnership capital account balance	Increased/(decreased) unlisted company unit price (+/-10%) would increase/(decrease) fair value by $215,189,000	Increased/(decreased) market transactions price (+/-10%) would increase/(decrease) fair value by $198,274,100
Credit	766,290	685,312	Limited partnership capital account balance	Increased/(decreased) limited partnership capital account balance (+/-10%) would increase/(decrease) fair value by $76,629,000	Increased/(decreased) market transactions price (+/-10%) would increase/(decrease) fair value by $68,531,200
Absolute Return	37,600	24,273	Broker estimated bond pricing	Increased/(decreased) broker estimated bond price (+/-10%) would increase/(decrease) fair value by $3,729,500	Increased/(decreased) market transactions price (+/-10%) would increase/(decrease) fair value by $2,427,300
	4,286,224	**3,832,457**			
Property	1,896,419	2,101,469	Unlisted trust unit price	Increased/(decreased) unlisted trust unit price (+/-10%) would increase/(decrease) fair value by $189,641,900	Increased/(decreased) market transactions price (+/-10%) would increase/(decrease) fair value by $210,146,900
	1,896,419	**2,101,469**			

* There were no significant inter-relationships between unobservable inputs that may materially affect the fair values.

4. Financial assets and liabilities (continued)

(e) Offsetting financial assets and financial liabilities

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

30 June 2024	Effects of offsetting on the statement of financial position Derivative fair value $ '000	Derivative amounts set off $ '000	Net amounts presented in statement of financial position $ '000
Financial Assets			
Forward Foreign Exchange	11,200,850	(11,086,186)	114,664
Futures Contracts	4,920	-	4,920
Options Contracts	-	-	-
Other Contracts	16	-	16
Swaps Contracts	1,820,747	(1,801,017)	19,730
	13,026,533	**(12,887,203)**	**139,330**
Financial Liabilities			
Forward Foreign Exchange	(11,098,484)	11,086,186	(12,298)
Futures Contracts	(7,191)	-	(7,191)
Options Contracts	-	-	-
Other Contracts	-	-	-
Swaps Contracts	(1,813,875)	1,801,017	(12,858)
	(12,919,550)	**12,887,203**	**(32,347)**
Net Financial Asset/(Liability)	**106,983**	**-**	**106,983**

30 June 2023	Derivative fair value $ '000	Derivative amounts set off $ '000	Net amounts presented in statement of financial position $ '000
Financial Assets			
Forward Foreign Exchange	8,738,375	(8,696,931)	41,444
Futures Contracts	5,657	-	5,657
Options Contracts	1,080	-	1,080
Other Contracts	32	-	32
Swaps Contracts	1,388,465	(1,365,080)	23,385
	10,133,609	**(10,062,011)**	**71,598**
Financial Liabilities			
Forward Foreign Exchange	(8,788,367)	8,696,931	(91,436)
Futures Contracts	(4,520)	-	(4,520)
Options Contracts	(5)	-	(5)
Other Contracts	-	-	-
Swaps Contracts	(1,385,600)	1,365,080	(20,520)
	(10,178,492)	**10,062,011**	**(116,481)**
Net Financial Asset/(Liability)	**(44,883)**	**-**	**(44,883)**

5. Receivables

	2024 $ '000	2023 $ '000
Recoverable within 12 months		
GST receivable	378	1,138
Prepayments	1,284	1,653
Unsettled sales receivable	380	2,115
Sundry receivables	700	205
	2,742	**5,111**

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.
The maximum exposure to credit risk is the fair value of receivables. Information regarding credit risk exposure is set out in Note 16.

6. Property, plant and equipment

	2024 $ '000	2023 $ '000
Opening net written down value	4,194	5,020
Additions	283	582
Disposals	(145)	(30)
Depreciation	(1,441)	(1,378)
Closing net written down value	**2,891**	**4,194**
Cost of fair value	8,719	9,370
Accumulated depreciation	(5,828)	(5,176)
Closing net written down value	**2,891**	**4,194**

7. Leases

(i) Amounts recognised in the Statement of Financial Position

The Statement of Financial Position shows the following amounts relating to leases:

	2024 $ '000	2023 $ '000
Right-of-use assets		
Buildings	18,309	20,897
Equipment	26	-
	18,335	**20,897**
Lease liabilities		
Current	2,113	2,026
Non-current	19,651	21,737
	21,764	**23,763**

(ii) Amounts recognised in the statement of profit and loss

The Income Statement shows the following amounts as Operating expenses relating to leases:

	2024 $ '000	2023 $ '000
Depreciation charge of right-of-use assets		
Buildings	(2,659)	(2,646)
Equipment	(9)	(45)
	(2,668)	**(2,691)**
Interest expense	(586)	(632)

The total cash outflow for leases in 2024 was $2,620,824 (2023: $2,545,412).

(iii) Extension and termination options

Extension and termination options are included in some of the leases of the Fund. These are used to maximise operational flexibility in terms of managing the assets used in the Fund's operations. The majority of extension and termination options held are exercisable only by the Fund and not by the respective lessor.

8. Payables

	2024 $ '000	2023 $ '000
Due within 12 months		
Insurance premiums payable	6,536	6,032
Unsettled investment purchases	4,429	7,145
Benefits payable	10,317	6,849
Operating expenses payable	7,343	5,332
Administration expenses payable	2,082	1,300
Provision for employee benefits - Current	6,387	5,945
Sundry creditors	794	282
Investment expenses payable	16,905	16,279
Due later than 12 months		
Provision for employee benefits	912	337
	55,705	**49,501**

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value. Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in Note 16.

Provision for employee benefits will transfer to Spirit Super as part of the successor fund transfer.

9. Changes in fair value of investments

	2024 $ '000	2023 $ '000
Investments held at balance date		
Cash and short term deposits	96,968	71,618
Australian shares	375,140	298,193
Overseas shares	668,634	698,249
Alternatives	188,623	141,674
Fixed interest	19,918	16,033
Property	(196,106)	(131,245)
Derivative assets/liabilities	(9,185)	6,278
Total unrealised gains/(losses)	**1,143,992**	**1,100,800**
Investments realised during the year		
Cash and short term deposits	(43,915)	(256,751)
Australian shares	30,575	163,342
Overseas shares	159,330	32,303
Alternatives	30,597	(9,819)
Fixed interest	1,770	(29,325)
Property	(282)	(3,884)
Derivative assets/liabilities	(4,930)	(363)
Total realised gains/(losses)	**173,145**	**(104,497)**
Change in fair value of investments	**1,317,137**	**996,303**

The amounts recorded as ‘realised gains/(losses)’ 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. Funding arrangements

The Fund receives payment of contributions by employers at agreed rates. Employees are also able to make voluntary contributions. Transfers in during the year amounted to $281,724,176 (2023: $323,991,434).

11. Income tax

	2024 $ '000	2023 $ '000
(a) Major components of income tax expense for the years ended 30 June 2024 and 2023:		
Income statement		
Current tax expense		
Current tax charge	48,040	(5,472)
Adjustments in respect of current income tax of previous years	(16,264)	(13,918)
Deferred tax relating to origination and reversal of temporary differences		
Deferred tax assets	(22)	(2,442)
Deferred tax liabilities	87,198	127,569
Total tax expense as reported in the income statement	**118,952**	**105,737**

(b) Reconciliation between income tax expense and the accounting profit before income tax

	2024 $ '000	2023 $ '000
Result from superannuation activities before income tax expense	1,857,259	1,705,176
Income tax at 15%	278,589	255,776
Net non-assessable income/(losses)	(52,931)	(38,979)
Exempt pension income	(15,181)	(9,584)
Net imputation and foreign tax credits	(75,260)	(87,558)
Under/(over) provision in the previous year	(16,265)	(13,918)
	118,952	**105,737**

(c) Deferred tax

2024	Opening Balance $ '000	(Charged) / Credited to income $ '000	Closing Balance $ '000
Deferred tax assets			
Fund expenses accrued but not incurred	7,609	22	7,631
Unrealised losses on investments	-	-	-
	7,609	**22**	**7,631**
Deferred tax liabilities			
Income receivable	(28)	4	(24)
Unrealised gains on investments	(385,539)	(87,202)	(472,741)
	(385,567)	**(87,198)**	**(472,765)**
Net deferred tax (liability)/asset	**(377,958)**	**(87,176)**	**(465,134)**

2023	Opening Balance $ '000	(Charged) / Credited to income $ '000	Closing Balance $ '000
Deferred tax assets			
Fund expenses accrued but not incurred	5,167	2,442	7,609
Unrealised losses on investments	-	-	-
	5,167	**2,442**	**7,609**
Deferred tax liabilities			
Income receivable	(23)	(5)	(28)
Unrealised gains on investments	(257,975)	(127,564)	(385,539)
	(257,998)	**(127,569)**	**(385,567)**
Net deferred tax (liability) / asset	**(252,831)**	**(125,127)**	**(377,958)**

12. Auditor's remuneration

During the year, the following fees were paid or payable for services provided by PricewaterhouseCoopers Australia ('PwC') as the auditor of the Fund and by PwC's related network firms:

	2024 $ '000	2023 $ '000
Auditors of the Fund - PwC and related network firms		
Audit of financial reports	326	279
Other assurance services	203	208
Other services		
Merger advisory	42	443
Total other non-audit services	42	443
Total services provided by PwC	**571**	**930**

13. Cash flow statement reconciliation

	2024 $ '000	2023 $ '000
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash and cash equivalents	117,421	92,721

Reconciliation of operating result after income tax to net cash inflow/(outflow) from operating activities		
Operating result after income tax	1,036	(74,845)
Adjustments for:		
(Increase) / decrease in assets measured in fair value	(1,508,142)	(1,383,144)
Depreciation and impairment	1,441	1,378
(Increase) / decrease in insurance	11,371	(1,964)
(Increase) / decrease in receivables	634	(575)
Increase / (decrease) in payables	5,452	3,119
Increase / (decrease) in income tax payable	155,125	272,270
(Increase) / decrease in fixed assets	497	225
Allocation to members' accounts	1,737,271	1,674,284
Net cash inflow/(outflow) from operating activities	**404,685**	**490,748**

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

14. Segment information

The Fund operates solely in one reportable business segment, being the provision of superannuation benefits to members. The Fund also operates from one reportable geographic segment, being Australia, from where its activities are managed. Revenue is derived from interest, distributions, other investment income, gains on the sale of investments and unrealised changes in the value of investments.

15. Related party disclosures

(a) Trustee and Key Management Personnel

The Trustee of the Fund is CARE Super Pty Ltd. The directors who held office during the financial year were:

Employer Representatives
Michael Drew
Jeremy Johnson AM (Deputy Chair)
Merran Kelsall AO
Katherine Sampson
Nola Watson (appointed 1 January 2024)
Terence Wetherall (retired 31 December 2023)

Member Representatives
Linda Scott (Chair)
Anthony Cavanagh
Rebecca Girard
Robert Potter
Vanessa Seagrove

Key Management Personnel
Michael Dundon (Chief Executive Officer)
Julie Lander (Chief Executive Officer) (retired 31 July 2023)
Jean-Luc Ambrosi (Chief Experience Officer)
Suzanne Branton (Chief Investment Officer)
Sam Horskins (Chief Financial Officer)
Mark Lyons (Chief Capability Officer)
Christine Nguyen (Chief Risk Officer)
Paul Northey (Chief Growth Officer)

The Trustee applied for a licence from the Australian Prudential Regulation Authority. The RSE licence was granted on 16 February 2006 (licence no L0000956). The Trustee received authority to offer a MySuper product on 10 April 2013 (MySuper number 98172275725867).

(b) Compensation of key management personnel	2024 $ '000	2023 $ '000
Short-term employee benefits (salaries, director fees)	4,479	4,529
Post-employment benefits (superannuation)	273	278
Other short-term benefits	211	-
Other long-term benefits	150	126
Termination benefits	-	-
Total compensation	**5,113**	**4,933**

Transactions between directors and the superannuation fund were transacted under normal terms and conditions with expenses incurred by the directors on the Fund's behalf fully reimbursed.

15. Related party disclosures (continued)

(c) Related Party Transactions

Trustee

CARE Super Pty Ltd invoiced the Fund the amount of $2,042,112 (2023: $2,154,624) during the 2024 year for expenses incurred on behalf of the Trustee and for maintaining the Trustee Resilience Reserve held by the Trustee.

Trustee Directors

Certain directors are members of the Fund. Their membership terms and conditions are the same as those available to other members of the Fund. Included in the CARE Super Pty Ltd financial accounts are director and committee member fees of $1,187,051 (2023: $1,094,192) during the year.

The Fund's investment assets are custodially held by JPMorgan Chase Bank (Sydney branch). Related party investments and transactions are presented in the following note.

Industry Super Holdings Pty Ltd

The Fund held a 3.59% shareholding (2023: 3.59%) in Industry Super Holdings Pty Ltd (ISH), valued at $74,584,193 (2023: $58,354,075), which included a 7.5% minority shareholder discount adopted by the Trustee. ISH is valued by an independent valuer on a periodic basis. The Fund adopts the valuation determined by the independent valuer as the carrying value for this investment. For 30 June 2024, the Fund adopted the low point of the valuation range provided by the independent valuer. ISH is the holding company for several wholly owned subsidiary companies including IFM Holdings Pty Ltd (IFM), Industry Super Australia Pty Ltd (ISA), The New Daily Pty Ltd and Industry Fund Services Limited (IFS).

IFS has a number of subsidiaries including Industry Funds Investments Limited, Super Members Investments Limited and IFS Insurance Solutions Pty Ltd.

The Fund engages the services of a number of these entities on commercial terms and conditions. These non-investment transactions are summarised in the following table.

Company	Nature of transaction	2024 $'000	2023 $'000
Industry Fund Services	Financial planning, arrears collection and other member services	518	296
Industry Super Australia	Marketing, research, policy and advocacy services	1,520	1,349
IFS Insurance Solutions	Insurance premiums, broking and insurance consulting services	967	1,058

Mr Terence Wetherall is a director of ISA (retired as a CareSuper director on 31 December 2023). There was no remuneration paid for this directorship.

Industry Funds Management Pty Ltd

IFM is an investment manager used by the Fund. IFM offers investment management services to institutional investors across a number of asset classes and strategies. The Fund invests with IFM for Australian listed equity, fixed interest, infrastructure, and private equity asset classes. These investment capabilities are accessed at commercial terms consistent with its other investment management arrangements with comparable investment management firms. The Fund invests $1,388,009,806 with IFM (2023: $1,515,150,415) for which it received $161,055,483 in earnings (2023: $175,093,254 in earnings) and paid $3,278,549 in fees (2023: $3,130,323).

Ms Suzanne Branton is a member of the IFM shareholder Advisory Board. There was no remuneration paid for this membership this year to the Fund (2023: $10,560).

Industry Superannuation Property Trust Pty Ltd and Operating Company Trust

The Fund owns a 4% shareholding (2023: 4%) in Industry Superannuation Property Trust Pty Ltd (ISPT Pty Ltd) and a beneficial ownership in the Operating Company Trust (OpCo Trust). ISPT Pty Ltd is an institutional property investment manager, offering access to property investments through various unlisted vehicles. The Fund does not recognise a carrying value for ISPT Pty Ltd, as it is valued at $1. The OpCo Trust is a corporate entity offering property management services to institutional property investors, which the Fund carries at $243,917 (2023: $425,542).

The Fund holds investments in the ISPT Core Fund and the ISPT Retail Australia Property Trust and a residual interest in the ISPT Development Opportunities Fund 2 which is in the late stages of wind-up. The Fund invests $695,388,969 with ISPT (2023: $777,517,851) across these strategies, for which it received $54,532,397 in losses (2023: $12,570,090 in losses) and paid $2,812,928 in fees (2023: $3,525,903).

In August 2024, IFM and ISPT issued a joint statement confirming that ISPT board has notified IFM that it has elected to support a binding offer made to ISPT and their unit holders. The offer will be put to unitholders and shareholders of ISPT for a vote.

15. Related party disclosures (continued)

(c) Related Party Transactions (continued)

Transactions with other organisations

CARE Super Pty Ltd as trustee for the Fund transacts with the following organisations where there is a common Director, where the organisation is a nominating organisation or where a member of the Key Management Personnel is a Director of the organisation. This is for the purpose of membership, research, sponsorship of various events and education.

Entity	2024 $'000			2023 $'000		
	Membership	Sponsorship	Other (including training)	Membership	Sponsorship	Other (including training)
Business NSW	-	24	-	-	3	-
Victorian Chamber of Commerce and Industry	-	119	-	-	107	-
Australian Services Union	-	-	-	-	11	-
Australian Chamber of Commerce and Industry	-	-	-	-	11	-
CPA Australia	-	-	-	1	-	-
Australian Council of Superannuation Investors	456	-	83	220	-	80
Australian Institute of Superannuation Trustees	12	-	75	97	-	184
Super Members Council of Australia	108	-	-	-	-	-

Terms and conditions of transactions with related parties

Outstanding balances at year end are unsecured and settlement occurs in cash. Transactions and Investments are made on normal commercial terms.

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

For the year ended 30 June 2024, the Fund has not raised any provision for uncollectible amounts relating to amounts owed by related parties (2023: $nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

16. Financial risk management

Financial risk management is carried out by the Trustee through the Board and various Committees with advice from external advisors and internal management.

The Fund's activities expose it to a variety of investment risks:
- market risk (including foreign currency risk, interest rate risk and price risk);
- credit risk; and
- liquidity risk.

These risks are managed as part of the Fund's overall Risk Management Framework, Investment Governance Framework, Investment Policy Statement and associated investment policies.

The Fund's overall objective is to maximise each member's returns during their working and retirement life, while protecting their accumulated retirement savings from large fluctuations during the economic cycle. Accordingly, the Trustee's Investment Strategy is to build a diversified portfolio of assets that balances investment returns and risks over the medium to long term. The Trustee determines the strategic asset allocations of each of the Fund's diversified portfolio and individual investment options, after receiving advice from its investment advisor.

The asset allocation is reviewed throughout the year in accordance with the Fund's Investment Policy and Risk Management Plan and Strategy. A range of tools are employed to measure the different types of risk to which the portfolios are exposed, and these include asset allocation modelling, historical stress testing and forward-looking scenario testing.

The Trustee primarily invests via individual manager mandates or units in managed trusts, after determining that the appointment of each manager is appropriate for the Fund and in accordance with the Fund's investment strategy. Each investment manager is required to invest the Fund's assets in accordance with the terms of a written mandate or Trust Deed. The equity securities, insurance policies, fixed interest securities, property, infrastructure, private equity, hedge funds, cash and short-term deposits in which these managers invest, are expected to generate appropriate levels of return, with acceptable levels of risk.

A range of qualitative risk measures is employed by the Fund to assess the overall investment arrangements of individual managers and the Fund. Additionally, the Fund obtains regular reports from each investment manager on the nature of the investments made on its behalf and the associated risks. Where relevant, the Fund also obtains formal Derivative Risk Statements from individual managers.

The Fund also enters derivative transactions, principally in equity and fixed interest futures and foreign exchange contracts. Their main purpose is to manage the financial risks associated with the Fund's investment transactions or effect a change in the asset mix. Investments in derivatives are not used to gear the Fund's investment portfolio and are regulated by the Fund's asset allocation limits for the underlying investment class.

Most of the Fund's investments are held on behalf of the Trustee by JPMorgan Chase Bank, National Association (JPM) who act as the master custodian. To the extent assets are held out of custody, the Trustee ensures appropriate controls are in place to ensure the correct recording of the assets, liabilities, revenues and expenses.

(a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Changes in market prices are reflected in earnings credited to members. Market risk comprises three types of risk: Foreign currency risk, interest rate risk and price risk.

The Fund's policies and procedures that have been put in place to mitigate the Fund's exposure to market risk are detailed in the Risk Management Framework and investment policies. Throughout the past few years, the COVID 19 pandemic, the Ukraine war, supply chain issues, high inflation and central banks raising interest rates have created market uncertainty which has changed the Fund's exposure to a potential market risk and the way the Fund manages and measures the risk. The Fund's active investment strategy aims to smooth out the ups and downs of market cycles. This heightened market risk has been managed in part by increasing reporting frequency and including additional detail in daily monitoring and review processes.

(i) Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund has exposure to foreign currency risk implicit in the value of portfolio securities denominated in a foreign currency. These exposures are managed by a combination of the hedging policies of the underlying managers, and a currency overlay established by the Trustee, in conjunction with the investment consultant, to manage the exposure to international currency movements to a neutral benchmark. Exposure to currency risk is implemented through exposure to overseas shares.

The tables below summarise the Fund's assets and liabilities that are denominated in a currency other than the Australian dollar.

	INR	JPY	USD	EUR	TWD	Other	Total
30 June 2024	**A$'000**	**A$'000**	**A$'000**	**A$'000**	**A$'000**	**A$'000**	**$'000**
Net exposure	247,261	198,917	2,316,933	419,980	134,115	501,032	3,818,238
30 June 2023							
Net exposure	194,894	240,578	1,811,995	515,947	56,570	629,178	3,449,162

16. Financial risk management (continued)

(a) Market Risk (continued)

(i) Foreign Currency Risk (continued)

Net market value of foreign exchange contracts	2024 $'000	2023 $'000
Foreign exchange contract assets	11,200,850	8,738,375
Foreign exchange contract liabilities	(11,098,484)	(8,788,366)

Sensitivity analysis

Based on an assessment of historical ranges of currency an assumption of +/- 7.0% (2023: +/- 7.0%) has been determined by the Trustee as an appropriate assumption for this scenario analysis.

A 7.0% strengthening/weakening of the Australian dollar against the following currencies at 30 June 2024 would have (decreased)/increased the net assets available to pay members' liabilities and the net result from superannuation activities by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. The impact mainly arises from the reasonably possible change in foreign currency rates. The reasonably possible movements in the risk variables have been determined based on the Trustee's best estimate, having regard to a number of factors including the average absolute divergence between the unhedged and hedged MSCI World ex Australian Index annual returns over a 10 year period.

The amounts shown below are on the basis that all other variables remain constant.

		INR A$'000	JPY A$'000	USD A$'000	EUR A$'000	TWD A$'000	Other A$'000
30 June 2024							
	7.00%	(17,308)	(13,924)	(162,185)	(29,399)	(9,388)	(35,072)
	-7.00%	17,308	13,924	162,185	29,399	9,388	35,072
30 June 2023							
	7.00%	(13,643)	(16,840)	(126,840)	(36,116)	(3,960)	(44,042)
	-7.00%	13,643	16,840	126,840	36,116	3,960	44,042

(ii) Interest Rate Risk

Interest rate risk represents the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Fund's exposure to market risk for changes in interest rates relate primarily to investments held in discounted securities and interest bearing securities.

The Fund's policy is to invest in fixed interest as a diversifying strategy as well as moderate the volatility of the expected returns of the Fund.

The risks within the fixed interest investments lie in the duration and credit limits held by the investment managers. Managers are subject to strict guidelines with regard to both parameters and they are monitored regularly by the Trustee in conjunction with the investment consultant.

16. Financial risk management (continued)

(a) Market Risk (continued)

(ii) Interest Rate Risk (continued)

The Fund's exposure to interest rate movements on those investments are as follows:

30 June 2024	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	$'000	$'000	$'000	$'000
Financial Assets				
Cash and cash equivalents	117,421	-	-	117,421
Cash & short term deposits held for investing activities	160,718	2,072,674	-	2,233,392
Capital guaranteed	134,203	-	-	134,203
Australian shares	126,758	115,366	5,418,316	5,660,440
Overseas shares	-	88,620	5,847,728	5,936,348
Alternatives	743,477	201,857	5,076,455	6,021,789
Fixed interest	260,159	1,377,393	-	1,637,552
Property	-	11,135	1,896,419	1,907,554
Derivative assets	1,262	13,910	124,158	139,330
Total Financial Assets	**1,543,998**	**3,880,955**	**18,363,076**	**23,788,029**
Derivative liabilities	(5,555)	(3,534)	(23,258)	(32,347)
Total Financial Liabilities	**(5,555)**	**(3,534)**	**(23,258)**	**(32,347)**
Net Financial Assets/Liabilities	**1,538,443**	**3,877,421**	**18,339,818**	**23,755,682**

30 June 2023	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	$'000	$'000	$'000	$'000
Financial Assets				
Cash and cash equivalents	92,721	-	-	92,721
Cash & short term deposits held for investing activities	1,896,466	616,770	758	2,513,994
Capital guaranteed	167,121	-	-	167,121
Australian shares	143,715	116,513	4,795,975	5,056,203
Overseas shares	-	113,181	4,836,815	4,949,996
Alternatives	956,338	175,166	4,197,470	5,328,974
Fixed interest	421,236	934,922	-	1,356,158
Property	-	34	2,117,831	2,117,865
Derivative assets	12,480	9,059	50,059	71,598
Total Financial Assets	**3,690,077**	**1,965,645**	**15,998,908**	**21,654,630**
Derivative liabilities	(72,701)	47,693	(91,473)	(116,481)
Total Financial Liabilities	**(72,701)**	**47,693**	**(91,473)**	**(116,481)**
Net Financial Assets/Liabilities	**3,617,376**	**2,013,338**	**15,907,435**	**21,538,149**

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument.

The other financial instruments of the Fund that are not included in the above tables are non-interest bearing and therefore not subject to interest rate risk.

Sensitivity analysis

The sensitivity analysis below illustrates the estimated effect of possible changes in interest rates. It is the Trustee's expectation that a change in interest rates of 74 basis points (bps) or 0.74% p.a. (2023: 0.75%) is reasonably possible. The table shows the impact that such a change would have had to the benefits accrued and the net assets available to pay benefits accrued, had the interest rate been 74bps (2023: 75bps) higher or lower.

30 June 2024	Carrying Amount $'000	Movement in underlying sectors	Increase/ (Decrease) in benefits accrued as a result of operations $'000	Increase/ (Decrease) in members liabilities for accrued benefits $'000
Net Financial Assets/Liabilities	3,877,421	74bps	(28,694)	28,694

30 June 2023	Carrying Amount $'000	Movement in underlying sectors	Increase/ (Decrease) in benefits accrued as a result of operations $'000	Increase/ (Decrease) in members liabilities for accrued benefits $'000
Net Financial Assets/Liabilities	2,013,338	75bps	(15,100)	15,100

16. Financial risk management (continued)

(a) Market Risk (continued)

(iii) Price risk

Price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments in the market. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

Price risk is minimised through ensuring all investment activities are undertaken in accordance with established mandate limits and investment strategies.

The Fund is exposed to the price risk relating to changes in the net market value of the respective investment options held by the Fund, namely unit trusts, equity prices, fixed interest and discount securities as well as infrastructure and direct property valuations. Any changes in the net market value of these investments are due to movements in the price of the underlying assets that the fund invests in and the volatility of those assets.

The Trustee, in consultation with JANA Investment Advisors Pty Ltd as the appointed investment consultant, moderates this risk through diversification and the careful selection of investment managers who trade in securities and other financial instruments within specified limits. The Fund's overall market positions are monitored monthly by the Trustee. In addition, the Trustee reviews each asset class and manager in detail each quarter to ensure that performance is within expectations and ranges of the specific mandate.

The asset allocation ranges for each investment sector have been determined by the Trustee in consultation with the investment consultant. These ranges have been set to ensure the appropriate overall fund risk/return ratio is maintained and to ensure satisfactory diversification across sectors. Investments in each sector are spread over more than one security manager. In this way the Fund is not overly exposed to one manager, asset class or underlying economic event. This approach is designed to produce a moderate outperformance over time. The asset allocation of the investment options are monitored by internal management in line with the Rebalancing Policy and are reported on a regular basis to the Investment Committee.

The volatility of expected returns for the purpose of this analysis has been based on historical analysis and input from the investment consultant in collaboration with the Trustee. The following table represents the returns that would be considered reasonably possible based on the underlying asset classes as at 30 June 2024 and 30 June 2023. This analysis has been performed on a pre-tax basis.

	Change in Variable (+/-%)	
	2024	**2023**
Australian Shares	14%	14%
Overseas Shares	16%	15%
Alternatives	9%	8%
Property	8%	9%

	Change for year in Net Assets available for Member Benefits	
	$'000	**$'000**
30 June 2024	2,436,843	(2,436,843)
30 June 2023	2,067,294	(2,067,294)

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss.

With respect to credit risk arising from the financial assets of the Fund, other than derivatives, the Fund’s exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these investments.

In relation to derivative financial instruments, whether recognised or unrecognised, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The risk associated with these contracts is minimised by undertaking transactions with counterparties on recognised exchanges, and ensuring that transactions are undertaken with a large number of counterparties.

The Fund determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

There are no significant concentrations of credit risk within the Fund.

The Fund restricts its exposure to credit losses on the trading of derivative instruments it holds by entering into master netting arrangements as set out in Note 4(e).

16. Financial risk management (continued)

(b) Credit risk (continued)

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

The Fund's exposure to credit risk is held across the Fixed Interest, Cash & short-term deposits held for investing activities, Derivative assets and Alternatives classes of Financial Assets.

30 June 2024

AAA $'000	AA+ to AA- $'000	A+ to A- $'000	BBB+ to BBB- $'000	BB+ to BB- $'000	B+ to B- $'000	CCC to D $'000	Total $'000
685,578	1,280,478	909,557	228,610	92,356	76,077	9,169	3,281,825

30 June 2023

AAA $'000	AA+ to AA- $'000	A+ to A- $'000	BBB+ to BBB- $'000	BB+ to BB- $'000	B+ to B- $'000	CCC to D $'000	Total $'000
580,136	374,436	2,091,384	370,316	114,031	124,319	4,818	3,659,440

(c) 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 hold a substantial proportion of the Fund's assets in 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.

The investment team regularly monitors the Fund's liquidity position and reviews the results of liquidity stress testing across a number of different scenarios. These tests assess the impact on the liquidity of the investment portfolio and any consequential impact on asset allocations for a range of stressed market events taking into account potential adverse impacts on cash flows resulting from investment switching by members, rollover and benefit requests, settling foreign currency transactions and funding capital call commitments.

The liquidity position of the Fund is conditional on a number of external factors including the liquidity of the investment markets in which the Fund invests, the relevant legislative requirements governing members' access to their superannuation benefits and redeeming and investing net cash flows based on the strategic asset allocation.

The Fund is obligated to pay member benefits in accordance with the relevant legislative requirements. This includes the payment of rollovers to other superannuation funds upon request and the payment of benefits to members.

The Fund ensures its allocation to cash is consistent with the investment objectives and the Fund's expected demographic profile and net cash flows. The Fund's membership profile coupled with the bulk of its assets being invested in highly liquid asset classes allows the Fund to tolerate an exposure to assets with lower levels of inherent liquidity (e.g. property, infrastructure and alternative investments) in an expectation of higher risk adjusted investment returns in the longer term.

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

2024	Less than 1 month $'000	1-6 months $'000	6-12 months $'000	>12 months $'000	Total $'000
Non-derivatives					
Payables	55,705	-	-	-	55,705
Defined contribution member liabilities	22,990,907	-	-	-	22,990,907
Derivatives					
Net settled derivatives	7,507	12,020	404	12,416	32,347
Total	**23,054,119**	**12,020**	**404**	**12,416**	**23,078,959**

2023	Less than 1 month $'000	1-6 months $'000	6-12 months $'000	>12 months $'000	Total $'000
Non-derivatives					
Payables	49,501	-	-	-	49,501
Defined contribution member liabilities	20,940,046	-	-	-	20,940,046
Derivatives					
Net settled derivatives	22,064	72,902	1,665	19,850	116,481
Total	**21,011,611**	**72,902**	**1,665**	**19,850**	**21,106,028**

Members' liabilities have been included in the "Less than 1 month" column above as this is the amount that members could call upon as at year end.

16. Financial risk management (continued)

(d) Environmental Social and Governance Risks

The Fund's purpose is to maximise members' best financial interests and retirement incomes by investing in assets that are expected to deliver competitive, risk-adjusted returns over the long term. The selection of investments which achieve those returns is important. The Fund believes that long-term returns can be positively influenced by asset management practices that include assessment of environmental, social and governance (ESG) risks and opportunities as part of the investment process.

The Fund manages ESG risks in accordance with its Responsible Investing Policy which sets out the key principles and commitments in relation to ESG risk factors in the management of the Fund's investment program. As part of this commitment, a range of ESG issues such as climate change, labour and human rights, board diversity and corporate governance may be integrated into the investment processes and decision-making.

The Fund may do this by:

- Requiring external investment managers to consider ESG factors when selecting and holding investments. This includes the need for them to identify and assess climate change risks and opportunities in their investment analysis. Engaging with the Fund's investment managers and evaluating them on their ESG practices is an integral part of the Investment Team's manager appointment, monitoring and review process.

- Investing in projects and businesses that offer competitive returns and drive additional environmental or social benefits (e.g. healthcare, education, renewable energy, water-related investments).

- Aiming to exclude tobacco manufacturing companies from all portfolios and supporting the Tobacco Free Finance Pledge.

- Addressing the investment risks and opportunities presented by climate change, through our Net Zero program. Our Net Zero Roadmap sets out how CareSuper plans to achieve interim (2030) targets in relation to both emissions reduction and investment in climate solutions. The Fund has made a commitment to achieve Net Zero carbon emissions in its portfolio by 2050.

- Exercising its voting rights at company meetings and using its influence to support improved corporate governance practices in accordance with its Proxy Voting Policy.

- Participating in collaborative ESG-focused initiatives, including:

    - The Investor Group on Climate Change (IGCC)
    - The Australian Council of Superannuation Investors (ACSI)
    - Responsible Investment Association Australasia (RIAA)

- Taking an active approach to its stewardship responsibilities by adopting the Australian Asset Owner Stewardship Code (the Code). As part of the Code, the Fund publicly reports against six key principles as set out in its Stewardship Statement.

- Reporting its responsible investing activities through the United Nations-supported Principles for Responsible Investment (PRI) by participating in their annual Transparency Report which is publicly disclosed on the PRI website.

- Publishing its Modern Slavery Statement annually to meet obligations under the Modern Slavery Act 2018.

Oversight of the Fund's Responsible Investing Policy is the responsibility of the Investment Committee and the Investment team is responsible for its implementation. The Policy is reviewed on an annual basis.

Beyond its investment program, the Fund is also cognisant of its own operational carbon footprint and was one of the first superannuation funds to be certified Carbon Neutral by the Australian Government through Climate Active.

The reduction in the Fund's operational footprint is continuing with various sustainability measures, including comprehensive recycling, energy efficient workspaces through the use of green energy, purchasing carbon offsets for travel, and increased online communications and reporting systems to reduce travel and printing.

17. Insurance

The Fund provides death and disability benefits to its members. The Trustee has a group policy in place with a third party insurance company to insure these death and disability benefits for the members of the Fund.

The Fund collects premiums from members on behalf of the insurance company. Insurance claim amounts are recognised where the insurer has agreed to pay the claim. Therefore 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.

18. Structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. Depending on the Fund’s power over the activities of the entity and its exposure to and ability to influence its own returns, it may control the entity. However, the Fund applies the Investment Entity Exemption available under AASB10 *Consolidated Financial Statements* and therefore does not consolidate its entities. In other cases it may have exposure to such an entity but not control it.

An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Fund. Such interests include holding of units in unlisted trusts. The nature and extent of the Fund’s interests in structured entities are titled units in unlisted investments and managed funds and are summarised in Note 4 and and Note 15 where appropriate. As at 30 June 2024, the Fund had no exposure to any managed fund investments that was greater than 10% of the Fund’s net assets.

The Fund has exposures to unconsolidated structured entities through its investments. The Fund typically has no other involvement with the structured entity other than the securities it holds as part of investments and its maximum exposure to loss is restricted to the carrying value of the investment.

Exposures to investment assets are managed in accordance with financial risk management practices as set out in Note 16 Financial Risk Management, which includes an indication of changes in risk measures compared to the prior year.

The Fund has not provided any non-contractual financial support during the period and does not anticipate providing non-contractual support to unconsolidated structured entities in the future.

19. Operating expenses

	2024 $ '000	2023 $ '000
Bank charges	122	117
Staff related costs	29,541	27,865
Office expenses	6,673	6,241
Advertising and sponsorship	7,225	7,437
Fund literature	156	549
Other operating costs	4,877	2,294
Government charges	2,026	2,036
Professional services	3,082	7,351
Merger implementation expenses	6,336	-
	60,038	**53,890**

20. Commitments

CARE Super has $1,340 million (2023: $1,066 million) in private equity, property, credit and infrastructure commitments yet to be called.

21. Significant events with post balance date implications

On 28 August 2024, the Trustee and Spirit Super Trustee signed a Successor Fund Transfer Deed, confirming the parties' intention to transfer all transferring members' entitlements and assets of the Fund to Spirit Super by way of a successor fund transfer on 1 November 2024.

The Fund and Spirit Super acknowledge and agree that members' balances, assets, associated liabilities, leases and commitments will transfer to Spirit Super.

Spirit Super was established in 1989, and merged with Tasplan in 2021. As a fund for hard-working Australians, with a focus on growing membership in regional Australia, Spirit Super has over 350,000 members and $30 billion funds under management.

The merged fund which will be called CareSuper, will have approximately 573,000 members and $53 billion funds under management.

Except as disclosed above, no matter or circumstance has arisen since 30 June 2024 that has significantly affected the Fund's operations, results or state of affairs, or may do so in future years.

Directors' Declaration

The directors of CARE Super Pty. Ltd. A.B.N. 91 006 670 060 (the Trustee), as trustee of CARE Super (the Fund), declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001* , including compliance with Australian Accounting Standards and giving a true and fair view of the financial position of the Fund.

Signed in accordance with a resolution of the directors of the Trustee made pursuant to s. 295(5) of the *Corporation Act 2001* .

On behalf of the directors of the Trustee:

Director

Director

Dated at Thursday this 26 day of September 2024

Independent auditor's report

To CARE Super Pty Ltd, the Trustee of CARE Super (ABN: 98 172 275 725)

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of CARE Super (the RSE/Fund) are in accordance with the *Corporations Act 2001*, including:

1. giving a true and fair view of the RSE's financial position as at 30 June 2024 and of its financial performance for the year then ended
2. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprise:

- the statement of financial position as at 30 June 2024
- the income statement for the year then ended
- the statement of changes in member benefits for the year then ended
- the statement of changes in reserves for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, including material accounting policy information and other explanatory information
- the Directors' declaration.

Basis for opinion

We conducted our 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 report* section of our report.

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

Independence

We are independent of the RSE in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Liability limited by a scheme approved under Professional Standards Legislation.

Emphasis of matter - going concern no longer appropriate

We draw attention to Note 2 in the financial report, which discusses the directors' intention to wind up the Fund prior to the next reporting period end of 30 June 2025. As a result, the annual report has been prepared on a liquidation basis and not on a going concern basis. Our opinion is not modified in respect of this matter.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the RSE, its accounting processes and controls and the industry in which it operates.

Our audit of the financial report focused on where the Trustee made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

Our audit approach reflects the nature of CARE Super's investment operations and administration of member balances, with consideration to the work undertaken by CARE Super's third-party service organisations and external investment managers.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Compliance, Audit and Risk Management Committee.

Key audit matter	*How our audit addressed the key audit matter*
Valuation of Level 3 investments *Refer to note 4 Financial assets and liabilities* At 30 June 2024, the Fund's Level 3 investments comprised of investments in alternatives and property assets (unlisted investments), amongst others. Note 4 of the financial statements describes the valuation methodology used by the Fund to measure the fair value of Level 3 investments under Australian Accounting Standards. The Fund's unlisted investments are valued using the unit price provided by the underlying fund manager. The inputs used to calculate valuations for these investments include net asset value, discounted cash flow models and observable transactions in similar securities. We considered this a key audit matter because of the: ● financial significance of unlisted investments ● level of judgment involved in the underlying assumptions used by the investment managers in the determination of the fair value	We assessed the design and tested the operating effectiveness of certain controls supporting the Fund's unlisted investments valuation methodology, including controls relating to the Fund's oversight and review of the valuation policies and methodology adopted by the investment managers. We performed the following procedures amongst others for a selection of unlisted investments: ● obtained a confirmation at 30 June 2024 from the investment manager and compared the confirmed balance to the Fund's accounting records; ● obtained a valuation statement as at 30 June 2024 from the investment manager and compared the valuation quoted by the investment manager to Fund's accounting records; and ● assessed the reliability of the valuation statements provided by the investment manager by reference to the audited financial statements of the unlisted investments.

Key audit matter	How our audit addressed the key audit matter
Level 1 and 2 financial assets and liabilities *Refer to note 4 Financial assets and liabilities* At 30 June 2024, the Fund's level 1 and 2 financial assets and liabilities included investments in cash and short term deposits held for investing activities, capital guaranteed, Australian shares, overseas shares, alternatives, fixed interest, property and derivative assets and liabilities. Note 4 of the financial statements describes the valuation methodology used by the Fund to measure the fair value of the level 1 and 2 financial assets and liabilities under Australian Accounting Standards. Level 1 and 2 financial assets and liabilities was a key audit matter because of the financial significance of the balances in the Fund's statement of financial position. A discrepancy in the valuation of level 1 and 2 financial assets and liabilities could cause the net assets available for members' benefits to be materially misstated.	We assessed the design and operating effectiveness of relevant controls operated by the third-party service organisation ('service providers') of administration and custody services. We performed the following procedures, amongst others: • Inspected the most recent reports provided to the Fund by the service providers setting out the controls in place at that service provider, and that included an audit opinion over the design and operating effectiveness of those controls. • Developed an understanding of the control objectives and associated control activities and evaluated the results of the tests undertaken and the conclusions formed by the service provider's auditor on the design and operating effectiveness of controls, to the extent relevant to our audit of the Fund's level 1 and 2 financial assets and liabilities. We obtained and assessed the reliability of an audit report from the service provider's auditors on the valuation of the Fund's level 1 and 2 financial assets and liabilities held in custody as at 30 June 2024. We compared the number and value of the financial assets and liabilities as at 30 June 2024 as recorded in the Fund's accounting records and underlying accounting records to this report. Together with assistance from PwC valuation experts We performed the following procedures, amongst others, for financial assets and liabilities which are not included in the scope of the audit report obtained: • For listed equity securities, obtained an external market price and compared that price to the Fund's valuation of listed equity securities. • For a selection of cash and short term deposits and capital guaranteed investments, recalculated the valuation and compared that valuation to accounting records of the Fund.

Other information

The directors of the Trustee are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors of the Trustee for the financial report

The directors of the Trustee (the directors) are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are 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 directors either intend to liquidate the RSE or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/auditors_responsibilities/ar6.pdf

This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2024.

In our opinion, the remuneration report of CARE Super for the year ended 30 June 2024 complies with section 300C of the *Corporations Act 2001.*

Responsibilities

The directors of the Trustee are responsible for the preparation and presentation of the remuneration report in accordance with section 300C of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Nicole Oborne OAM
Partner

Melbourne
26 September 2024