



**Spirit  
Super**



An Industry  
SuperFund

# Annual Report

2021-22

## Contact us

### Head office

Spirit Super  
Level 3  
39 Brisbane Avenue  
Barton ACT 2600

### Postal address

Spirit Super  
GPO Box 1547  
Hobart TAS 7001

**Contact** General Manager, Service Delivery

**Phone** 1800 005 166

**Email** [info@spiritsuper.com.au](mailto:info@spiritsuper.com.au)

**Website** [spiritsuper.com.au](https://spiritsuper.com.au)

### Our details

#### Issuer

Motor Trades Association of Australia  
Superannuation Fund Pty. Limited  
AFSL 238718  
ABN 14 008 650 628 (Trustee)

#### Fund registration details

ABN 74 559 365 913 (Spirit Super)  
USI MTA0100AU

This is general information only and doesn't take into account your objectives, financial situation or needs. Before making a decision, you should consider if this information is right for you and read our *Product disclosure statements*, *Target market determinations* and *Financial services guide*. These are available at [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds) or by calling 1800 005 166.

Any advice is provided by Quadrant First Pty Ltd (ABN 78 102 167 877, AFSL 284443) (Spirit Super Advice), which is wholly owned by the trustee.

Spirit Super's *Annual members meeting* (AMM) is scheduled to be held on 24 November 2022. Further information, including disclosures, can be found at [spiritsuper.com.au/amm](https://spiritsuper.com.au/amm)

Published 10 October 2022

## Contents

Spirit Super at a glance	4
A message from your Chair	5
A message from your CEO	8
Our Board of Directors	10
Our Executive Team	16
Our Strategic Plan	20
Super changes	21
Reporting, regulatory, and administrative changes	23

### Investments

Market update	25
Our investment strategy	28
Your investment options	30
Our assets and performance	40
Defined benefits funds	45

### Governance

Our committees	48
Trustee liability insurance	49
Financial reports	50
Our policies and procedures	52



# Our ratings



Full details regarding Chant West's research methodology, processes, ratings and definitions are available at [chantwest.com.au](http://chantwest.com.au)

For details about The Heron Partnership's ratings methodology, refer to [heronpartners.com.au](http://heronpartners.com.au)

Visit [superratings.com.au](http://superratings.com.au) for ratings information and to access the full report.

## Our commitment to our members

During the year, Spirit Super was recognised as a leader in the industry for delivering outstanding service and commitment to our members:

- Our local Contact Centre was named Most Consistent for Customer Experience for 2021 by Customer Service Benchmarking Australia (CSBA), winning across all industry contact centres in Australia. We delivered an outstanding satisfaction rate of over 92% to members and employers.
- We were also recognised as providing the best customer experience in super by CSBA in 2022 through their SenseCX benchmarking report. This takes into account the ease, sentiment and success of customer interactions.
- Independent market researcher Rainmaker awarded us a AAA rating for outstanding value and service.
- Rainmaker also awarded us an ESG Leader Rating, which has been awarded for the first time to Australia's best super funds that are implementing environmental, social and governance (ESG) principles to a high level, while having a track record of strong investment performance.

# Spirit Super at a glance



**331,048**  
Spirit Super member accounts



**\$25bn\***  
in funds under management



**\$75k\***  
average account balance



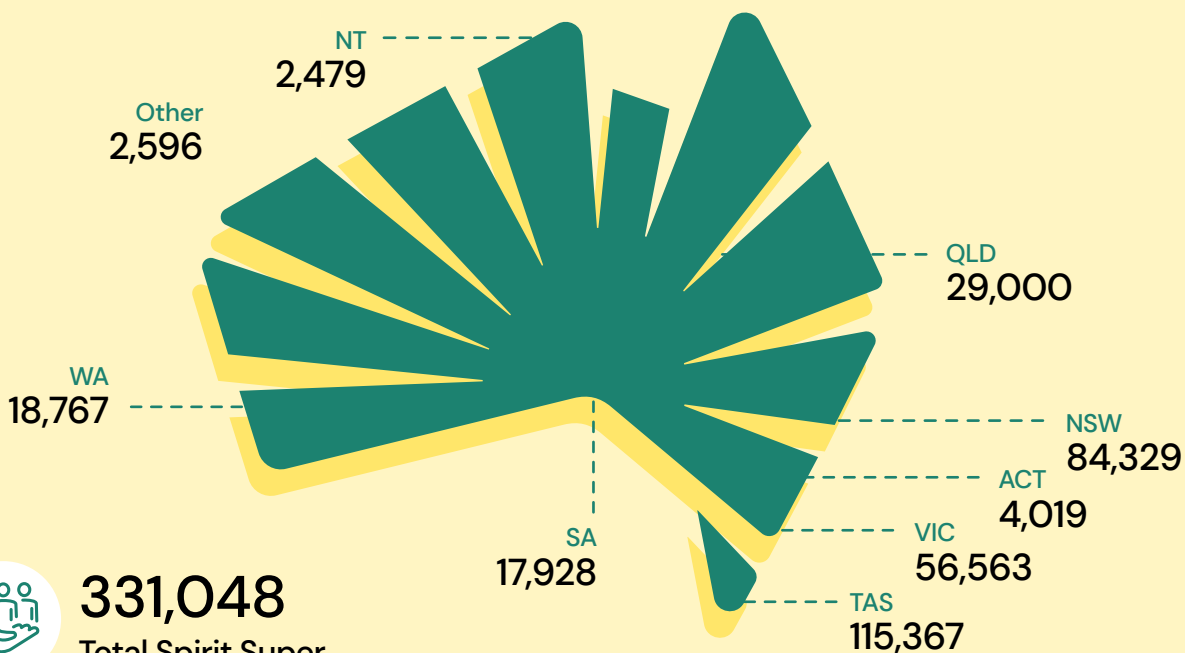
**\$326.1m\***  
in member contributions



**\$1.4bn\***  
in employer contributions



**72,703**  
active employers



**331,048**  
Total Spirit Super member accounts



**151,574**  
Calls to the contact centre



**563,060**  
Users on our website



**113**  
Super education sessions held



**3,211**  
Registrations for education sessions



**1,140,239**  
Logins to Member Online



**9**  
Accumulation Investment options

\* Please note rounding has occurred

# A message from the Chair

## Naomi Edwards

---



### Big enough to make a difference and small enough to care

How were the last 12 months for you?

I know for many of our members, you're living in a time of great uncertainty. Interest rates are rising, as are food costs, rent and petrol prices. Many of us are also adjusting to a new post-Covid work environment.

It's safe to say we've all got a lot going on.

At Spirit Super, our aim is to make sure super is one thing you don't need to worry about. Your super is a long-term and crucial asset for you and your family. We want you to feel confident, well-informed and valued by your super fund.

When we became Spirit Super, we worked hard to ensure our transition was as smooth and painless as possible and to deliver on our promise to keep improving and providing outstanding service and results.

I'm proud to say we've managed to achieve both.

The starting point for our outstanding service is our award-winning contact centre.

When you ring our Hobart-based team, your call will be answered quickly, and our caring team of experts will take the time you need to understand your question and give you confidence about your super.

And the experts agree.

In late 2021, our contact centre was named Most Consistent for Customer Experience by Customer Service Benchmarking Australia (CSBA), winning not just in super but across all industry contact centres in Australia. We've also gone on to be recognised as providing the best customer experience in super by CSBA through their SenseCX benchmarking report, which considers the ease, sentiment and success of customer interactions.

In May 2022, independent market researcher Rainmaker awarded us a AAA rating for outstanding value and service and later, as an ESG Leader.

While awards are never our focus — that's you and your super — they're a good sign we're giving you the information and support you need, how and when you need it.

We're delighted that we've been able to maintain our high standards and continue giving you the value, service and support you deserve.

### Bigger where it matters most

The merger of Tasplan and MTAA Super in April last year significantly increased our funds under management, member base and national footprint.

Importantly, it introduced greater capacity and capability to the fund, helping us provide better value (lower fees) and better service for you and your super.

While growth was essential to continue providing outstanding value and service, we have no intention of becoming a "mega" fund. Instead, we're focusing on cementing our position as a sustainable mid-sized fund and being leaders in member experience and retirement confidence.

We want to maintain meaningful, personal connections with our members and employers and to continue providing outstanding service in your communities and workplaces across Australia.

Of course, this desire extends well beyond our contact centre.

Recently we established a new regional hub in Newcastle, complete with a local Business Development Manager dedicated solely to supporting employers and members in that region.

With larger funds overlooking regional areas, we're well placed to offer excellent service and support to members where they need it most — close to home.

In the coming years, we hope to offer more regional connections and provide more hands-on service and advice to members and employers beyond our cities.

It's another way we put you at the heart of everything we do.



## Investing in a better future

We manage over \$25 billion of your hard-earned retirement savings. We invest this money in stocks, bonds, property, solar farms, childcare, infrastructure, and a huge array of diversified and well-managed investments worldwide.

Of course, our goal is to protect and grow your super, so you can live a happy, secure, and dignified retirement. But we also have a responsibility to make sure your super is helping shape a brighter future.

Early in 2022, we updated our Environmental, Social and Governance (ESG) strategy to focus on two core elements: integration and impact investing.

Integration is about having clear and effective processes and policies to assess ESG risks when choosing and managing investments.

This ensures we're investing in companies, business models and technologies that have long-term viability and operate in harmony with the environment, community, and consumer expectations.

It also gives us the tools to use our significant investing power to ensure companies operate in everyone's best interests.

Impact investing is about seeking compelling investment opportunities that directly benefit social or environmental issues while providing great returns for your super.

This includes supporting companies transitioning to a low carbon economy, backing local innovation and manufacturing, and helping small businesses expand and create jobs.

To support our ESG ambitions, we've released five ESG priority targets:

- **Target 1:** Allocate more than 15% of funds to Impact Investments
- **Target 2:** Reduce the portfolio's carbon footprint by 50% by 2030
- **Target 3:** Invest \$1.5 billion in small business by 2030
- **Target 4:** Create 10,000 new skilled jobs in Australia
- **Target 5:** Ensure no modern slavery in supply chains by 2030

By proactively managing and engaging with ESG risks and opportunities, we can add value to your super and help make a positive difference to the economy and your local communities.

At Spirit Super, we're not just investing in your future — we're investing in everyone's.

## Supporting your communities

As a super fund, our focus is to grow and protect your super – but we know there's more to life than just paying the bills. To live a happy, fulfilled and rewarding retirement, we need healthy, connected and thriving communities. For this reason, we are committed to supporting local communities – both through our investment strategy and our partnership programs – that support communities to thrive long term. This helps to set our members up for a bright and healthy future.

This year we continued to support several national awards and initiatives to celebrate the fantastic individuals and organisations that make differences in our everyday lives.

This included the Australian Young Achiever Awards, the Tasmanian Volunteer Awards, and the Tasmanian Department of Education's 'Together We Inspire' Awards.

We also continue to be advocates for positive mental and physical health through our support of national suicide prevention organisation R U OK? and the Mother's Day Classic, Australia's largest fundraiser for breast cancer research.

## Embracing the spirit of tomorrow

I'd like to thank my fellow Trustees, our Executive Team, and the Spirit Super staff for their outstanding leadership and innovation throughout the year.

I would especially like to welcome our new CEO, Jason Murray, to the team. In just six months, Jason has made a real difference to our fund, our teams, and our members. His commitment to putting our members' best interests at the heart of everything we do exemplifies the best of what industry super funds are.

The first year following a merger is always hard work, but our team members have shown themselves capable, flexible, and absolutely committed to looking after our members and helping them feel more confident and engaged about their super.

On behalf of the Board, I'd also like to acknowledge the outstanding contribution of the inaugural Spirit Super CEO, Leeanne Turner, who finished up with us during this financial year.

Thanks also to all our former Tasplan and MTAA Super members and employers for sticking with us as we continue to evolve and improve. While our focus is always on the future, we'll never forget where we came from.

For over 30 years, we've supported the motor trades, promoting and backing their workers and apprentices as their industry has changed and evolved. For over 100 years, we've supported the Tasmanian workforce as it strengthened communities and took the state from strength to strength.

We are very proud of this history and deeply committed to carrying it forward.

Finally, thanks to all the new members who joined Spirit Super throughout our first year. You've joined the fund at an exciting time. We look forward to supporting you through a long and rewarding super journey.

## Naomi Edwards

Spirit Super Chair



# A message from the CEO

## Jason Murray



### Carrying on the spirit

In early 2022 I was delighted to join Spirit Super as CEO and also as a member.

Heading up your super fund is an honour and a privilege. Superannuation is the retirement foundation of many hard-working Australians and plays a huge part in giving you the means and the confidence to have the retirement you deserve.

I intend to honour this privilege and work diligently with the experienced Spirit Super team to deliver exceptional products, services, education and advice to support you to and through retirement.

Luckily for me, I've joined the fund at an exciting time.

With over 325,000 members and over 70,000 employers, we're big enough to provide outstanding value while agile enough to deliver truly personalised service.

Or, as we like to put it: we're big enough to make a difference and small enough to care.

We're a platinum-rated fund, with Super Ratings naming us a "Best Value for Money Fund" for our Pension and MySuper offerings in 2022.

Our Pension and MySuper super products have also received 5 Star ratings from the Heron Partnership and a 5 Apple rating (Highest Quality Fund) from data analyst firm Chant West.

This all adds up to excellent value for you and your retirement savings.

Of course, this is only the start of the Spirit Super journey. With our increased capacity, capabilities and bold new vision, our focus now is to build upon the excellent work we've already done.

This means continuing to listen to our members and finding new and better ways to improve our products, services, and advice so you can have more in retirement.

As a profit for member industry super fund, everything we do is for your benefit. I look forward to delivering on that promise — with spirit.

### A challenging year for investors

After record-high returns across the 2020–21 financial year, 2021–22 has been difficult for investors.

Persistent and heightened market volatility driven by high inflation, rising interest rates, global conflict, and ongoing COVID-19 disruptions have caused significant downturns across local and international markets.

For the financial year ending 30 June 2022, we achieved returns of -3.12% p.a. for the Balanced (MySuper) investment option and -3.57% p.a. for our Pension Balanced investment option.

Only our Cash option posted positive returns, with 0.18% and 0.21% for accumulation and pension members, respectively.

While short-term losses are disappointing, it's important to remember that super is a long-term investment.

We expect and plan for market fluctuations — including short-term losses — and have strategies in place to minimise its impact on your retirement savings.

Importantly, our pre-mixed investment options continue to perform well across medium and long-term horizons.

As of 30 June 2022, our ten-year return average for our Balanced (MySuper) option sits at 7.96%, with our Pension Balanced investment option at 8.93% p.a.\*

You can rest assured we're working hard to protect your super during tough times while positioning ourselves to benefit when markets begin to recover.

\*Past performance is not a reliable indicator of future performance.



## Investment highlights

Despite the challenging investment environment, this year was full of investment highlights.

In April 2022, Canberra-based tech company InstaClustr was sold to a Nasdaq-listed company for over \$A700 million.

As an early-stage investor in the company, we benefited greatly from its sale and have put those profits back into our members' retirement savings.

Importantly, this investment allowed us to help create over 300 jobs and supported the development of industry-leading technology in Australia that we use daily, such as online streaming and rideshare apps.

This perfectly aligns with our updated Environmental, Social and Governance (ESG) strategy, which ensures we're building portfolios resilient to climate and transition risks while providing long-term returns.

A vital component of this strategy is "impact investing", where we seek out compelling investments that offer potential long-term value while benefiting the lives of everyday Australians.

This includes supporting companies transitioning to a low carbon economy, backing local innovation and manufacturing, or helping small businesses expand and create jobs.

Examples include using our increased scale to invest in new quality property and infrastructure assets, such as Parliament Square in Hobart.

These niche investment opportunities give back to local communities and are often overlooked by larger funds. However, as a medium-sized fund, we have the agility and will to take advantage of these assets to secure long-term value for your super.

With our ESG strategy to play an important role in shaping our future, I was thrilled to learn that we're already being recognised in this space.

Recently, we were awarded a Rainmaker ESG Leader Rating. This rating is earned by Australia's best super funds that perform ESG principles to a high level while having a track record of strong investment performance.

With less than 20% of funds achieving this rating, this award shows our commitment to investing in you and the communities you live in now and in the future.

## Super changes

Unlike previous years, the Government made no significant announcements about super in the 2022-23 Budget. However, announcements from previous years did come into effect on 1 July 2022.

The first change was the increase of the Superannuation Guarantee (SG) from 10% to 10.5%. This means you'll now get a little extra super each pay.

Significantly, it also means the official SG rate is on track to continue rising by 0.5% each year until it reaches 12.0% on 1 July 2025.

The second change was removing the \$450 minimum threshold to earn super.

This change will give all employees better access to super, and is an essential step towards improving the welfare of casual and part-time workers. It will also provide financial security to more hard-working Australians in retirement.

## Thanking team spirit

I'd like to thank our Board, Executive Team, and service providers for their hard work, dedication, and professionalism throughout the year.

I'd also like to thank the Spirit Super staff for their excellent work bedding down last year's merger and breathing life into our new brand and vision. The last 18 months have been full of change and disruption, but the team has remained focused on our number one priority — our members.

Last but certainly not least, thanks to our members and employers for your continued loyalty and support. As always, you are at the heart of everything we do.

We look forward to continuing with you on this super journey.

**Jason Murray**  
CEO Spirit Super



# Our Board of Directors

Our Board is responsible for the governance and strategic direction of Spirit Super and to ensure it's managed in the best interests of our members.



## Naomi Edwards Independent Chair

BSc(Hons), FIA, FIAA, FAICD

Appointed 1 April 2021

### Committee membership

- › Investment Committee
- › People & Culture and Remuneration & Nominations Committee
- › Member Benefits and Services Committee (Chair)

### Qualifications

- › Bachelor of Science (Honours), University of Canterbury
- › Fellow, Institute of Actuaries (London)
- › Fellow, Institute of Actuaries Australia
- › Fellow, Australian Institute of Company Directors

### Background

Naomi was the Chair of Tasplan from 2011 until the fund merged to become Spirit Super in April 2021.

Naomi is a Director of the Tasmanian Development Board, Australian Institute of Company Directors, Propel Funeral Partners and is President Elect of the Institute of Actuaries Australia. She is Chair of Accurium Ltd. Naomi chairs the Audit and Risk Committee of the Department of State Growth Tasmania. Naomi was formerly Independent Chair of Australian Ethical Investments and Director at Trowbridge Consulting and the Australian Institute of Superannuation Trustees. She was previously an actuarial consultant and Partner at Deloitte where she led the Financial Services Industry Group.



## Susanne Dahn Independent Director

BCom, MBA, GDipAppFinInv, Dip Company Director

Appointed 1 January 2012

### Committee membership

- › Investment Committee (Chair)
- › Member Benefits and Services Committee

### Qualifications

- › Bachelor of Commerce, University of Melbourne
- › Master of Business Administration (MBA), University of Melbourne
- › Graduate Diploma of Applied Finance and Investment, SIA
- › Graduate Certificate Risk Management and Corporate Governance
- › Company Directors Diploma, AICD

### Background

Susanne has extensive experience in super and financial services, including over 20 years as non-executive director on four super boards. Susanne is an investment specialist who founded the Investment Advisory practice for Pitcher Partners Melbourne. She also serves on the governing bodies of RMIT, Australian Communities Foundation and Victorian Traditional Owners Funds Limited.

# Our Board of Directors



## Geoffrey Lowe

### Employer-Representative Director

MBA, GDipMgt

Appointed 1 March 2019

#### Committee membership

- › Investment Committee
- › Finance, Audit and Compliance Committee

#### Qualifications

- › Master of Business Administration, AIB
- › Graduate Diploma of Management, AIB
- › Finance and Governance Training, AICD and Western Woodley Robertson
- › Equivalent of a Bachelor of Science in Industrial Management – certified by the Trustforte Corporation, New York

#### Background

Geoff has extensive experience in the automotive industry, particularly in compliance, finance and accounting, marketing, and business management. Geoff is a Board Member of the Motor Traders Association of NSW and a Director of Motor Trades Care and has held the positions of President and Treasurer of MTA-NSW and is currently the Chair of the Governing Council. He is a Director of Gateway Health and Deputy Chair of Regional Development Australia (RDA) – Murray. Geoff's previous roles included Member of Minister of Fair Trading's Motor Vehicle Advisory Council. He is the owner and CEO of Proven Products Pty Ltd and supports a number of local charitable initiatives.



## Tom Lynch

### Member-Representative Director

MAICD

Appointed 1 April 2021

#### Committee membership

- › People & Culture and Remuneration & Nominations Committee
- › Finance, Audit and Compliance Committee

#### Qualifications

- › Member, Australian Institute of Company Directors

#### Background

Tom was a Director of Tasplan from 2020 until the fund merged to become Spirit Super in April 2021. Tom led the Tasmanian Branch of Australia's main public sector union, the CPSU from 2003 until 2020. He is currently the elected Assistant Secretary of that Branch. He's also the Federal President of the CPSU's State Public Service Division and Joint National President of the CPSU. Tom represents the union at a national and international level including being involved with organisations researching the future of work and corporate tax accountability. He's active in the global federation of workers in public services, the Public Services International. Tom has led a range of public campaigns opposing privatisation and promoting the importance of well-funded public services.

# Our Board of Directors



## John Mazengarb

### Employer-Representative Director

BCom, FCA, FGIA, FCIS, MAICD, RG146

Appointed 1 April 2021

#### Committee membership

- › Finance, Audit and Compliance Committee (Chair)
- › Risk Committee

#### Qualifications

- › Bachelor of Commerce, University of Tasmania
- › Fellow, Institute of Chartered Accountants
- › Fellow, Chartered Secretaries Australia
- › Fellow, Governance Institute of Australia
- › Member, Australian Institute of Company Directors
- › RG146 Superannuation

#### Background

John was a Director of Tasplan from 2016 until the fund merged to become Spirit Super in April 2021. He was also a Director of the Retirement Benefits Fund Tasmania (RBF) from 2013 to 2016. John is a Chartered Accountant with over 30 years' consulting experience with PwC, IBM and his own business GSD Advisors. John has also held several contract senior executive roles in Tasmanian Government businesses overseeing planning and delivery of major transformation projects.

John is a past National President (2020), Non-Executive Director, National Councillor and member of the Tasmanian State Council of the Governance Institute of Australia. He is the Independent Member of the TasBuild Limited Investment Committee and former Chair of the Tasmanian Catholic Education Commission Centralised Long Service Leave Fund Investment Committee. John is a Non-Executive Director of Mafematika Pty Ltd and Executive Director of GSD Advisors Pty Limited.



## Jessica Munday

### Member-Representative Director

BA (Political Science/Public Policy)

Appointed 1 April 2021

#### Committee membership

- › Investment Committee
- › Member Benefits and Services Committee

#### Qualifications

- › Bachelor of Arts (Political Science/Public Policy), University of Tasmania
- › Certificate IV – Unionism
- › Certificate IV – Work Health and Safety

#### Background

Jessica was a Director of Tasplan from 2018 until the fund merged to become Spirit Super in April 2021. Jessica is the Secretary of Unions Tasmania, the peak body for trade unions in Tasmania. Previously, Jessica worked with the Community and Public Sector Union for eleven years, leading the Tasmanian Branch for over three years.

Jessica is an experienced industrial relations and workplace health and safety practitioner. Jessica is the President and Treasurer of community legal centre, Worker Assist, and a Board Member of WorkCover Tasmania. Jessica also represents the interests of Tasmanian workers as an Executive member of the national peak union body, the Australian Council of Trade Unions. Jessica is also a member of the Australian Institute of Company Directors (AICD).

# Our Board of Directors



## Anne O'Donnell

### Independent Director

MBA, BBus(Banking&Finance), SF FIN, FAICD

Appointed 1 March 2017

#### Committee membership

- › Risk Committee (Chair)
- › Investment Committee
- › Finance, Audit and Compliance Committee (FACC)

#### Qualifications

- › Master of Business Administration
- › Bachelor of Banking and Finance
- › Senior Fellow, FINSIA
- › Fellow, AICD

#### Background

Anne is a professional Non-Executive Director and was previously a senior executive in the financial industry. Her past executive roles include nine years as the CEO of Australian Ethical Investment Ltd, and 20 years with the ANZ Banking Group Ltd.

Anne is a Director of Equity Trustees Ltd, Agriculture Innovation Australia Ltd and the Winston Churchill Memorial Trust. Anne is also a member of the Compliance Committee of UBS Global Asset Management (Australia) Ltd and Chair of the Audit Committee of IP Australia. She's also a member of the Audit Committee for the National Capital Authority and the Banking Industry Representative on the Banking Code of Compliance Committee.



## Rhonda O'Donnell

### Member-Representative Director

MAppSc, GradDiplInnov&ServMgt

Appointed 25 May 2015

#### Committee membership

- › People & Culture and Remuneration & Nominations Committee (Chair)
- › Risk Committee
- › Member Benefits and Services Committee

#### Qualifications

- › Master's Degree in Applied Science, Royal Melbourne Institute of Technology
- › Graduate Diploma in Innovation and Service Management, Royal Melbourne Institute of Technology
- › Executive Management Program, Babson College, USA
- › MBA Executive Development Program, University of Melbourne

#### Background

Rhonda has extensive local and global experience in financial services, telecommunications, information technology, education, government and utilities. Rhonda has been an executive and board member in both the private and public sectors and has received several industry awards, including the Victorian Telstra Business Woman of the Year in 1999.

# Our Board of Directors



## Susan Parr

### Employer-Representative Director

BA, GradDipEd(EC), MAICD

Appointed 1 April 2021

#### Committee membership

- › Risk Committee
- › People & Culture and Remuneration & Nominations Committee

#### Qualifications

- › Bachelor of Arts, University of Tasmania
- › Graduate Diploma of Education (Early Childhood), University of Tasmania
- › Member, Australian Institute of Company Directors

#### Background

Susan was a Director of Tasplan from 2015 until the fund merged to become Spirit Super in April 2021. Susan was the CEO of St Ann's Homes from 1997 to 2016. She's a graduate of the Harvard Business School Program on Negotiation. Susan has over 30 years' experience in leadership positions on a range of boards including Aged and Community Services Tasmania, and was previously Chair of the Tasmanian Chamber of Commerce and Industry. She is currently the Independent Chair of TasBuild.



## Peter Savige

### Employer-Representative Director

Appointed 1 January 2018

#### Committee membership

- › Investment Committee
- › Risk Committee

#### Qualifications

- › Diploma and Certificate of Membership, Australian Institute of Export

#### Background

Peter is an experienced Director with extensive knowledge and involvement in the motor industry. He remains active in the industry as principal of the Hilton Motor Company and is a licensed motor car trader.

Peter has held a variety of Director and Chair roles and is a former President of the Victorian Automobile Chamber of Commerce (VACC) and former Deputy Chair of the Motor Trades Association of Australia (MTAA). He is currently the Chair of the Used Car Traders Committee, VACC and Industry Policy Council Member, VACC.

Peter was a long-standing industry representative on the Motor Car Traders Claims Committee (Vic) and is also a member of, and fundraiser for, Variety the Children's Charity – Victoria.

# Our Board of Directors



## David Smith

### Member-Representative Director

DipBus (Frontline Management), Cert IV in Assessment and Workplace Training

Appointed 13 September 2012

#### Committee membership

- › People & Culture and Remuneration & Nominations Committee
- › Member Benefits and Services Committee

#### Qualifications

- › Diploma of Business, Frontline Management, Victoria University
- › Certificate IV in Assessment and Workplace Training, Victoria University

#### Background

David has over 25 years' experience as a union official and is an AMWU Assistant National Secretary and the Chairperson for the Federation of Vehicle Industry Unions.

Directors as at 30 June 2022 and Committee details are in the Governance section of this report

# Our Executive Team

Our Executive Team is responsible for implementing our strategic vision to provide the best value and service possible to our members. They also work to ensure we meet all government regulations and requirements.

During the 2021-22 financial year, there were some movements in the Executive team. These included:

- › Leeanne Turner retired from the role of Chief Executive Officer on 31 March 2022
- › We farewelled Sally Tallentire from the role of Head of Risk on 29 April 2022
- › We farewelled Amy Ward from the role of Chief Governance, Risk and Compliance Officer on 18 May 2022.



## Jason Murray

### Chief Executive Officer

BBus, PostGradDip (Mgt), GAICD

Appointed 21 February 2022

#### Qualifications

- › Bachelor of Business
- › Post Graduate Diploma in Management
- › Graduate, Australian Institute of Company Directors

#### Background

Jason was appointed CEO in February 2022 and is responsible for leading the strategy, culture and operations of Spirit Super. He has significant financial services experience, having held senior banking, insurance and superannuation roles in Australia and the UK. Most recently, he was Chief of Member Experience at QSuper. This involved overseeing the development and implementation of the member and employer strategies, including product, marketing, CX, business development and distribution responsibility.

We also undertook an organisational restructure in May 2022 to realign our strategy to our operating model. This aimed to consolidate and build upon the strong foundations that the merger created, and ensure Spirit Super's operating model is poised to harness the scale benefits of a larger fund. As part of this, Shaun O'Malley moved to the role of General Manager, Public and Private Markets and Alan Thuaux moved to the role of General Manager, Growth and Business Development.



## Kathleen Crawford

### Chief Operations Officer

MAICD

Appointed 1 April 2021

#### Qualifications

- › Member, Australian Institute of Company Directors
- › Graduate, PROSCI Change Management Certification

#### Background

Kathleen was the Manager of Operational Change at Tasplan from 2017 until the fund merged to become Spirit Super in April 2021. Kathleen has significant experience in the financial services industry, including senior management positions across operations, marketing, strategy, change and project management.



# Our Executive Team



## Ningning Lyons

### Chief Strategy Officer

CA, GAICD, BBus

Appointed 1 April 2021

---

#### Qualifications

- › Chartered Accountant CA
- › Graduate, Australian Institute of Company Directors
- › Bachelor of Business, University of Tasmania

#### Background

Ningning oversees several business functions for the fund including: strategy, project management office, brand & marketing, and growth at Spirit Super. Ningning has over 10 years of experience in the superannuation industry and was the Chief Financial Officer at Tasplan Super from 2016 until the fund merged to become Spirit Super in April 2021. Ningning is also a director for a Tasmanian not-for-profit organisation.



## Ross Barry

### Chief Investment Officer

PhD AppFin BEcon

Appointed 28 September 2020

---

#### Qualifications

- › PhD in Applied Finance
- › Bachelor of Economics

#### Background

Ross was the Chief Investment Officer at Tasplan and MTAA Super from 2020 until both funds merged to become Spirit Super in April 2021. Ross has over 25 years of experience as an institutional investor and has worked with several of Australia's largest super funds. He's a specialist in private market investing and a leading proponent of active asset ownership. Ross was previously the senior investment leader for First State Super.

# Our Executive Team



## Robyn Judd

### Chief of People and Culture

BSocSc (Psychology), Post Grad HRM and IR, GAICD

Appointed 1 April 2021

---

#### Qualifications

- › Bachelor of Social Science (Psychology)
- › Post Graduate Human Resources Management and Industrial Relations
- › Graduate Australian Institute Company Directors

#### Background

Robyn was the Executive Manager, People and Culture at Tasplan from 2016 until the fund merged to become Spirit Super in April 2021. Robyn has over 17 years of human resources experience across many industries, including retail, gaming and financial services. Robyn was previously Manager of People and Performance at Retirement Benefits Fund and has specialised in transformational cultural change for many years.



## Alex Mehl

### Chief Technology Officer

BIS, MBA, GAICD

Appointed 16 May 2022

---

#### Qualifications

- › Master of Business Administration
- › Bachelor of Information Systems
- › Graduate, Australian Institute of Company Directors (GAICD)
- › High Potentials Leadership Program, Harvard Business School
- › Executive Certificate in Strategy and Innovation, MIT Sloan

#### Background

Alex was the Head of Technology for MTAA Super from 2020 until the fund merged to become Spirit Super in April 2021. He was then Head of Technology for Spirit Super until May 2022 when he became Chief Technology Officer. Alex has over 20 years of experience leading technology in listed and private organisations. He's previously held executive and senior leadership roles across various sectors, including consulting, mining, civil construction, agriculture and manufacturing.

# Our Executive Team



## Grace Angeles

### Chief Finance Officer

CA, EMBA, BComm(Hons)

From 1 October 2020

---

#### Qualifications

- > Chartered Accountant CA
- > EMBA
- > Bachelor of Commerce with Honours

#### Background

Grace was the Acting Executive Manager, Finance at MTAA Super from 2019 until the fund merged to become Spirit Super in April 2021. Grace has over 13 years of experience in financial services, property and technology and has worked with various not-for-profit organisations.



## John Dyer

### Acting Chief Finance Officer

From 10 January 2022

---

#### Qualifications

- > Bachelor of Economics (Accounting)
- > CPA of the Australian Society of Certified Practising Accountants

#### Background

John is acting Chief Finance Officer of Spirit Super. He has over 30 years experience as a Certified Practising Accountant with qualifications in the Superannuation, Banking and Property sectors. His previous experience includes 12 years as CFO of UniSuper and several years at National Australia Bank as Head of Financial Control and Senior Finance Partner.

---

### Chief Risk Officer

This role has been vacant since 19 May 2022. Interim support is currently being provided by an external provider. A recruitment process is underway to fill this position.

# Our strategic plan

## Our purpose

Big enough to make a difference and small enough to care.  
Easy, personal and everywhere.

## Our strategy

We seek to be a national fund leading on member experience and retirement confidence.

We'll achieve this by connecting with members who value personal service, in their communities and industries.

## Our vision

To be Super focused on you.

## Our values



Be brave



Be connected



Be you



Be accountable

## Our imperatives



Innovate



Grow



Enable

## Our focus

Deliver clever and effortless solutions that solve the big problems our members and employers care about and the little ones they haven't noticed yet.

Expand our position as a sustainable national fund, known for our services and merger capabilities. Our ambition is to be serving 500k active members in 5 years.

Develop a highly engaged, efficient and connected culture to amplify our organisational capabilities (our people, our process and our technology)

## Our objectives

Competitive returns and fees  
Digital innovation  
Data-driven insights

Establish our brand  
Expand our distribution  
Pursue growth

Attract and nurture capability  
Creative business improvement  
Build the right mindset

# Super changes

Unlike previous years, the Government made no major announcements about super in the 2022–23 Budget. However, changes announced in previous years have come into effect throughout the financial year.

## Super guarantee increase

On 1 July 2022, the super guarantee (SG) rate increased from 10% to 10.5%. The SG rate is scheduled to increase gradually to 12% by 2025.

**Impact on you:** *The minimum amount of super your employer must pay on your behalf has increased by 0.5%.*

## Removal of \$450 monthly income threshold

On 1 July 2022, the \$450 monthly minimum income threshold was removed for people over 18 years old. It's estimated that 300,000 low-paid workers — 63% female — will benefit from this change.

**Impact on you:** *If you earn less than \$450 a calendar month, you're now eligible for super. If you're under 18, you still need to work more than 30 hours a week to be eligible.*

## First home super saver scheme threshold increased

The total amount you can voluntarily contribute to super to save for a first home has increased from \$30,000 to \$50,000. This increase is consistent with the increased cost of housing.

**Impact on you:** *The amount of money you can contribute to your first home from super has increased.*

## Work test abolished for those aged between 67 and 74 years

If you're aged 67 to 74, you no longer need to work for at least 40 hours over 30 consecutive days during the financial year to contribute to super. However, you still need to meet the work test to claim personal super contribution deductions. This is administered by the ATO, not super funds.

The existing \$1.7 million cap on lifetime super contributions continues to apply, as do the annual concessional and non-concessional caps.

**Impact on you:** *If you're 67–74 and aren't working, you can still contribute to your super.*

## Account 'stapling'

Australians will now be 'stapled' to the first super fund they join. If you were already a member of a fund on 1 November 2021, you have been stapled to that fund. This change will reduce the number of unnecessary super accounts Australians accrue throughout their working lives and save on paying duplicate sets of fees.

**Impact on you:** *You will automatically stay with your stapled super fund when you change jobs — unless you actively choose a different fund.*

## YourSuper comparison tool

The Government introduced an online tool to help you compare fees and performance data on MySuper products across funds. This tool is available on the ATO website.

**Impact on you:** *You can now easily compare super fund fees and performance.*

## Performance test for MySuper products

All MySuper products will now be assessed against an annual performance test. Funds whose products fail the test must let members know they're in an underperforming product. Two consecutive failures may mean that the product cannot accept new members.

The Government recently announced a review of the impacts of these performance tests. As such, these tests will remain restricted to MySuper products for 2022.

**Impact on you:** *If you're invested in an underperforming MySuper product, you will receive a letter informing you of this underperformance. Spirit Super passed the performance test in 2021 and 2022.*

## Best financial interests duty

Super funds must demonstrate that all expenditure is in the members' best financial interests.

**Impact on you:** *Super funds must now prove that any fund spending is in the best financial interests of their members.*

# Super changes

## New age threshold for downsizers

Retirees who downsize their family home can now contribute \$300,000 to super (\$600,000 for couples) at age 60. This is down from age 65.

Downsizer contributions are non-concessional (after-tax). They're in addition to existing super rules and caps, but count towards your total super balance cap of \$1.7 million.

**Impact on you:** *You can make downsizing contributions earlier.*

## Change of eligibility age for bring forward non-concessional rule

Members under 75 years of age can now access the bring forward non-concessional contribution rules. Previously members needed to be under 67 years of age. It brings the eligibility age in line with the eligibility to contribute.

## Pension Loans Scheme / Home Equity Access Scheme

The Pension Loans Scheme has been renamed the Home Equity Access Scheme. Participants can now bring forward a portion of their fortnightly loan payments as a lump sum advance (subject to conditions). There is also a 'no negative equity guarantee', which means borrowers will never owe more than the market value of their property.

**Impact on you:** *You can access a lump sum advance payment and will never owe more than the value of your property.*

## New cap thresholds

The thresholds for a couple of existing super measures changed from 1 July 2022.

The key super rates and thresholds that changed on 1 July 2022 are:

- maximum superannuation contributions base – \$60,220 per quarter
- maximum superannuation co-contribution entitlement remains at \$500. The lower income threshold increases to \$42,016 and the higher income threshold increases to \$57,016.

Things that didn't change:

- the concessional contributions cap remained at \$27,500
- the non-concessional contributions cap remained at \$110,000
- the general transfer balance cap remained at \$1.7 million.

# Reporting, regulatory, and administrative changes

## New APRA Reporting requirements

The Australian Prudential Regulation Authority (APRA) introduced new reporting requirements to standardise data and increase transparency within the superannuation industry.

**Impact on you:** *Comparing super fund performance will be easier.*

## Design and Distribution Obligations

Super funds adopted new Design and Distribution Obligations (DDO) for all non-MySuper or open Defined Benefit products from 5 October 2021. The aim of DDO is to reduce the number of consumers purchasing financial products that don't meet their needs and shift responsibility for member outcomes back on product designers and issuers. The DDO regime provides the Australian Securities and Investments Commission (ASIC) with powers to stop the issue of products in the event of non-compliance. Product issuers must publish Target Market Determinations (TMDs) for each of their products. Our TMDs are available on our website.

**Impact on you:** *Super funds must design and sell products that better meet your needs. We must also ensure members do not purchase products that don't benefit them.*

## Retirement covenant

The Government has introduced a new mandatory Retirement Income Covenant. Under this change, super funds must create, regularly review, and publish a *Retirement income strategy* for retired or approaching retirement members. This change is designed to encourage super funds to innovate and improve outcomes for members in retirement.

A copy of our *Retirement income strategy* is available now on our website.

**Impact on you:** *You will have access to more innovative and impactful retirement products in the future.*

## New trustee fee

In December 2021, we updated our Trust Deed to allow us to charge a new trustee fee. This resulted from new super laws preventing super trustees from using fund money to pay penalties and fines. There are limitations on how we can use funds generated from this fee.

**Impact on you:** *The trustee fee is currently being paid from fund reserves, not directly from your account. However, this may change in the future. If it does, we'll let you know before it happens.*

## Australian super system review

In July 2022, the Federal Government announced a review of the Australian super system to strengthen it.

The review aims to check that the laws that keep fund trustees accountable are working in the interests of members. This includes ensuring there are no unintended consequences, such as inefficiencies, investment disincentives (including investment in Australian infrastructure), or compliance costs with no tangible outcomes to members.

This review is unlikely to change how your account works on a day-to-day basis. However, it may change how super fund performance is monitored and measured and held accountable in the future.

## Need more information?

If you have any questions about how these changes may affect you, call us on **1800 005 166**.



# Investments

**Market update**

**Our investment strategy**

**Your options**

**Our assets and performance**

**Defined benefits fund**



# Market update



Our Chief Investment Officer, Dr Ross Barry, talks about the year in investment markets.

## A difficult year for investors

The 2021–22 financial year can best be described as a ‘perfect storm’ for financial markets.

Most listed market asset classes, from shares to government bonds, suffered substantial losses. Our investment portfolios were not immune to global market pressures, with most posting negative returns for the period.

Our Balanced (MySuper) option returned –3.1% for the year, broadly in line with many other large Industry Funds.\*

We know this result is disappointing, and we know it adds uncertainty to your longer-term retirement goals.

But we also want you to know that our active strategies to de-risk portfolios late last year prevented a much worse outcome. It’s also important to know that this was only the 5th annual negative return in the 33 years since the inception of the Balanced option.

The performance of our Balanced (MySuper) option has been assessed to have been above regulatory benchmarks. Our Balanced (MySuper) option passed the government’s Your Future, Your Super performance test in both 2021 and 2022. APRA also reported that the 7-year net investment return of this option outperformed its benchmarks in the 2021 MySuper Product Heatmap.

A consistent feature of financial markets since the 1980s has been the relationship between shares and bonds. Usually, when share markets have sold off, rising bond prices (falling interest rates) have softened the blow by delivering an offsetting positive total return.

These diversification benefits were not present this year.

The combination of inflation and rising interest rates, due in large part to supply chain disruptions, have led to negative returns across most asset classes.

In short, there have been few places to shelter from the storm.

## Inflation, interest rates and the ongoing COVID pandemic

Inflation has been the number one theme affecting financial markets over the last year. Soaring energy prices and persistent supply shortages for a wide range of goods and services have been the major drivers of higher consumer prices. We have also recently seen housing rents and wage increases, which tend to cause longer-lasting inflation that is more difficult to rein in.

Most central banks have sought to control inflation through a series of official short-term interest rate hikes.

The US Federal Reserve has been quite aggressive, increasing interest rates by 1.50% from March to June in response to US consumer price inflation hitting 9.1% for the year.

The Reserve Bank of Australia has also raised rates, from 0.10% in May to 1.35% in early July.

Both countries are expected to continue increasing interest rates over the coming months.

Elsewhere, Japan has been the outlier. Its CPI inflation has been more muted, allowing the Bank of Japan to focus on buying or selling bonds to control longer-term interest rates rather than hiking short-term rates.

In Europe, the inflation rate was 8.6% for the year to June 2022, but the eurozone has been reluctant to aggressively hike rates and push an already fragile economy into recession.

China’s zero-COVID policy saw it introduce further lockdowns in early 2022. Given the international reliance on Chinese goods, these lockdowns impacted global markets. There was better news from China towards the end of the financial year, with the gradual reopening of its economy and the announcement of further stimulus measures. However, the recovery is likely to be slow and held back by further woes in the property market.

\*Past performance is not a reliable indicator of future performance.

# Market update

## Geopolitical tensions

Russia's invasion of Ukraine has been prolonged and has taken a devastating humanitarian toll. The ongoing conflict is expected to result in a long-term political, economic, and military standoff between the West and Russia. This will likely lead to increased military expenditure and stronger protectionist sentiment.

This conflict has added to global inflationary pressures, given the affected region is a key global supplier of oil and gas, grains, and inputs into semiconductor production.

For example, the RBA's *Index of Commodity Prices* increased by over 20% from January to June, largely due to supply issues emanating from the war.

There were also ongoing geopolitical tensions between China and western countries as China has continued expanding its diplomatic reach and military activities. Any escalation of tensions is likely to have more far-reaching consequences across financial markets, given China is far more interconnected across the global economy than Russia.

## Deglobalisation

Since the 1980s, the trend toward globalisation — in which trade restrictions were removed and western countries outsourced production to lower-cost countries — has contributed to an entire generation experiencing steady economic growth and low inflation.

This period is often referred to as 'the great moderation'.

After decades of global markets interconnecting, many developed economies are now increasingly concerned about import dependency and energy security risks and are beginning to shift away from globalisation.

This trend has been evolving for some time but has accelerated in the wake of the COVID-19 pandemic, the conflict in Ukraine, and ongoing tensions with China and Russia.

As a result, the great moderation may be coming to an end.

This deglobalisation theme, characterised by "onshoring" or "friend-shoring" (trading only with allied countries), appears to be gaining traction with global investors. For Australia, this will require a significant investment in local technologies and rebuilding our advanced manufacturing base and local supply chains. This presents significant transition risks but also many great opportunities.

## Our future outlook

While predicting the economy is fraught, our base case is for higher levels of inflation and volatility to persist, at least in the near term.

Accordingly, super funds need to be agile when reading shorter economic cycles while remaining watchful of the longer-term outlook.

Our immediate concern is whether further interest rate hikes will gradually reduce consumer spending and price rises, or cause a collapse in business and consumer confidence. The average household is in a stronger position than the lead-up to the global financial crisis (2008), with more savings and much lower debt levels. However, we should not underestimate the potential for persistent increases in the costs of living to create major economic headwinds.

## Portfolio positioning

We're well positioned to navigate our base case markets outlook. We're small enough to position our portfolio in line with our expectations but large enough to execute our investment strategy without incurring significant fees and costs.

Diversification remains our first line of defence. In particular, our diversified portfolio of high-quality infrastructure, property and private equity portfolios is expected to deliver robust performance in most scenarios, including periods of elevated inflation and volatility.

We review our investment strategy for each option annually or more frequently as required. This ensures asset allocations remain appropriate for our members' risk tolerances as the outlook evolves, and sufficiently flexible to make opportunistic investment decisions.

For example, we have increased our exposure to cash over the past 12 months to allow us to take advantage of new investment opportunities that invariably arise when markets become dislocated.

# Market update

## Investing with impact

Responsible investment is a crucial part of our investment strategy.

We believe that proactively managing environmental, social and governance (ESG) risks adds value to your retirement savings over time and can generate positive social and environmental impacts that benefit us all.

Integrating ESG considerations into our investment process, including how we select, manage and realise investments, reduces the likelihood of a large, negative impact on returns caused by ESG-related events. This includes climate disaster, a worker safety failure, or a shift in consumer preferences.

As part of this work, we seek to engage with investee companies to improve their ESG credentials and outcomes.

In addition, we have an established ESG Impact strategy in which we proactively seek out compelling investment opportunities that also present specific positive socio-ecological externalities.

This includes investing in new Australian companies at the forefront of innovation and emerging technologies and backing small and medium-sized businesses to create employment opportunities and strengthen local communities.

Our investment in Hobart's Parliament Square and the Victorian Business Growth Fund (VBGF) are great examples of impact investing at work.

In 2021, the VBGF completed a successful investment in regional agriculture producer, Flavorite, which has since become Australia's largest grower of glasshouse tomatoes and a major new employer in Shepparton.

Separately, in May, we exited our investment in Canberra-based technology start-up, Instaclustr, which was acquired by a large US-listed company early this year for over \$A700 million, a return of over 10 times our invested capital.\*

As challenging as the past year has been, we believe we have the right long-term investment strategy and that your savings are in the right place at Spirit Super.

\*Past performance is not a reliable indicator of future performance.



# Our investment strategy

Our investment strategy is to build a diversified portfolio of assets that balances investment risk and return.

We achieve this by investing in a combination of growth investments (shares, infrastructure and property) and defensive investments (cash and fixed interest).

With growth assets, we expect to see growth in the capital value of the investments over time. With defensive assets, we focus on generating stable and predictable cash flows with a relatively low level of risk.

We review our investment strategy annually. This review considers all relevant aspects of the investment options, including:

- › the strategic asset allocation
- › risk and return objectives
- › the portfolio construction approach for each asset class
- › currency hedging strategy

## Asset classes

Our investment options are exposed to assets traded frequently in public domestic and international markets, as well as private markets, which are unlisted and less frequently traded.

Examples of asset classes held include:

### Shares

When you invest in shares (also known as equities), you buy a share of a company that can be traded on a stock exchange. You can access small and large companies across various industries in Australia or overseas. Shares provide gains or losses through changes in their price on the stock exchange and income through dividends. Shares are regarded as high-risk investments with the potential for short-term negative returns. However, they also have the potential for higher returns than most asset classes over the long term.

### Infrastructure

Infrastructure involves investing in assets that provide essential public facilities in Australia and overseas. This includes roads, airports, seaports, and power generation and distribution. This investment primarily involves exposure to unlisted companies or assets. Infrastructure tends to have a slightly lower risk and return profile than shares. Although returns should be less volatile than other share investments, infrastructure may also produce negative returns.

### Property

Property investments include exposure to directly-held property assets and investment pools that own commercial office buildings, large retail shopping centres and industrial buildings. Property provides income in the form of rent, and the value of the assets can increase or decrease over time. Property is generally regarded as a medium to high-risk investment, depending on the characteristics of the underlying assets. Typically, property investments provide higher returns than fixed interest or cash in the long term but may incur negative returns in certain market conditions.

### Private equity

Private equity involves investing in companies that aren't listed on a stock exchange. Investments can include Australian and overseas companies across various industries involved in venture capital, expansion capital and buy-outs. It aims to produce high long-term returns but is a high-risk asset class and may incur negative returns. Private equity is classified as a growth-orientated asset class. It is likely to exhibit risks similar to those associated with listed shares over the long term.

### Fixed interest

Fixed interest involves investing in bonds issued by governments and corporations where a fixed or floating interest rate is paid. These typically provide interest payments over the term of the security and the return of the amount invested at the end of the bond's life. The bond's value fluctuates during its lifetime in response to various factors, including changes in market interest rates. Floating rate securities are another form of fixed interest investment. A floating rate security has a variable interest rate, whereas the interest paid by a fixed-rate security doesn't fluctuate.

Our investment in fixed interest securities may include government and credit securities of both a fixed and floating rate nature. Capital gains or losses may also be incurred from movements in the price of fixed-interest investments, primarily because of movements in interest rates. Fixed interest investments may provide higher returns than cash over the long term and are generally considered low to medium-risk investments. Fixed interest may also have negative returns in certain market conditions.

# Investment strategy

## Cash

Cash is made up of bank deposits and other short-term money market investments including term deposits. Interest is received from a cash investment. An investment in cash generally offers the lowest returns over the long run of any asset class but also has the lowest risk. The purchasing power of cash is reduced over time as a result of inflation. It's also possible that returns on the cash asset class could be negative in an environment where short term interest rates are very low or even negative. Cash investments are based on the official cash rate set by the Reserve Bank of Australia and represents the interest rate on unsecured overnight loans between banks.

## Absolute return

Absolute return strategies cover a broad range of investments with exposure to a range of markets including fixed interest, share and commodities. Investments may employ strategies using derivatives, short selling and leverage. Absolute return strategies can exhibit a mixture of growth and defensive characteristics. However, the aim is to control risk through lower market risk exposure and lower return volatility. Absolute return strategies aim to generate higher returns than cash returns but may produce negative returns. A key focus of absolute return portfolios is to provide additional diversification during falling share markets and/or fixed interest bond markets.



# Your investment options

## Pre-mixed investment options

### Growth

#### Description

This investment option aims to achieve strong returns by investing in a portfolio of mainly shares and other growth assets.

#### Type of investor

You're seeking high capital growth over the long term (more than 10 years) and don't mind substantial risk and volatility.

#### Investment return objective<sup>1</sup>

Super: CPI + 4% a year over rolling 10-year periods.

Pension: CPI + 4.5% a year over rolling 10-year periods

#### Minimum suggested time frame

10 years.

#### Risk level<sup>2</sup>

High – risk band 6.

You may expect 4–6 negative annual returns in a 20-year period.

#### Investment performance

For superannuation members, this option returned 8.89% a year over the 10-year period to 30 June 2022 against an investment objective of 6.14%.

For pension members, this option returned 9.92% a year over the 10-year period to 30 June 2022 against an investment objective of 6.24%.

Past performance is not a reliable indicator of future performance.

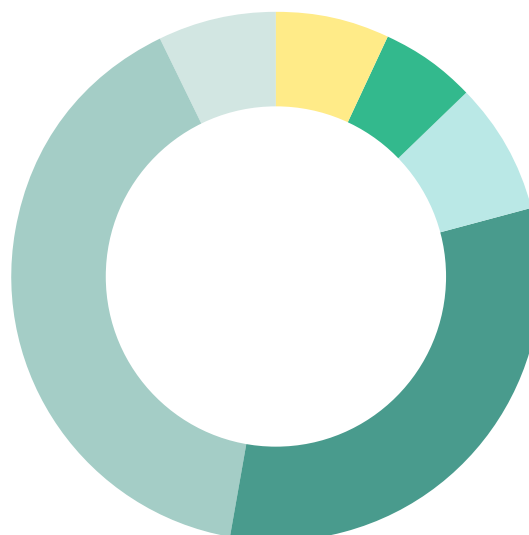
<sup>1</sup> The investment return objective is after investment fees, costs and taxes. The Growth investment return objective was updated on 1 April 2021.

<sup>2</sup> Refer to our *Investment guide* or *Pension guide* available from [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds) for more information about risk measures.

#### Asset allocation<sup>3</sup>



● 89.5% growth ● 10.5 defensive



Asset class	Strategic asset allocation %	Range %
Cash	7	0–10
Fixed interest	0	0–10
Credit income	0	0–10
Absolute return	0	0–25
Property	6	0–20
Infrastructure	8	0–20
Australian Shares	32	0–50
Global Shares	40	0–50
Private equity	7	0–20

<sup>3</sup> The strategic asset allocation for this investment option has changed since 30 June 2022. For the most up-to-date asset allocation, see our *Investment guide* available from [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds).

# Your investment options

## Pre-mixed investment options

### Sustainable

#### Description

This investment option aims to achieve strong returns by investing in a diversified mix of mainly growth assets with additional social and environmental screens.

#### Type of investor

You're seeking moderate to high-level capital growth over the long term (more than 7 years) using environmentally and socially responsible investments. You can tolerate medium to high risk and volatility.

#### Investment return objective<sup>4</sup>

Super CPI + 3% a year over rolling 7-year periods.

Pension: CPI + 3.5% a year over rolling 7-year periods.

#### Risk level<sup>5</sup>

Medium to high – risk band 5.

You may expect 3–4 negative annual returns in a 20-year period.

#### Investment performance

This option currently doesn't have a performance history over its 7-year minimum investment period.

For superannuation members, this option returned 5.72% a year over the 5-year period to 30 June 2022 against an investment objective of 5.41%.

For pension members, this option returned 6.51% a year over the 5-year period to 30 June 2022 against an investment objective of 5.77%.

The investment performance before 1 April 2022 is for the Tasplan Sustainable option. It reflects the fees, costs and investment earnings allocation arrangements of Tasplan up until 31 March 2021, based on information provided to us by Tasplan.

Past performance is not a reliable indicator of future performance.

<sup>4</sup> The investment return objectives are after investment fees, costs, and taxes.

<sup>5</sup> Refer to our *Investment guide* or *Pension guide* available from [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds) for more information about risk measures.

#### Asset allocation<sup>6</sup>



● 75% growth ● 25% defensive



Asset class	Strategic asset allocation %	Range %
Cash	6	0–20
Fixed interest	13	0–30
Credit income	3	0–20
Absolute return	0	0–20
Property	9	0–25
Infrastructure	10	0–25
Australian Shares	24	0–35
Global Shares	30	0–40
Private equity	5	0–20

<sup>6</sup> The strategic asset allocation for this investment option has changed since 30 June 2022. For the most up-to-date asset allocation, see our *Investment guide* available from [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds).

# Your investment options

## Pre-mixed investment options

### Balanced (MySuper)

#### Description

This investment option aims to achieve strong returns by investing in a diversified mix of mainly growth assets and cash and bonds.

#### Type of investor

You're seeking moderate to high-level capital growth over the long term (more than 7 years) and can tolerate medium to high risk and volatility.

#### Investment return objective<sup>7</sup>

Super: CPI + 3% a year over rolling 7-year periods.

Pension: CPI + 3.5% a year over rolling 7-year periods.

#### Minimum suggested time frame

7 years.

#### Risk level<sup>8</sup>

Medium to high – risk band 5.

You may expect 3–4 negative annual returns in a 20-year period.

#### Investment performance

For superannuation members, this option returned 6.50% a year over the 7-year period to 30 June 2022 against an investment objective of 5.15%.

For pension members, this option returned 7.22% a year over the 7-year period to 30 June 2022 against an investment objective of 5.28%.

Past performance is not a reliable indicator of future performance.

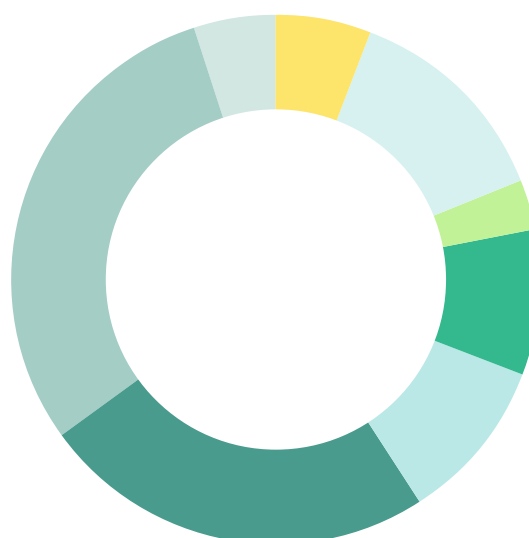
<sup>7</sup> The investment return objectives are after investment fees, costs, and taxes.

<sup>8</sup> Refer to our *Investment guide* or *Pension guide* available from [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds) for more information about risk measures.

#### Asset allocation<sup>9</sup>



● 75% growth ● 25% defensive



Asset class	Strategic asset allocation %	Range %
Cash	6	0–20
Fixed interest	13	0–30
Credit income	3	0–20
Absolute return	0	0–20
Property	9	0–25
Infrastructure	10	0–25
Australian Shares	24	5–35
Global Shares	30	5–40
Private equity	5	0–20

<sup>9</sup> The strategic asset allocation for this investment option has changed since 30 June 2022. For the most up-to-date asset allocation, see our *Investment guide* available from [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds).



# Your investment options

## Pre-mixed investment options

### Moderate

#### Description

This investment option aims to achieve moderate returns by investing in a diversified mix of growth and defensive assets.

#### Type of investor

You're seeking a moderate level of capital growth in the medium to long term (more than 5 years) and at a moderate level of risk and volatility.

#### Investment return objective<sup>10</sup>

Super: CPI + 2% a year over rolling 5-year periods.

Pension: CPI + 2.5% a year over rolling 5-year periods.

#### Minimum suggested time frame

5 years.

#### Risk level<sup>11</sup>

Medium – risk band 4.

You may expect 2–3 negative annual returns in a 20-year period.

#### Investment performance

For superannuation members, this option returned 4.60% a year over the 5-year period to 30 June 2022 against an investment objective of 4.33%.

For pension members, this option returned 5.21% a year over the 5-year period to 30 June 2022 against an investment objective of 4.75%.

The investment performance before 1 April 2021 is for the Tasplan Moderate option. It reflects the fees, costs and investment earnings allocation arrangements of Tasplan up until 31 March 2021, based on information provided to us by Tasplan.

Past performance is not a reliable indicator of future performance.

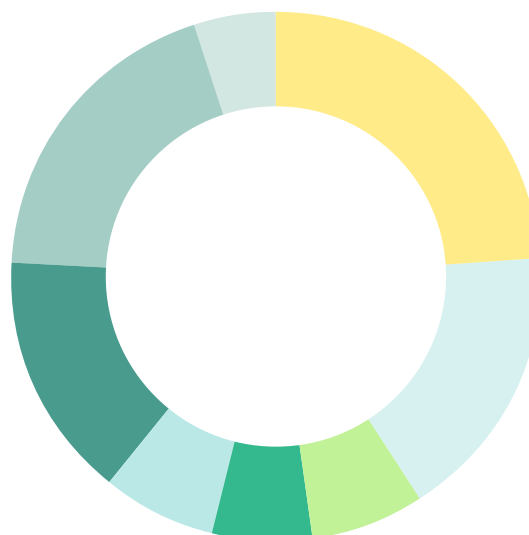
<sup>10</sup> The investment return objectives are after investment fees, costs and taxes.

<sup>11</sup> Refer to our *Investment guide* or *Pension guide* available from [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds) for more information about risk measures.

#### Asset allocation<sup>12</sup>



● 52% growth ● 48% defensive



Asset class	Strategic asset allocation %	Range %
Cash	24	0–40
Fixed interest	17	0–40
Credit income	7	0–20
Absolute return	0	0–20
Property	6	0–20
Infrastructure	7	0–20
Australian Shares	15	0–30
Global Shares	19	0–35
Private equity	5	0–15

<sup>12</sup> The strategic asset allocation for this investment option has changed since 30 June 2022. For the most up-to-date asset allocation, see our *Investment guide* available from [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds).

# Your investment options

## Pre-mixed investment options

### Conservative

#### Description

This investment option aims to achieve returns in excess of price inflation with low to medium risk.

#### Type of investor

You're seeking some capital growth over the short to medium term (at least 4 years) with low to medium level of risk and volatility.

#### Investment return objective<sup>13</sup>

CPI + 1% a year over rolling 4-year periods.

CPI + 1.5% a year over rolling 4-year periods.

#### Minimum suggested time frame

4 years.

#### Risk level<sup>14</sup>

Low to medium – risk band 3.

You may expect 1-2 negative annual returns in a 20-year period.

#### Investment performance

For superannuation members, this option returned 3.05% a year over the 4-year period to 30 June 2022 against an investment objective of 3.65%.

For pension members, this option returned 3.30% a year over the 4-year period to 30 June 2022 against an investment objective of 3.84%.

Past performance is not a reliable indicator of future performance.

<sup>13</sup> The investment return objectives are after investment fees, costs and taxes. The Conservative investment return objective was updated on 1 April 2021.

<sup>14</sup> Refer to our *Investment guide* or *Pension guide* available from [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds) for more information about risk measures.

#### Asset allocation<sup>15</sup>



● 32% growth ● 68% defensive



Asset class	Strategic asset allocation %	Range %
Cash	35	20-50
Fixed interest	27	15-60
Credit income	6	0-15
Absolute return	0	0-20
Property	5	0-15
Infrastructure	7	0-15
Australian Shares	6	0-20
Global Shares	9	0-25
Private equity	5	0-10

<sup>15</sup> The strategic asset allocation for this investment option has changed since 30 June 2022. For the most up-to-date asset allocation, see our *Investment guide* available from [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds).

# Your investment options

## Asset class investment options

### Australian shares

#### Description

This option aims to maximise long-term investment returns through diversified investments in Australian shares. Returns are likely to be very volatile. Investors can create custom portfolios by investing in this option and other single asset class options.

#### Type of investor

You're seeking a high level of capital growth over the long term (more than 10 years) by investing in a diversified portfolio of Australian shares. You're comfortable with substantial risk and volatility.

#### Investment return objective

To meet or exceed the return to the S&P/ASX300 Accumulation Index, including franking credits but before fees, costs and taxes.

#### Minimum suggested time frame

10 years.

#### Risk level<sup>16</sup>

High – risk band 6.

You may expect 4–6 negative annual returns in a 20-year period.

#### Investment performance

The option returned 11.90% a year (before investment fees, costs, and taxes) over the 10-year period to 30 June 2022 against a benchmark return of 10.79%.

Past performance is not a reliable indicator of future performance.

<sup>16</sup> Refer to our *Investment guide* or *Pension guide* available from [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds) for more information about risk measures.

#### Asset allocation<sup>17</sup>



● 100% growth



Asset class	Strategic asset allocation %	Range %
Cash	0	0-10
Australian shares	100	90-100

<sup>17</sup> The strategic asset allocation for this investment option has changed since 30 June 2022. For the most up-to-date asset allocation, see our *Investment guide* available from [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds).

# Your investment options

## Asset class investment options

### International shares

#### Description

This investment option aims to maximise long-term investment returns through diversified investments in international shares. Returns are likely to be very volatile. Investors can create custom portfolios by investing in this option and other single asset class options.

#### Type of investor

You're seeking a high level of capital growth over the long term (more than 10 years) by investing in a diversified portfolio of international shares. You're comfortable with substantial risk and volatility.

#### Investment return objective

To meet or exceed the return to the MSCI All Countries World Index (ex Australia), partially hedged to Australian dollars before fees and tax.

#### Minimum suggested time frame

10 years.

#### Risk level<sup>18</sup>

High – risk band 6.

You may expect 4–6 negative annual returns in a 20-year period.

#### Investment performance

The option returned 12.14% a year (before investment fees, costs and taxes) over the 10-year period to 30 June 2022 against a benchmark return of 12.32%.

Past performance is not a reliable indicator of future performance.

<sup>18</sup> Refer to our *Investment guide* or *Pension guide* available from [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds) for more information about risk measures.

#### Asset allocation<sup>19</sup>



Asset class	Strategic asset allocation %	Range %
Cash	0	0-10
Global shares	100	90-100

<sup>19</sup> The strategic asset allocation for this investment option has changed since 30 June 2022. For the most up-to-date asset allocation, see our *Investment guide* available from [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds).

# Your investment options

## Asset class investment options

### Diversified fixed interest

#### Description

This investment option aims to deliver moderate returns over the medium term by investing in a diversified portfolio of Australian and global bonds. Investors can create custom portfolios by investing in this option and other single asset class options.

#### Type of investor

You're seeking moderate returns and to retain capital growth over the medium term (more than 5 years) by investing in a range of fixed interest investments. You want a lower level of risk and volatility than shares.

#### Investment return objective

To meet or exceed the return to a weighted average of Australian and international bond indices, hedged to Australian dollars before fees and tax.

#### Minimum suggested time frame

5 years.

#### Risk level<sup>20</sup>

Low to medium – risk band 3. You may expect 1-2 negative annual returns in a 20-year period.

In May 2022, this changed to high risk – level 6. You may expect 4-6 negative annual returns in a 20 year period.

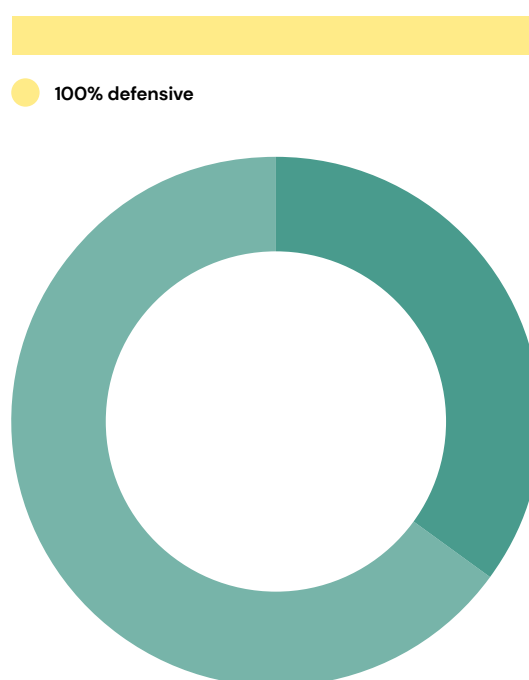
#### Investment performance

The option returned -2.01% a year (before investment fees, costs and taxes) over the 3-year period to 30 June 2022 against a benchmark return of -2.44%.

Past performance is not a reliable indicator of future performance.

<sup>20</sup> Refer to our *Investment guide* or *Pension guide* available from [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds) for more information about risk measures.

#### Asset allocation<sup>21</sup>



Asset class	Strategic asset allocation %	Range %
Cash	0	20-50
Australian fixed income	35	0-60
Global fixed income	65	40-100

<sup>21</sup> The strategic asset allocation for this investment option has changed since 30 June 2022. For the most up-to-date asset allocation, see our *Investment guide* available from [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds).

# Your investment options

## Asset class investment options

### Cash

#### Description

This investment option aims to secure capital and limit year-to-year variability through investment in cash. Investors can create custom portfolios by investing in this option and other single asset class options.

#### Type of investor

You want a high level of capital security and to maintain the purchasing power of investment over the short term. You want very low risk and fairly consistent but low returns.

#### Investment return objective

To deliver the return to the Bloomberg AusBond Bank Bill Index before fees and tax.

#### Minimum suggested time frame

0 years.

#### Risk level<sup>22</sup>

Very low – risk band 1.

You may expect less than 0.5 negative annual returns in a 20-year period.

#### Investment performance

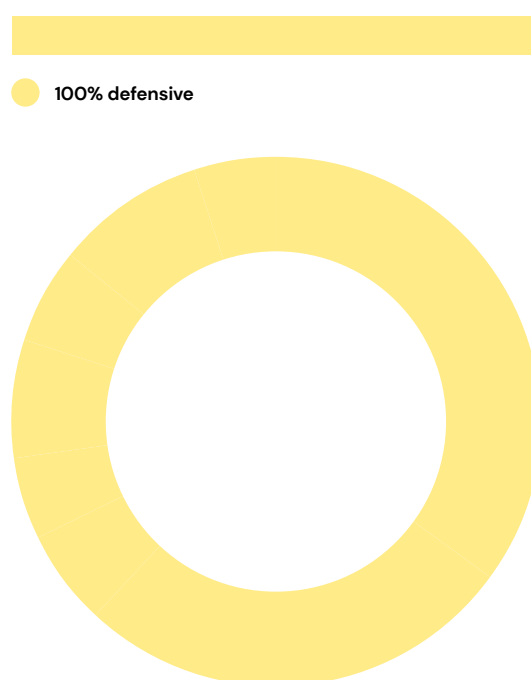
The option returned 0.24% a year (before investment fees, costs and taxes) over the 1-year period to 30 June 2022 against a benchmark return of 0.10%.

Past performance is not a reliable indicator of future performance.

<sup>22</sup> Refer to our *Investment guide* or *Pension guide* available from [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds) for more information about risk measures.

The asset allocation shown for each option is as at 30 June 2022. Performance disclosed for each investment option relates to the minimum investment horizon. Further performance details for our investment options are included on page 40.

#### Asset allocation<sup>23</sup>



Asset class	Strategic asset allocation %	Range %
Cash	100	NA

<sup>23</sup> The strategic asset allocation for this investment option has changed since 30 June 2022. For the most up-to-date asset allocation, see our *Investment guide* available from [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds).

# Your investment options

## Asset class investment options

### Long-term

#### Description

This investment option aims to achieve moderate to high investment returns, while accepting a medium level of investment risk.

#### Type of investor

This investment option is only available within the Managed Pension.

#### Investment return objective

Over rolling 5-year periods, after investment fees and costs, transaction costs and investment-related taxes.

#### Minimum suggested time frame

5 years.

#### Risk level<sup>24</sup>

Medium to high – risk band 5.

You may expect 3–4 negative annual returns in a 20-year period.

#### Investment performance

The option returned 4.71% a year (after investment fees, costs and taxes) since commencement on 1 July 2019 to 30 June 2022 against a benchmark return of 6.27%. Investment performance to 30 March 2021 is for Tasplan's Long-term investment option, and is based on information provided to us by Tasplan.

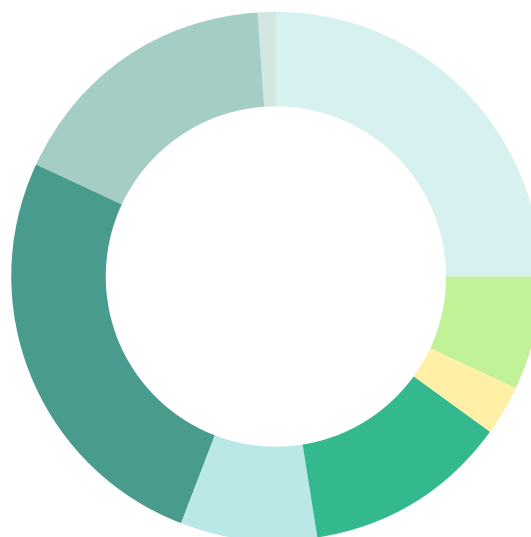
Past performance is not a reliable indicator of future performance.

<sup>24</sup> Refer to our *Investment guide* or *Pension guide* available from [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds) for more information about risk measures.

#### Asset allocation<sup>25</sup>



67% growth 33% defensive



Asset class	Strategic asset allocation %	Range %
Cash	0	0–10
Fixed interest	25	0–50
Credit income	7	0–15
Absolute return	3	0–15
Property	12.5	0–20
Infrastructure	8.5	0–20
Australian Shares	26	5–35
Global Shares	17	5–35
Private equity	1	0–15

<sup>25</sup> The strategic asset allocation for this investment option has changed since 30 June 2022. For the most up-to-date asset allocation, see our *Investment guide* available from [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds).

# Our assets and performance

The following tables detail the composition of Spirit Super's asset classes. This table provides members with an insight into the investment managers and assets where their money is invested.

## Investment summary of assets

	Jun-2021 (\$ mill.)	Jun-2022 (\$ mill.)
<b>Cash</b>		
Macquarie Asset Management	1,213.47	0.00
Residual Cash	478.06	1,027.70
State Street Global Advisors	0.00	1,200.97
Term Cash	826.73	831.35
<b>Australian Shares</b>		
Ausbil Investment Management	1,072.22	1,046.12
Balanced Equity Management	0.55	0.00
Bennelong Funds Management	361.29	0.00
BlackRock Investment Management	872.01	1,049.67
Celeste Funds Management	311.42	243.13
DNR Capital	444.26	610.59
Eight IP Partners	315.73	220.98
Hyperion	0.00	282.70
IFM Investors	1,073.04	1016.18
Pendal Group	31.98	0.00
Schroder Investment Management	799.15	801.74
State Street Global Advisors	0.59	0.72
Tasfood	3.72	3.44
Vinva Investment Management	667.09	0.00
WaveStone Capital	802.92	768.95
<b>International Shares</b>		
Baillie Gifford International	583.80	326.68
CFS Generation	11.63	0.00
HSBC Global Asset Management	1,874.78	1,734.79
Magellan Financial Group	27.89	0.00
MFS Investment Management	817.66	743.34
Ninety One	699.20	975.29
Pzena Investment Management	514.47	504.37
RealIndex Investments	603.47	677.80
Robeco <sup>26</sup>	286.14	296.38
Schroder Investment Management	706.04	889.89
State Street Global Advisors	299.54	0.55

	Jun-2021 (\$ mill.)	Jun-2022 (\$ mill.)
<b>International Shares (cont.)</b>		
T Rowe Price	177.94	245.15
Vectra Pareto	-2.46	0.00
Wasatch Advisors	478.12	364.06
Wellington Management	640.20	711.94
<b>Australian Fixed Interest</b>		
BlackRock Investment Management	840.98	883.3
Metrics Credit Partners	158.47	158.70
Pendal Group	147.29	0.00
QT Investment Management <sup>26</sup>	124.27	125.73
State Street Global Advisors	0.04	0.00
<b>Global Fixed Interest</b>		
Alpha Trains Junior Debt <sup>26</sup>	50.00	43.66
Shenkman Capital	159.62	164.92
TDF Term Loan Portfolio	49.24	46.46
Wellington Management	142.50	0.00
Yorkshire Water Holdco Loan <sup>26</sup>	60.95	58.54
AXA Investment Managers	388.58	0.00
Brandywine Global Investment Management	0.07	0.03
Security Lending Global Sovereign	0.01	0.00
State Street Global Advisors	0.08	0.01
TCW Asset Management Company	619.42	649.78
Wellington Management	495.47	198.05
Western Asset Management	0.00	592.07
<b>Absolute Return Funds</b>		
Elementum Advisors	83.44	92.07
GSA Capital Partners	36.82	0.04
Insight Investment	113.78	0.00
Pinebridge Investments	354.09	0.00
Schroder Investment Management	203.55	0.00

<sup>26</sup> Spirit Super has divested from these assets subsequent to 30 June 2022.



# Our assets and performance

## Investment summary of assets

	Jun-2021 (\$ mill.)	Jun-2022 (\$ mill.)
<b>Infrastructure</b>		
Direct Holdings <sup>27</sup>	1,509.82	1,400.18
AMP	90.41	99.76
Antin Infrastructure Partners	9.81	2.93
IFM Investors	331.93	353.28
Macquarie Asset Management	34.69	255.03
Utilities Trust of Australia	211.22	232.94
<b>Property</b>		
Direct Holdings <sup>28</sup>	711.97	1,018.14
AMP	8.93	0.59
Charter Hall Group	416.24	590.57
Dexus Property Group	186.67	206.58
EG Funds	10.34	0.00
Goodman Australian Industrial Partners	104.93	0.00
Gresham Partners	0.96	0.73
Investa Property Group	286.76	134.91
Lendlease	316.27	338.75
Resolution Capital <sup>29</sup>	356.90	221.59
Tasmanian Growth and Development Funds <sup>29</sup>	24.04	24.33
<b>Private Equity</b>		
Direct Holdings <sup>30</sup>	120.50	77.68
Adams Street Partners	138.40	208.81
Allegro Funds	0.03	0.03
AMP	18.48	10.40
ANU Connect Ventures	30.66	12.70
Avenue Capital Group	17.03	14.87
CM Capital Investments	10.49	11.12
HarbourVest Global Private Equity	22.38	21.01
IFM Investors	0.37	0.12
Intermediate Capital Group	27.44	9.70
Lexington Partners	34.11	36.32
Macquarie Asset Management	37.92	43.73
ROC Partners	0.58	93.08
StepStone Group	99.37	191.95

	Jun-2021 (\$ mill.)	Jun-2022 (\$ mill.)
Terra Rossa Capital	0.30	0.30
Overlay – Currency <sup>31</sup>	-69.48	-105.32
Overlay – IRS <sup>32</sup>	1.96	5.95
Overlay – Options <sup>33</sup>	7.12	9.68
<b>TOTAL</b>	<b>26,130.87</b>	<b>25,110.28</b>

27 Includes Spirit Super's investment in:

- > Brisbane Airport, QLD
- > Flinders Ports, SA
- > Southern Water, UK
- > Worsley Co-gen, WA
- > Sustainable Energy Infrastructure, Australia
- > ITE College West, Singapore
- > Pioneer Public Properties, Norway
- > Tasmanian Gateway Holdings, Tas

28 Includes Spirit Super's investment in:

- > Alkimos Estates, WA
- > Flagstone City, QLD
- > Flagstone Rise, QLD
- > Spring Mountain Estate, QLD
- > Flinders Ports Wine Shed, SA
- > The R.G. Casey Building, ACT
- > 40 Market Street, VIC
- > 670 Chapel Street, VIC
- > Ferntree Business Park
- > 100 Broadway Property Trust, NSW
- > Parliament Square, TAS

29 Spirit Super has divested from these assets subsequent to 30 June 2022.

30 Includes Spirit Super's investment in:

- > BT Imaging Pty Limited, NSW<sup>29</sup>
- > Industry Funds Services
- > IFM Holdings Pty Ltd

31 Foreign currency hedge managers:

- > Mesirow Financial Investment Management, Inc
- > Macquarie Investment Management Limited

32 Interest rate swap overlay managers:

- > Macquarie Investment Management Limited

33 Equity Hedge overlay managers:

- > Perennial Partners
- > State Street Global Markets

# Our assets and performance



## Our investment managers

We engage investment managers to look after our larger investment (investments that value more than 5% of our total fund assets). Here's a list of our investment managers with more than 5% exposure as of 30 June 2021.

- > HSBC Global Asset Management (UK) Limited
- > Schroder Investment Management Limited
- > BlackRock Investment Management (Australia) Limited
- > IFM Investors Pty Ltd

## Top 20 Australian shareholdings

as at 30 June 2022

Rank	Ticker	Security name	% Total <sup>34</sup>
1	BHP	BHP Group	13.1%
2	CSL	CSL Limited	10.5%
3	CBA	Commonwealth Bank Of Australia	8.0%
4	NAB	National Australia Bank	5.6%
5	MQG	Macquarie Group Limited	4.5%
6	TLS	Telstra Corporation Limited	2.8%
7	ANZ	Australia And New Zealand Banking Group Limited	2.8%
8	RIO	Rio Tinto Limited	2.5%
9	ALL	Aristocrat Leisure Limited	2.2%
10	WOW	Woolworths Group Limited	2.1%
11	STO	Santos Limited	1.9%
12	QBE	QBE Insurance Group Limited	1.8%
13	WES	Wesfarmers Limited	1.7%
14	RMD	Resmed Inc	1.6%
15	SEK	Seek Limited	1.4%
16	WBC	Westpac Banking Corporation	1.3%
17	XRO	Xero Limited	1.2%
18	TCL	Transurban Group	1.2%
19	SUN	Suncorp Group Limited	1.2%
20	CPU	Computershare Limited	1.1%

None of our direct or unlisted assets exceed 5% of the total assets of the fund.

## Top 20 International shareholdings

as at 30 June 2022

Rank	Ticker	Security name	% Total <sup>34</sup>
1	MSFT	Microsoft Corp	13.1%
2	V	Visa Incorporated Class A Shares	10.5%
3	NSRGF	Nestle Sa Reg	8.0%
4	AAPL	Apple Inc	5.6%
5	RHHVE	Roche Holding Ag - Genusss	4.5%
6	ASMLF	Asml Holding Nv	2.8%
7	JNJ	Johnson And Johnson	2.8%
8	TCTZF	Tencent Holdings Limited	2.5%
9	BABAF	Alibaba Group Holding Limited	2.2%
10	GOOGL	Alphabet Inc Class A	2.1%
11	AMZN	Amazon Dotcom Inc	1.9%
12	TSMWF	Taiwan Semiconductor Manufacturing Company Limited	1.8%
13	SSNLF	Samsung Electronics Co Limited	1.7%
14	DGEAF	Diageo Plc	1.6%
15	TSLA	Tesla Inc	1.4%
16	CHKP	Check Point Software Technologies Limited	1.3%
17	ACN	Accenture Plc	1.2%
18	ADP	Automatic Data Processing Inc	1.2%
19	INTU	Intuit Inc	1.2%
20	FDS	Factset Research Systems Inc	1.1%

<sup>34</sup> The percentage of each company held within Spirit Super's total listed international shares portfolio.

# Our assets and performance

## Returns and investment performance

Spirit Super is a pool of members' money held in trust. One of our most important tasks is ensuring Spirit Super's net assets and investment earnings are equitably attributed to members.

Members have a beneficial interest in those assets, which we've summarised in the Investment summary of assets section on page 40.

At any point in time, each member's share of the net assets of the fund will vary depending on:

- > the investment options selected by the member (each investment option represents a different mix of asset classes)
- > the timing of and the amounts contributed by a member to the selected investment options
- > the length of time a member has been invested in the options
- > whether the member is a super member or a pension member and the associated tax implications for underlying assets and earnings

### Unit pricing

Each investment option is divided into units, with each 'unit' representing a share of the assets in the option. The unit price represents the value of assets per unit in each option.

Every unit you own in that investment pool represents your share of that investment option. Each time you invest in an investment option by making contributions or switching to an option, you buy units. Each time you reduce your investment in an option by making a withdrawal or switching out of an option, you sell units.

Daily unit prices are calculated for each investment option. They represent the net asset value for a particular investment option divided by the number of units issued for that option at a point in time.

The estimated value of your account balance at any point in time will be the number of units you hold multiplied by the sell price for the relevant investment option at that point in time. Unit prices for each investment option and estimated returns are typically published on our website each business day.

## Annual earning rates for super and pension members

Investment option	2020-21		2021-22	
	Super	Super	Super	Pension
<b>Pre-mixed options</b>				
Conservative	6.49%	6.49%	-0.33%	-1.01%
Moderate <sup>35</sup>	3.49%	3.49%	-1.96%	-2.27%
Sustainable <sup>35</sup>	5.12%	5.12%	-2.95%	-2.28%
Growth	21.97%	21.97%	-4.02%	-4.62%
Balanced (MySuper) or Balanced	17.43%	17.43%	-3.12%	-3.57%
<b>Asset class options</b>				
Cash	0.22%	0.22%	0.18%	0.21%
Diversified fixed interest	0.61%	0.61%	-8.02%	-9.35%
Australian shares	24.82%	24.82%	-4.86%	-4.99%
International shares	30.25%	30.25%	-10.48%	-12.49%

<sup>35</sup> The Moderate and Sustainable options were offered by Spirit Super's Trustee from 1 April 2021.

Past performance is not a reliable indicator of future performance.

# Our assets and performance

## Compound returns for super and pension members

Investment option	1 year (% p.a.)		3 years (% p.a.)		5 years (% p.a.)		10 years (% p.a.)		Since inception (% p.a.)		Year of inception	
	Super	Pension	Super	Pension	Super	Pension	Super	Pension	Super	Pension	Super	Pension
Pre-mixed options												
Conservative	-0.33%	-1.01%	2.20%	2.28%	3.51%	3.81%	4.64%	5.26%	4.38%	3.73%	1998	2006
Moderate <sup>36</sup>	-1.96%	-2.27%	-	-	-	-	-	-	1.17%	1.26%	2021	2021
Growth	-4.15%	24.52%	4.99%	10.23%	6.97%	11.64%	8.89%	10.16%	6.72%	6.78%	1998	2006
Sustainable <sup>36</sup>	-2.95%	-2.28%	-	-	-	-	-	-	1.62%	2.68%	2021	2021
Balanced (MySuper) or Balanced	-3.12%	-3.57%	4.06%	4.42%	5.82%	6.38%	7.96%	8.93%	6.21%	5.12%	1989	2006
Asset class options												
Cash	0.18%	0.21%	0.46%	0.54%	0.96%	1.14%	1.55%	1.84%	2.94%	3.15%	2003	2006
Diversified fixed interest	-8.02%	-9.35%	-1.85%	-4.48%	0.38%	0.40%	1.77%	2.17%	3.76%	4.33%	2003	2006
Australian shares	-4.86%	-4.99%	4.28%	5.71%	7.04%	8.33%	9.40%	11.03%	8.94%	7.55%	2003	2006
International shares	-10.48%	-12.49%	4.55%	4.78%	6.40%	6.69%	10.29%	11.38%	5.95%	4.95%	2003	2006

<sup>36</sup> The Moderate and Sustainable options were offered by Spirit Super's Trustee from 1 April 2021.

Past performance is not a reliable indicator of future performance.

# Our assets and performance

## Defined Benefits fund

The Quadrant Defined Benefits fund, Hobart City Council Defined Benefits fund and Launceston City Council Defined Benefits fund were transferred to Spirit Super as part of the merger between Tasplan and MTAA Super on 1 April 2021. These defined benefit funds are closed and consist only of those members who haven't exited or transferred from the funds. There were no changes to member accounts, benefit calculations or how the fund was invested when transferred to Spirit Super.

All three defined benefit funds have a market value of assets that exceeds its liabilities.

## Interest crediting rates

The return you receive on your defined benefit member accounts is calculated by applying the fund's crediting rate to your account. The crediting rate is calculated based on the investment return on the fund's assets, adjusted for fees and taxes in accordance with the crediting rate policy adopted by the trustee. The crediting rate for the fund may be positive or negative depending on the returns from the underlying investment markets. The trustee determines the investment policy of the fund.

The crediting rates as at 30 June 2022 for the defined benefit funds are shown below. Performance information pre-1 April 2021 is based on information provided to us by Tasplan. Past performance is not a reliable indicator of future performance.

Fund	2021-22	2020-21	2019-20	2018-19	2017-18	Five-year average
Quadrant Defined Benefits fund	-1.45%	12.47%	0.92%	5.70%	9.30%	5.39%
Hobart City Council Defined Benefits fund	-1.41%	18.24%	-0.20%	8.30%	9.30%	6.85%
Launceston City Council Defined Benefits fund	-0.61%	19.04%	0.60%	9.10%	10.10%	7.65%

# Our assets and performance

## Defined Benefits fund

### Asset Allocation

The following table shows how money was split between the different asset classes in the Quadrant Defined Benefits fund, Hobart City Council Defined Benefits fund and Launceston City Council Defined Benefits fund as at 30 June 2022.

The asset allocation for the Quadrant Defined Benefit fund was changed in November 2018 due to the favourable financial position of the fund. Prior to this date all the defined benefit funds were invested in the same asset allocation.

Fund	Quadrant Defined Benefits fund	Hobart City Council Defined Benefits fund and Launceston City Council Defined Benefits fund
Asset Class	Strategic Asset Allocation	
Cash	10.5%	3.5%
Fixed Interest	20.5%	13.5%
Credit Income	6%	6%
Absolute Return	3%	3%
Australian Shares	18%	23.5%
International Shares	20.5%	27.5%
Property	11.5%	11.5%
Infrastructure	9%	8.5%
Private Equity	1%	3%

The strategic asset allocation for this investment option has changed since 30 June 2022. For the most up-to-date asset allocation, see our *Defined Benefits fund guide* available from [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds).

### Fees and costs

The expenses for the operation and management of Spirit Super are allocated to members through direct fees and indirect costs. Indirect costs include all ongoing administration, investment management, expense recovery and other fees charged by the fund. Any direct fees charged to your account will be reflected in your *Member statement* as a separate amount.

Indirect costs are calculated based on the actual costs incurred for the overall fund and apportioned to the defined benefits funds. The indirect costs for the year ended 30 June 2022 were:

Fund	Indirect costs
Quadrant Defined Benefits fund	1.32%
Hobart City Council Defined Benefits fund	1.49%
Launceston City Council Defined Benefits fund	0.69%



# Governance

**Our committees**

**Trustee liability insurance**

**Financial reports**

**Our policies and procedures**

# Our committees

Spirit Super is run solely for the benefit of our members. We're open and transparent about how we operate. Our website outlines all the details, including the policies, codes and regulations that guide us.

For more information about our Board, including Board and committee meeting attendance and Director and Executive Officer remuneration see [spiritsuper.com.au/about-us/governance](https://spiritsuper.com.au/about-us/governance).

## Directors terms of office ceased

None

## Directors resigned from Board

None

## Directors as at 30 June 2022 (how and who appointed)

Naomi Edwards	Independent Director
Anne O'Donnell	Independent Director
Susanne Dahn	Independent Director
Peter Savige	Employer Nominated Director
John Mazengarb	Employer Nominated Director
Geoff Lowe	Employer Nominated Director
Susan Parr	Employer Nominated Director
Rhonda O'Donnell	Member Nominated Director
David Smith	Union Nominated Director
Jessica Munday	Union Nominated Director
Thomas Lynch	Union Nominated Director

## Spirit Super Trustee Board and Board Committee composition

Trustee Board (11 members)	Investment Committee (6 members)	Finance, Audit and Compliance Committee (4 members)	Member Benefits and Services Committee (5 members)	People & Culture, Remuneration & Nominations Committee (5 members)	Risk Committee (5 members)
Naomi Edwards (Chair)	✓		✓ 	✓	
Sue Dahn	✓ 		✓		
Anne O'Donnell	✓	✓			✓ 
Tom Lynch		✓		✓	
Peter Savige	✓				✓
Geoff Lowe	✓	✓			
Rhonda O'Donnell			✓	✓ 	✓
David Smith			✓	✓	
Susan Parr				✓	✓
John Mazengarb		✓ 			✓
Jessica Munday	✓		✓		



# Trustee liability insurance

The Trustee has taken out indemnity insurance to protect the Trustee from losses arising from claims made against the Trustee. The Trustee has also taken out a directors' and officers' insurance policy to indemnify its directors and officers against certain liabilities.

## Service providers

Fund administrator: Internally Administered

Group life insurance: MetLife Insurance Limited

Internal auditor: Deloitte Touche Tohmatsu

External auditor: PricewaterhouseCoopers (financial year 2021-22), now Ernst & Young

Tax adviser: Pricewaterhouse Coopers (financial year 2020-21), now KPMG

Investment adviser: Patrizia Pty Ltd (previously Whitehelm Capital ) (to 30 June 2022), now JANA Investment Advisers Pty Ltd

Property adviser: JG Service Pty Limited

Master custodian: NAB Asset Servicing (a division of the National Australia Bank)

Bank: Commonwealth Bank of Australia

Actuary: Deloitte Consulting Pty Ltd

Cloud service provider: VMware Australia Pty Ltd

Gateway and clearing house: Westpac Banking Corporation

A full list of current investment managers is available at [spiritsuper.com.au/about-us/service-providers](https://spiritsuper.com.au/about-us/service-providers)

Advice: Spirit Super Advice – Quadrant First Pty Ltd is a wholly owned, non-independent, licensed provider of financial advice as set out in the Spirit Super Advice Financial Services Guide.

## Investment managers

Adams Street Partners LLC

Ausbil Investment Management Limited (ABN 26 076 316 473)

AXA Investment Managers Asia (Singapore) Limited (ABN 67 107 247 727)

Baillie Gifford Overseas Limited (ARBN 118 567 178)

Bennelong Australian Equity Partners Pty Ltd (ABN 69 131 665 122)

BlackRock Investment Management (Australia) Limited (ABN 13 006 165 975)

Celeste Funds Management Limited (ABN 78 098 628 605)

DNR Capital Pty Ltd (ABN 72 099 071 637)

Eight Investment Partners Pty Limited (ABN 22 139 616 783)

HSBC Global Asset Management (UK) Limited (ABN 633 929 718)

Hyperion Asset Management Limited (ABN 80 080 135 897)

IFM Investors Pty Ltd (ABN 67 107 247 727)

JGS Advisory Pty Ltd (ABN 18 122 248 275)

Macquarie Investment Management Ltd (ABN 66 002 867 003)

Mesirow Financial Investment Management, Inc. (ARBN 143 757 073)

MFS International Australia Pty Ltd (ABN 68 607 579 537)

Ninety One Pty Ltd (ACN 122 579 113)

Patrizia Pty Ltd (ABN 68 008 636 717)

Perennial Value Management Limited (ABN 22 090 879 904)

Pzena Investment Management Pty Ltd (ACN 141 153 086)

Resolution Capital Limited (ABN 50 180 584 167)

Robeco Hong Kong Limited (ARBN 156 512 659)

Schroder Investment Management Australia (ABN 22 000 443 274)

State Street Global Advisors, Australia Limited (ABN 42 003 914 225)

TCW Australia Pty Ltd (ABN 86 630 943 609)

T. Rowe Price Australia Ltd (ABN 13 620 668 895)

Wasatch Advisors, Inc. (ARBN 605031 909)

WaveStone Capital Pty Limited (ABN 80 120 179 419)

Wellington Management Australia Pty Ltd (ABN 19 167 091 090)

Western Asset Management Company Pty Ltd (ABN 41 117 767 923)

# Financial reports

## Shortened statement of financial position as at 30 June 2022

	2022 (\$m)	2021 (\$m)
<b>Assets</b>		
Investments	25,292.3	26,340.9
Other assets	215.2	155.5
<b>Total assets</b>	<b>25,507.5</b>	<b>26,496.4</b>
<b>Liabilities</b>		
Income tax payable/(receivable)	(58.5)	88.8
Deferred tax liability	199.1	425.5
Other liabilities	260.7	205.7
<b>Total liabilities</b>	<b>401.3</b>	<b>719.9</b>
Net assets available for member benefits	25,106.2	25,776.5
Members accounts	24,753.1	25,336.2
Unallocated contributions	0.1	1.7
<b>Total Net Assets</b>	<b>353.0</b>	<b>438.6</b>
<b>Equity</b>		
Reserves	335.4	420.4
Defined benefits that are over/(under) funded	17.6	18.2
<b>Total Equity</b>	<b>353.0</b>	<b>438.6</b>
Reserves as a % of member balances	1.36%	1.66%

## Operating statement for year ended 30 June 2022

	2022 (\$m)	2021 (\$m)
<b>Revenue</b>		
Investment income	(974.5)	2,935.8
<b>Expenses</b>		
Investment expenses	118.1	54.6
Administration expenses	-	12.8
Operating expenses	64.0	38.9
Income tax expense/(benefit)	(220.5)	251.9
<b>Results from superannuation activities after tax</b>	<b>(936.2)</b>	<b>2,577.5</b>
Net benefits allocated to members' accounts	(881.8)	2,431.0
Net change in defined benefit member benefits	0.3	(3.9)
<b>Operating result after income tax</b>	<b>(54.6)</b>	<b>150.5</b>

# Financial reports

## Statement of changes in member benefits for year ended 30 June 2022

	2022 (\$m)	2021 (\$m)
<b>Opening balance of member benefits</b>	<b>25,336.2</b>	<b>12,235.1</b>
<b>Contributions</b>		
Employer contributions	1,422.6	940.6
Member contributions	326.1	161.9
Transfers from other funds	344.6	205.1
Government co-contributions	1.8	0.9
Income tax on contributions	(215.2)	(136.9)
Successor fund transfer of member benefits of Tasplan Super	-	10,694.9
<b>Net after tax contributions</b>	<b>1,880.0</b>	<b>11,866.5</b>
Benefits to members or beneficiaries	(1,536.1)	(1,167.3)
Insurance premiums to members' accounts	(104.6)	(74.6)
Death and disability insurance benefits paid to members or beneficiaries	59.1	49.4
<b>Benefits allocated to members' accounts comprising:</b>		
Net Investment income	(827.4)	2,468.6
Administration Fees	(54.4)	(37.5)
Net change in defined benefit member accrued benefits	0.3	(3.9)
<b>Closing balance of member benefits</b>	<b>24,753.1</b>	<b>25,336.2</b>

## Reserves for the three years to 30 June 2022<sup>37</sup>

	2022 (\$m)	2021 (\$m)	2020 (\$m)
Reserves	335.4	420.4	162.1
% of members balance	1.36%	1.66%	1.32%

37 Spirit Super Reserves comprise of Operational Risk Reserves, Insurance Reserve and General Reserve. The Insurance Reserve was established to meet future insurance premium costs given the insurance premium adjustment mechanism in place with the group life insurer. This adjustment mechanism is only applicable for the period to 30 June 2021 noting that any insurance premium payable amounts may be paid after 30 June 2021. This was settled with the insurer in December 2021 and the balance of the reserve was transferred to the General Reserve by 30 June 2022.

## For more information

Please refer to the fund and trustee's 2021-22 audited financial statements which can be found at [spiritsuper.com.au/governance](https://spiritsuper.com.au/governance)

# Our policies and procedures

## Lost and inactive members

We're required to report and transfer member accounts to the Australian Tax Office (ATO) twice a year. If we transfer your account to the ATO, your membership with Spirit Super and any insurance you have will cease.

Your account may be transferred to the ATO if:

- › you're aged 65 or older, we haven't received any contributions or rollovers into your account within the last two years, it's been at least five years since we had contact with you, and we've been unable to contact you after making reasonable efforts
  - › you've passed away, we haven't received an amount for you for the past two years, and after making reasonable efforts and after a reasonable period has passed, we're unable to ensure that the death benefit will be received by the person who is entitled to receive it
  - › you're a former temporary Australian resident who didn't claim your benefit within six months of departure or expiry of your visa
  - › we're unable to pay an amount under a family law split agreement, as we're unable to ensure that the non-member spouse or their legal personal representative will receive the amount after making reasonable efforts and after a reasonable period has passed
  - › you're considered to be a lost member, and either of the following applies:
    - › your account has a balance of less than \$6,000 (small lost member account)
    - › your account hasn't received a contribution or rollover within the last 12 months, and we can't contact you after making reasonable efforts.
- › you have an inactive low-balance account. This may occur if:
    - › we haven't received a contribution or rollover for 16 months
    - › your account balance is less than \$6,000
    - › you don't have insurance on your account
    - › you haven't satisfied a condition of release
    - › you haven't done any of the following in the last 16 months:
      - › changed investment options
      - › changed your insurance coverage
      - › made or amended a binding beneficiary nomination
      - › provided written notification to Spirit Super to confirm you don't want your account transferred to the ATO.

## Compliance

To help our members benefit from the lower tax rates that apply to complying resident regulated super funds, we work hard to ensure Motor Trades Association of Australia Superannuation Fund Pty. Limited, the Spirit Super trustee, meets all requirements of the *Superannuation Industry (Supervision) Act 1993* (the SIS Act).

We lodge quarterly returns with the Australian Prudential Regulatory Authority (APRA), confirming our compliance with relevant legislation and licensing requirements. We believe that we continue to comply with all relevant laws.

No penalties have been imposed on the trustee under section 38A of the SIS Act in the 2021-22 financial year.

# Our policies and procedures

## Complaints

This financial year saw the implementation of new standards and requirements for handling complaints. The definition of a complaint is now broader and includes any expression of dissatisfaction made to or about an organisation where a response or resolution is explicitly or implicitly expected or legally required. This includes complaints about products, services, staff, or handling of a complaint.

To meet these new standards, we updated our internal complaints procedures. We aim to minimise complaints arising in the first place and, when they arise, provide quality service to deal with complaints fairly, transparently and quickly.

Below is a summary of the number of complaints we received this financial year and how they were handled:

- 1,536 complaints received and closed
- 75% of complaints resolved within 14 days
- 92% of complaints resolved within 30 days
- 79 complaints were lodged with the Australian Financial Complaints Authority
- 77 complaints were resolved with AFCA, with only 1 trustee decision being substituted by AFCA

If you have a complaint, we're committed to handling complaints promptly, fairly and with the strictest confidence. We care about our members. Complaints are taken seriously and dealt with as soon as practicable. Where possible, we use complaint feedback to improve our products and services.

You can send us your complaint:

**In writing to:** Complaints Officer  
Spirit Super  
GPO Box 1547  
Hobart Tas 7001

**Email:** [complaints@spiritsuper.com.au](mailto:complaints@spiritsuper.com.au)

**Phone:** 1800 005 166

If an issue hasn't been resolved to your satisfaction or your complaint hasn't been resolved within the required time frame, you may be eligible to take your complaint to the Australian Financial Complaints Authority (AFCA).

## Australian Financial Complaints Authority (AFCA)

AFCA is an external dispute resolution scheme that provides fair and independent financial services and complaint resolution free to consumers.

**Website** [afca.org.au](http://afca.org.au)

**In writing to:** Australian Financial  
Complaints Authority  
GPO Box 3  
Melbourne VIC 3000

**Email:** [info@afca.org.au](mailto:info@afca.org.au)

**Phone:** 1800 981 678 (free call)

There are some time limits for lodging certain complaints. This includes complaints about a death benefit payment, which you must lodge with AFCA within 28 days of being given a written decision.

## Temporary residents

If you earned super while visiting Australia on a temporary visa, you can apply to have this super paid to you as a departing super payment (DASP) after you leave. Generally, you can claim a DASP if:

- you have accumulated super while working in Australia on a temporary resident visa
- your visa has ceased to be in effect
- you have left Australia, and you're not an Australian or New Zealand citizen or a permanent resident of Australia

If it has been six months or more since you left Australia and your visa has ceased to be in effect, we will transfer your super money to the ATO as unclaimed super money. In these circumstances, we're not required to notify you that your super money has been transferred to the ATO, nor are we required to provide you with an exit statement.

When your super money is transferred to the ATO, any benefits of your membership with Spirit Super (including insurance cover) will stop. However, you still have the right to apply to the ATO to claim your super. For more information, go to the ATO website at [ato.gov.au](http://ato.gov.au).

# Our policies and procedures

## Reserves policy

We maintain a general reserve. This pool of funds can be used to meet the fund's general operating and administration costs and any unexpected or unforeseeable costs. Administration levies are deducted from members' accounts to fund the reserve.

The Trustee's policy is to apply net investment earnings to members' balances in the year they're earned. However, it does maintain a small balance within the general reserve to ensure it can cover any unforeseen fluctuations in our net assets which might arise from taxation, valuation and other investment risks and to ensure the solvency of Spirit Super.

The cost of rectifying unit pricing errors or making unit pricing adjustments may be met from the general reserve if the Trustee deems it to be the most appropriate, fair, and equitable approach for members. Each issue will be considered on a case-by-case basis, but in all circumstances, the Trustee must consider the most fair and equitable outcome for all members (including affected members).

The reserve is also used to meet the ongoing regular funding of the operational risk reserve and the cost of risk events that are unable to be met from the operational risk reserve. Any tax benefits associated with expenditure met from the reserve are applied back to the reserve. The funding requirements of the reserve are forecast on a rolling basis and regularly reviewed by the Trustee.

We also had an insurance reserve to meet future insurance premium costs as there was an insurance premium adjustment mechanism in place with the group life insurer. This adjustment mechanism is only applicable for the period to 30 June 2021, noting that any insurance premium adjustments payable amounts may be paid after 30 June 2021. This was settled with the insurer in December 2021 and the balance of the reserve was transferred to the General Reserve by 30 June 2022.

## Operational risk financial requirements

Operational risks (as opposed to investment risks) represent the risk of loss to members from failures in internal controls, processes, people, and systems or from external events. RSE licensees must hold a separate reserve/provision to meet financial losses associated with operational risks that might arise within a super fund.

The Trustee has determined it appropriate to target an amount equal to 0.275% of the net assets of the Fund for this reserve. This reserve has been fully funded since its establishment in July 2013.

In the normal course of events, the ongoing funding of the reserve is met from the general reserve, which is funded by member administration fees. The Trustee regularly reviews the level of the reserve and annually assesses its target amount to ensure it remains adequate based on the size, business mix and complexity of Spirit Super's operations.

The reserve is invested in cash and cash equivalents and can only be used for operational risk events as defined under the *Prudential Standard on Operational risk financial requirement* (SPS 114).

## Derivatives

We allow some investment managers to use derivatives such as futures and options to manage risk and increase returns. Derivatives are employed to affect a currency hedge to manage foreign exchange rate risks. Strict parameters apply, and at no time during 2021-22 did the derivative charge ratio exceed 5% of assets. We may also use derivatives to manage the underlying portfolio exposures' risk from time to time.

## Superannuation surcharge

For financial years until 30 June 2005, the Federal Government applied an additional surcharge tax to members whose adjusted taxable income (that is, taxable income plus gross fringe benefits plus deductible super contributions) exceeded a specific limit. We will deduct any surcharge due from your account for the relevant periods and will pay this to the Australian Taxation Office. The superannuation surcharge tax has been abolished for contributions received since 1 July 2005.

# Our policies and procedures

## Risk management

Our ability to manage risk is critical for us to deliver positive retirement outcomes to members. At Spirit Super, we have a robust *Risk management framework* to identify, assess, manage, mitigate, and monitor risks. We've embedded risk management into all areas of our organisation, including our systems, structures, policies, processes, and people.

Our Risk Committee is responsible for implementing the *Risk management framework* and ensuring it aligns with our overall risk appetite. The *Risk management framework* is driven by our dedicated Risk team and the broader Governance, Risk and Compliance team. The Risk team reports to the Board and Risk Committee.

## Promoting a positive risk culture

While the *Risk management framework* establishes the rules, processes, and standards for managing risks, our risk culture determines its success.

We're dedicated to creating and fostering a positive risk culture at all levels of our organisation. We believe a positive risk culture encourages all employees to appropriately monitor and manage risk as an intrinsic part of their day-to-day work.

We emphasise the importance of transparency and accountability across the organisation. This transparency and accountability also support open discussions about uncertainties and opportunities, encourages employees to express concerns, and maintains processes to escalate concerns appropriately within the business.



