



**Spirit
Super**



Annual Report

2022-23

Maintaining momentum

Contact us

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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 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* is scheduled to be held on 23 November 2023. Further information, including disclosures, can be found at spiritsuper.com.au/amm. | Published 13 October 2023.

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Acknowledgment of Country

Spirit Super acknowledges the Traditional Custodians of the lands on which we work, and their ongoing connections to land, sea and Country. We pay respect to Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples.

Our registered office is on the land of the Ngunnawal people.

Our operations office is on the land of the Muwinina people.

Traditional Custodians of the lands on which our staff offices are placed:

Canberra – the Ngunnawal people

Hobart – the Muwinina people

Melbourne – the Wurundjeri Woi-wurrung and Bunurong Boon Wurrung peoples of the Eastern Kulin

Parramatta – the Dharug people

Osborne Park, WA – Wadjak people of the Nyoongar Nation

Adelaide – Kurna people of the Adelaide Plains

Brisbane – the Turrbal people from the north side of the river and the Yuggera/Jagera people from the south side of the river

Devonport – the Tasmanian Aboriginal people

Launceston – the Kanamaluka people.

Canberra (our registered office location)

The Ngunnawal people have lived in the Country that is now the Canberra region for more than 20,000 years. This is arguably one of the longest periods of continual habitation anywhere on earth. The Ngunnawal people have developed a way of living and managing the natural resources of the land which has enabled this phenomenon.

The Ngunnawal people continue to live and travel through the Canberra region, preserving their culture by maintaining connections to land and through artistic expression. In the Ngunnawal language, their name means 'we' or 'us'.

Hobart (our operations office location)

We acknowledge the Muwinina people as the traditional custodians of nipaluna (Hobart). The Muwinina people were part of the South East nation. They lived on and cared for this land for more than 40,000 years and had a deep understanding of the land and the seasons. They had access to both fresh water and salt water resources and used fire to manage their land.

The landscape still bears the mark of the Muwinina people, with significant middens found all along timtumili minanya (the Derwent River). As a direct result of invasion and war, there are no Muwinina people left alive today. In their absence we acknowledge Tasmanian Aboriginal people, the Palawa people, as the ongoing custodians of this land. Palawa people are the survivors, continuing the culture and stories of their old people and striving for rights and recognition.

Julia, Spirit Super member



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Spirit Super at a glance



348,425
member accounts



\$27b
in funds under management



\$82k
average account balance



\$264.8m
in member contributions



\$1.6b
in employer contributions



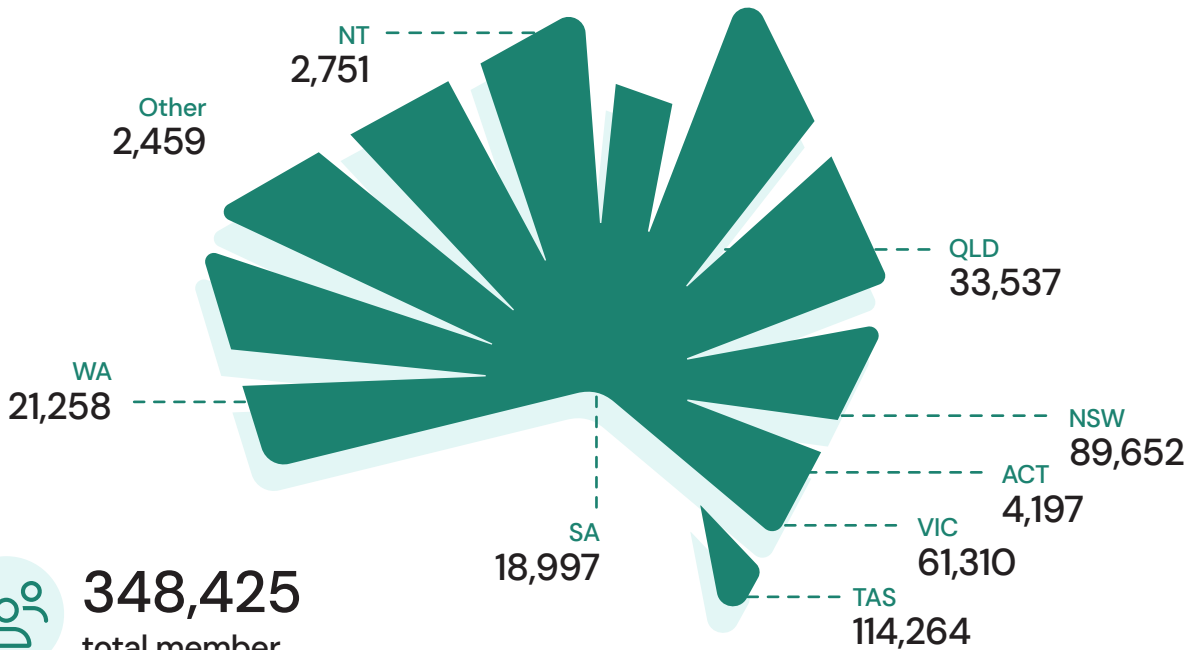
78,146
active employers¹



8,227
pension accounts



\$149.7m
in pension payments



348,425
total member accounts



125,977
contact centre calls



937,309
website users



107
education sessions



2,992
education session registrations



1,096,592
Member Online sessions



9
accumulation investment options

Unless stated, figures are for the period 1 July 2022 to 30 June 2023. Please note rounding has occurred. | ¹As at 30 June 2023.

Delivering great value

At Spirit Super, we put you and your super at the heart of everything we do.

- For the second year running, we were named Best Customer Experience in Superannuation by Customer Service Benchmarking Australia (CSBA).²
- Our local contact centre boasts a post-call satisfaction rate of 94%.
- We won Best for Value, Best Balanced Fund and Best High Growth fund in the WeMoney superannuation awards. We were also a finalist in four other categories, including Best Super Fund for Young Australians and Best for Customer Experience.³
- We've maintained our AAA quality rating from independent market researcher Rainmaker.⁴
- We've been named a 2022 and 2023 ESG Leader for our environmental, social and governance principles and practices by Rainmaker. For 2023, this was awarded to 13 out of 110 eligible funds. This means we're pursuing strong long-term returns while working hard to generate positive environmental and social outcomes in Australia and abroad.⁴



Awards are only one factor to be taken into account when deciding how to invest your super. | ²Spirit Super has an agreement with Customer Service Benchmarking Australia (CSBA) (ABN 82 623 476 007) for quality assurance and staff training within our contact centre. Read about the award methodology at csba.com.au. | ³Spirit Super has an agreement with WeMoney Pty Ltd (ABN 88 633 007 860) permitting it to use the WeMoney logos, and for WeMoney to promote Spirit Super's recognition through the WeMoney Awards. Read about the award methodology at wemoney.com.au. | ⁴Spirit Super has an agreement with Rainmaker (Institutional Shareholder Services Inc) (ABN 86 095 610 996) for the provision of research, reporting and marketing services, which permits us to use the Rainmaker logos for marketing purposes. Read about the rating methodology at rainmaker.com.au. | Ratings are only one factor to be taken into account when deciding how to invest your super. | Spirit Super has an agreement with Zenith CW Pty Ltd (Chant West) (ABN 20 639 121 403) for the provision of research, reporting and marketing services, which permits us to use the Chant West logos for marketing purposes. Full details regarding Chant West's research methodology, processes, ratings and definitions are available at chantwest.com.au. | Spirit Super has an agreement with The Heron Partnership Pty Limited (ACN 100 196 272) for the provision of research, reporting and marketing services, which permits us to use The Heron Partnership logos for marketing purposes. For details about The Heron Partnership's ratings methodology, refer to heronpartners.com.au. | Spirit Super has an agreement with SuperRatings Pty Ltd (ABN 95 100 192 283) for the provision of research, reporting and marketing services, which permits us to use the SuperRatings logos for marketing purposes. Read about the award methodology at superratings.com.au.

Our strategy

Our purpose

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

Our vision

To be Super focused on you.

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 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 500,000 active members by 2027.

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

Member highlights

We continued to deliver on our strategic objectives and targets this year, with a focus on leading the way on member experience and retirement confidence. Here, we highlight key achievements for our members this year and how we performed against our strategic goals.



Best Customer Experience in super twice in a row⁵

There is nothing we love more than happy members. For two years in a row (2022 and 2023) we have been recognised by Customer Service Benchmarking Australia as providing the Best Customer Experience in super. The firm's SenseCX benchmarking report considers the ease, sentiment, and success of customer interactions.



WeMoney named us Best Fund for Value⁵

We were thrilled to be named the Best Fund for Value and named as a finalist for a further four awards in the inaugural WeMoney Superannuation Awards. The award is recognition for Australian consumers to help them identify great value super products in the marketplace. In the current financial year, we've taken out the award again as well as two more awards – Best High Growth Fund and Best Balanced Fund.



SuperRatings recognised us as one of Australia's best-performing funds over 10 years⁵

Our Balanced (MySuper) investment option has been ranked in the top 10 balanced funds over 10 years by national ratings agency SuperRatings.



We reduced our insurance fees

We negotiated a new 3-year rate guarantee with our insurer MetLife, which sees our members benefit from a reduction in the insurance fees they pay – saving them \$51 million over three years. As a profit-to-member fund, we're always looking for new ways to provide our members with low fees, competitive products, personalised service and affordable and flexible insurance options.



Fee-free insurance cover while you're on parental leave

Having a new baby can be one of the best times of your life, but it can also be one of the most demanding and expensive. That's why we're now offering fee-free insurance while you're on employer-approved parental leave, provided you meet the eligibility criteria. This came into effect on 1 July 2023.

⁵Awards are only one factor to be taken into account when deciding how to invest your super. For details on the awards see page 6.

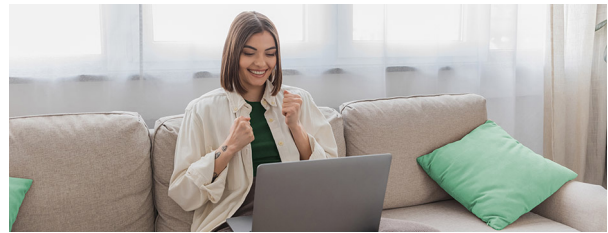
MEMBER HIGHLIGHTS



Providing access to 360Health Virtual Care

We've also partnered with our insurer, MetLife, to offer a safe and convenient way for our members and their immediate families to access virtual health services through 360Health Virtual Care, an integrated healthcare program with virtual consultations provided by Teladoc Health⁶.

360Health Virtual Care offers a range of personalised services that Spirit Super members, their partners, and children can access at no extra cost for help with medical concerns right from the comfort of home.



Advocating for our members

As a profit-to-member fund, we believe our super system should allow all members to retire with confidence. We supported the Federal Government's mandate that employers must make super payments to their employees at the same time they pay their wages.

The change, which is hoped to start from 1 July 2026, will particularly benefit those in lower paid, casual and insecure work who are more likely to miss out when super is paid less frequently. Typically, this affects women who are more likely to be engaged in this type of work.

We have also signed a letter to the Federal Government to urgently reform a super tax offset (the Low Income Superannuation Tax Offset – LISTO) to prevent low-income workers from being penalised. Of all low-income workers receiving the LISTO, 63% are women⁷.

When you allow a member the time to speak, you learn a lot. A few years back, there was one gentleman who met with me to ask a few general questions about his super. He was 65 and still employed full-time in the auto industry. He was tired of working long hours, but he had some debts he needed to pay off, plus he had some adult children he wanted to help out financially. As he opened up to me, I realised he didn't know that, because he'd reached his preservation age and met a condition of release, he was eligible to access his super. When I told him, he became so emotional that he gave me a big hug!

Joe, Spirit Super staff member.

⁶360Health Virtual Care is a service provided by Teladoc Health. Teladoc Health is a separate and independent entity to Spirit Super and MetLife, and neither Spirit Super nor MetLife will be responsible for the nature or quality of services provided by Teladoc Health. MetLife is the appointed Group insurer for Spirit Super. Access to these services will be at MetLife's reasonable discretion and is for all eligible Spirit Super members who have received a specific code to activate the service. MetLife reserves the right to reasonably discontinue or change the services at any time. | ⁷Women in Super, [Super funds unite to urge gender equality reforms to superannuation tax offset](#) article, 16 August 2023.

MEMBER HIGHLIGHTS

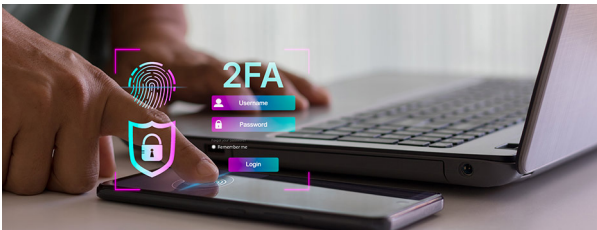


Implementing our Retirement income strategy

We know our members are all different and every retirement is unique. We developed *Retirement income strategy* that helps us ensure we have the right products and services available for our members approaching and in retirement. As part of the strategy, this year we've reviewed our full suite of retirement products and associated investment strategies to determine if they're meeting our members' differing needs, and undertaken research of our membership to understand their needs and preferences or any gaps we may have. The outcomes of this will help inform further product and service enhancements in the future.

We're also improving our calculators and tools so they're easy to use, and continually updating our website and other channels so that we're providing the most effective and relevant ways for our members to seek information and assistance. Our *Compare my spend* tool has had 11,198 interactions this financial year. It gives members nearing retirement an indication of what people over 60 spent in the last year, and they can compare how spending in their area differs to state and national amounts, providing valuable, up-to-date information that can help members plan their retirement.

Our upcoming merger with CareSuper will also contribute to enhancing our products and services for our members.



Securing your super with two-factor authentication

To better protect your super, we're beefing up our security and rolling out mandatory two-factor authentication across **Member Online** and the Spirit Super app. This will come into effect early in the current financial year.



Our scale helps maintain competitive fees and costs

We aim to keep our fees and costs low, so you have more to invest in your future. Our investment management costs have reduced post-merger, saving more than \$20.8 million for our MySuper members alone.⁸ Since we became Spirit Super in 2021, we removed activity fees for all members and reduced administration-based fees to \$1.30 per week (down from \$1.50 pre-merge for both Tasplan and MTAA Super).



Entered an agreement to merge with CareSuper

Growth is a vital part of our long-term strategy, it means we can continue to offer products and services to all of our members that is value for money. On 1 June 2023, Spirit Super entered a binding agreement to merge with CareSuper. When complete, the merger will create a combined fund with more than 500,000 members and almost \$50b in funds under management.

Super can be really complex and I enjoy being able to help people understand how it works.

Georgina, Spirit Super staff member.

⁸For the Balanced (MySuper) option, we achieved a reduction in investment management fees from 0.74% to 0.64%.

A message from the Chair



Maria Wilton AM

Maintaining our momentum

It's been a year of strategic growth for Spirit Super as we continue capitalising on the exciting momentum ignited by the Tasplan/MTAA Super merger in 2021.

Over the past two years our member numbers have significantly increased, we've kept fees low, and our enhanced investment capabilities and scale have helped us navigate market volatility and rising inflation and manage increased regulatory requirements.

Importantly, we've continued to improve our products and services to help you better understand and get more out of your super. This includes expanding our advice offering to support your retirement and enhancing our insurance offering to be more member-focused.

Supporting you and your super

Our commitment to providing you the best service and advice is unwavering.

This year our Hobart-based contact centre boasted a sky-high post-contact member satisfaction score of 94%. We were also once again named best for customer experience in super by Customer Service Benchmarking Australia (CSBA), ranking more than 10% above our nearest competitor.⁹

This means when you call, email or chat with us online, we get you the information and support you need when you need it.

Over that past 12 months, we have maintained our SuperRatings Platinum status as a 'Best Value for Money Fund' for our MySuper and pension products. The same products also kept their Star rating from the Heron Partnership and a 5 Apple Highest Quality Fund rating from data analyst firm Chant West.⁹

Pleasingly, we have also been awarded 'Best fund for value' by WeMoney and were a finalist for their young members, service, innovation and best industry fund category.⁹

Supporting our regions

Regional centres are vital to Australia's economy and play a massive part in securing our nation's prosperity.

Last year we kicked off a regional engagement program to better connect, engage and support members and employers living in regional areas. This included recruiting a dedicated Regional Partnership Manager in Newcastle to help forge meaningful business and community partnerships across the Hunter region.

Since then, we've engaged with members at the Newcastle Regional Show, toured our 'Find Your Super' pop-up shop at local shopping centres and run a host of onsite education sessions in the region.

We also proudly support local initiatives to strengthen and support local businesses and communities, including the Newcastle Business Club, Westpac Helicopter Service, and Hunter Young Professionals.

A highlight this year was our support of school-based apprentices attending Hunter Trade College. This saw us offer four \$1,500 scholarships to cover the cost of tools and other equipment needed to complete training in automotive, construction, and electrical and metal engineering — critical skills that will help build a brighter future for us all.

In the coming year, we will expand our regional engagement, with a new Regional Partnership Manager starting in Geelong in late 2023.

⁹Awards are only one factor to be taken into account when deciding how to invest your super. For details on the awards see page 6.

A MESSAGE FROM THE CHAIR



Planning for a bright future

Growth is a vital part of our long-term strategy to deliver an efficient, sustainable and value-driven fund. Pursuant to this strategy, on 1 June 2023, Spirit Super entered a binding agreement to merge with CareSuper.

This decision came after over six months of due diligence to ensure any merger would be in the best financial interest for you, our members.

CareSuper and Spirit Super share a mutual vision to create a national, mid-sized fund that provides a distinct point of difference in the market.

When complete, the merger will create a combined fund with more than 500,000 members and almost \$50b in funds under management.

This is expected to deliver many member benefits, including:

- maintaining our low fees, strong returns and greater confidence in retirement
- industry-leading customer satisfaction and innovation
- financial sustainability through scale, market presence and in-house expertise.

The merger is expected to be finalised in late 2024. Until then, it will be business as usual for both funds.

In the coming financial year, there will be no change to your membership or services, and we remain dedicated to giving you the same service and reliability you expect.

We'll be sure to keep you up to date on any merger progress throughout the year.

Thanking our winning team

I want to thank my fellow Trustees, our Executive Team, and the Spirit Super staff for their warm welcome to the fund and outstanding contributions throughout the year.

I'd especially like to acknowledge the fantastic leadership of my predecessor Naomi Edwards.

As Chair of Spirit Super and its predecessor funds for 11 years, Naomi leaves a legacy every Spirit Super member should be very proud of. Through her term, she helped us grow, strengthen and evolve into the \$25 billion national award-winning fund we benefit from today.

I'd also like to thank long-term board member and Chair of our Investment Committee Sue Dahn, who wrapped up a stellar 12 years with us in June 2023.

In 2021, Sue was named the Trustee of the Year by the Australian Institute of Superannuation Trustees. Her strategic and financial acumen has made her a valued contributor to the fund and wise counsel to fellow executives.

Finally, thank you to our members and employers for your ongoing confidence and support. You can rest assured we're working hard for you and your future.

Maria Wilton AM

Spirit Super Chair

A message from the CEO



Jason Murray

Solid ground in tough times

Though the uncertainty of the pandemic is largely behind us, it's been a challenging year for many Aussie families and businesses. Interest rates and the cost of living have risen sharply and the conflict in the Ukraine is still a source of global concern.

The good news is your super continues to work hard for you and your future.

Investment performance¹⁰

After challenging investment conditions in 2021-22, share markets rebounded positively this financial year, helping us deliver positive returns across all investment options.

As at 30 June 2023, our Balanced (MySuper) investment option achieved a return of 9.19% for the financial year, and our pension Balanced option returned 10.34% for the period.

More importantly, our long-term performance remains strong.

Our Balanced (MySuper) option — our most popular option — has outperformed the average MySuper fund over one, five and seven years. It's also been ranked in the top 10 performing MySuper funds for ten-year returns by SuperRatings.

Looking forward, we believe our investment strategy is well-positioned to navigate short-term market turbulence while giving us the confidence to pursue compelling long-term investment opportunities.

A prime example is our recent purchase of a 30 per cent stake in Victoria's second largest port, GeelongPort.

GeelongPort manages over \$7 billion in trade annually and contributes more than 1,800 jobs across the state. It's also the proud mainland berth of Tasmania's beloved *Spirit of Tasmania* ferry service.

Apart from adding significant value to your super and the Victorian and Tasmanian economies, this is the first directly held infrastructure asset largely sourced, negotiated and secured by our internal investment team — another indication that our increased scale and enhanced capabilities are driving excellent outcomes for your super.

Insurance savings and improvements

Insurance is often an overlooked super benefit but it can provide an important financial safety net for you and your family.

In March 2023, we negotiated a new rate guarantee with our insurer, MetLife. This will save our insured members approximately \$51 million collectively in insurance fees over three years.

These savings come from a reduction in fees for death cover and total and permanent disablement cover of between 14.2% and 24.8% (depending on the cover held) and a reduction of 7.7% of insurance fees for income protection cover.

This means better value for your cover and less impact on your overall super balance.

We also introduced a pause on insurance fees for members taking parental leave.

Under this change, eligible members can apply to have insurance fees waived for up to 12 months while on employer-approved parental leave.

Currently, employers don't have to pay super on parental leave, which means super balances often stagnate or leak fees when parents take a break from work to have and raise kids.

Given that 87% of parental leave is taken by women¹¹, this directly contributes to women retiring on average with one-third less super than men.

By waiving fees for parental leave, we can help preserve super balances and provide peace of mind for growing families when they need it most.

¹⁰Past performance isn't a reliable indication of future performance. | ¹¹[Australia's Gender Scorecard \(Dec 2022\)](#) — Workplace Gender Equality Agency.

A MESSAGE FROM THE CEO

360Health Virtual Care

If the pandemic taught us anything, it's that strong mental and physical health are essential ingredients to happiness. They're also vital to helping you earn and get the most out of your super when you retire.

To help you and your family be happy and healthy, we've partnered with MetLife to offer safe, confidential and convenient access to online health services through 360Health Virtual Care.

360Health Virtual Care allows you and your family to book appointments with qualified mental health specialists, general practitioners, dietitians, and fitness and recovery experts from the comfort of your home.

This service is available to you and your family at no additional cost — it's all covered in your regular member fees.

It's just another example of how your super can benefit you now and in the future and I would encourage all our insured members to explore this new service

Super changes

There were no surprise super announcements in the 2023–24 Federal Budget. However, the Government did flag changes that may affect how your super is paid and taxed in the future.

Most notable was the start of payday super from 1 July 2026. Under this change, employers must pay super contributions each payday instead of once per quarter.

With the ATO estimating that \$3.4 billion worth of super went unpaid in 2019–20¹², payday super will make tracking super payments easier to ensure you're not missing out. It also means you may receive super payments more often, which can significantly boost your super balance over time — particularly for low-income and casual workers.

According to the ISA, workers affected by this change could be up to \$50,000 better off at retirement¹³ — enough to fund a whole year of modest retirement for the average couple¹⁴.

For more information about super changes, see page 48.

¹²[Superannuation guarantee gap: latest estimates and trends \(Oct 2022\)](#) — Australian taxation Office. | ¹³[The government moving to payday super will get millions of Australians the super they are owed \(May 2023\)](#) — Industry Super Australia. | ¹⁴[ASFA Retirement Standard \(Mar 2023\)](#) — The Association of Superannuation Funds of Australia.

Thanks to Team Green

I want to thank our Board, Executive Team, and service providers for their passion and hard work throughout the year.

I'd also like to thank the Spirit Super staff (#teamgreen) for their ongoing commitment and dedication to supporting our members — whether in person, over the phone, online or in their workplaces and communities. You really are the *spirit* in Spirit Super.

Last but certainly not least, thanks to our members and employers for your continued loyalty and support. As always, everything we do is to benefit you and your super so you can enjoy a safe, secure and dignified retirement.

Jason Murray
CEO Spirit Super

Our Board of Directors



Maria Wilton AM

Independent Chair

Appointed 1 December 2022

Committee membership

- Investment Committee (Chair from 1 July 2023)
- People & Culture and Remuneration & Nomination Committee
- Risk Committee
- Finance, Audit and Compliance Committee (observer from 1 July 2023)
- Member Benefits and Services Committee (observer from 1 July 2023)

Qualifications

- Bachelor of Economics, University of Tasmania
- Fellow, AICD
- Fellow, Australian Institute of Superannuation Trustees
- Chartered Financial Analyst Charterholder

Background

Maria has 30 years of experience in business, finance, and governance, having held leadership positions in investment management and superannuation, with a deep understanding of the profit-for-members superannuation sector.

Maria is a Director of Victorian Funds Management Corporation, Dexus Wholesale Property Fund, Deputy Chair of Infrastructure Victoria, Member of the global Board of Governors of the Chartered Financial Analyst Institute, and Member of the State Investment Advisory Board (Queensland). She has extensive experience as Chair of Business forums and governance of superannuation funds. Maria was formerly Chair and Country Head of the Australian business of Franklin Templeton, a globally listed investment manager.



Susanne Dahn

Independent Director

Appointed 1 January 2012
(ceased as a Director on 30 June 2023)

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 a 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



Anne O'Donnell

Independent Director

Appointed 1 March 2017

Committee membership

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

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 the Winston Churchill Memorial Trust, a member of the Compliance Committee of UBS Global Asset Management (Australia) Ltd and a member of the Audit Committee for the National Capital Authority. She's also the Industry Representative on the Banking Code of Compliance Committee and Chair of the ACT Long Service Leave Authority.



Tom Lynch

Member-Representative Director

Appointed 1 April 2021

Committee membership

- People & Culture and Remuneration & Nominations Committee
- Member Benefits and Services Committee
- Finance, Audit and Compliance Committee

Qualifications

- Member, AICD

Background

Tom is a Member-Representative Director nominated by Unions Tasmania. Tom was a Director of Tasplan from 2020 until the fund merged to become Spirit Super in April 2021. Tom led a Tasmanian Branch of Australia's main public sector union, the CPSU, from 2003 until 2020. He's 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



Rhonda O'Donnell

Member-Representative Director

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.



David Smith

Member-Representative Director

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 is a Member-Representative Director nominated by the Australian Manufacturing Workers' Union. David has over 25 years of experience as a union official and was an AMWU Assistant National Secretary and the Chairperson for the Federation of Vehicle Industry Unions.

OUR BOARD OF DIRECTORS



Jessica Munday

Member-Representative Director

Appointed 1 April 2021

Committee membership

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

Qualifications

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

Background

Jessica is a Member-Representative Director nominated by Unions Tasmania. 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).



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 Employer-Representative Director nominated by the Motor Trades Association of Australia Ltd. 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 VACC Used Car Traders Committee and a member of the VACC Industry Policy Council.

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

OUR BOARD OF DIRECTORS



Susan Parr

Employer-Representative Director

Appointed 1 April 2021

Committee membership

- Member Benefits and Services Committee
- Risk Committee

Qualifications

- Bachelor of Arts, University of Tasmania
- Graduate Diploma of Education (Early Childhood), University of Tasmania
- Member, AICD

Background

Susan is an Employer-Representative Director nominated by the Tasmanian Chamber of Commerce and Industry Ltd. She was a Director of Tasplan from 2015 until the fund merged to become Spirit Super in April 2021. Susan graduated from the Harvard Business School Program on Negotiation in 2006 and was CEO of St Ann's Homes from 1997 to 2016. Susan has over 30 years of 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.



John Mazengarb

Employer-Representative Director

Appointed 1 April 2021

Committee membership

- Finance, Audit and Compliance Committee (Chair)
- People & Culture and Remuneration & Nomination Committee

Qualifications

- Bachelor of Commerce, University of Tasmania
- Fellow, Institute of Chartered Accountants
- Fellow, Chartered Secretaries Australia
- Fellow, Governance Institute of Australia
- Member, AICD
- RG146 Superannuation

Background

John is an Employer-Representative Director nominated by the Tasmanian Chamber of Commerce and Industry Ltd. 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 of 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 the planning and delivery of major transformation projects.

John is a past National President (2020), Non-Executive Director, National Councillor of the Governance Institute of Australia. He's 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 Mafematica Pty Ltd and Executive Director of GSD Advisors Pty Limited. He is also a Non-Executive Director of The Public Trustee Board of Tasmania.

OUR BOARD OF DIRECTORS



Geoffrey Lowe

Employer-Representative Director

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
- Diploma of Superannuation, AIST

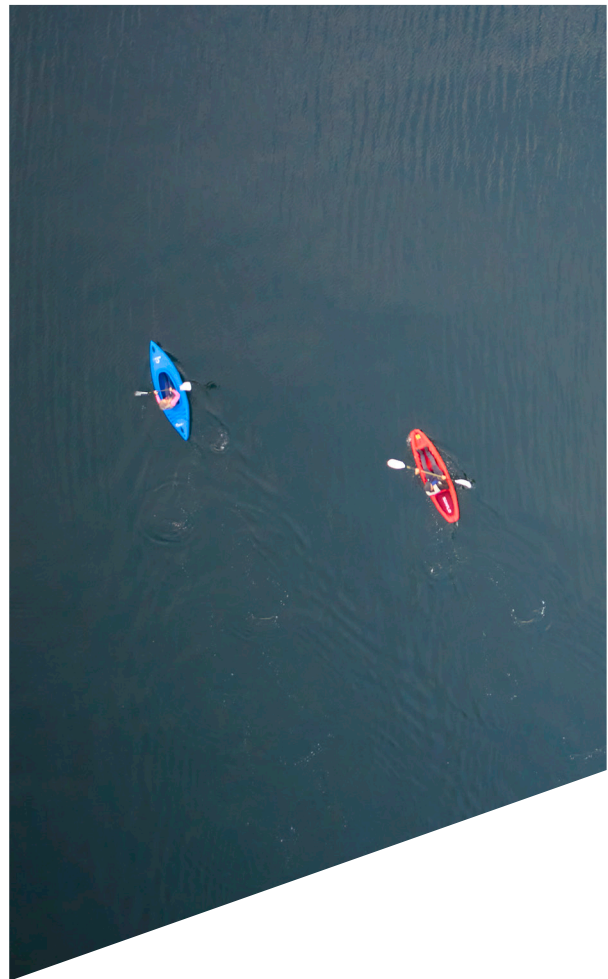
Background

Geoff has extensive experience in the automotive industry, particularly in compliance, finance and accounting, marketing, and business management.

Geoff is a Board Member and former President of the Motor Traders Association of NSW. He is currently the Director of Motor Trades Care and Chair of the Governing Council. He is also 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.

Directors as at 30 June 2023 and Committee details are on page 51.



We encourage our staff to engage with their super because it is such an important part of their overall financial wellbeing, but we certainly aren't the experts in that space. A lot of our staff don't have time to travel into the city to visit the Spirit Super office, so it's really convenient to have a Spirit Super representative come out to us.

Marinova, a Spirit Super employee.

Our Executive Team

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

During the 2022–23 financial year, there were some movements in the Executive Team.

We farewelled Grace Angeles from the role of Chief Finance Officer on 31 July 2022 and John Dyer from the role of Acting Chief Finance Officer on 31 August 2022.

We welcomed May Lim in the role of Acting Chief Finance Officer on 5 September 2022 and Will Sadler in the role of Chief Risk Officer on 9 January 2023.



Jason Murray

Chief Executive Officer

BBus, PostGradDip (Mgt), GAICD

Appointed 21 February 2022

Qualifications

- Bachelor of Business
- Post Graduate Diploma in Management
- Graduate, AICD

Background

Jason was appointed CEO in February 2022 and leads our day-to-day operations. He has over 25 years of financial services experience, having held leadership roles in banking, insurance and superannuation in Australia and the UK. With a strong track record of innovation and transformation, Jason is passionate about building strategies and cultures that deliver superior outcomes for members. He is also a Director of Industry Super Australia (ISA).

Away from work, Jason loves spending time with his family in the great outdoors and on winter weekends can get a little over enthusiastic while watching his kids play sport.



Kathleen Crawford

Chief Operations Officer

MAICD

Appointed 1 April 2021

Qualifications

- Member, AICD
- Graduate, PROSCI Change Management Certification

Background

Kathleen has over 25 years experience in the financial services industry holding a number of senior management positions throughout her career. Kathleen has a broad range of experience across a range of management roles including operations, marketing, strategy and change programs.

In her spare time Kathleen enjoys exploring the world, both at home and overseas.

OUR EXECUTIVE TEAM



Ningning Lyons

Chief Strategy Officer

CA, GAICD, BBus

Appointed 1 April 2021

Qualifications

- Chartered Accountant CA
- Graduate, AICD
- Bachelor of Business

Background

Ningning is responsible for strategy, product, marketing, growth and partnerships at Spirit Super. Ningning has over 11 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 a mum to three beautiful young children, one fur child and three fish children. She enjoys supporting the local community through serving on not-for-profit boards that support gender equality and empowering women.



Dr 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 a senior investment leader for First State Super.

Ross has a deep affiliation with the Australian bush and is an avid mountain biker as well as the publisher of his local community newspaper.

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, AICD

Background

Robyn has over 20 years of people and culture experience and has worked in the superannuation industry since 2012. Previously, Robyn has worked as a senior people and culture professional in retail, hospitality, and gaming. Robyn specialises in large cultural transformational change events and has been an integral part of helping the organisation complete several successful mergers over the past 10 years.

Outside of work, Robyn is a mum to one amazing child and two crazy fur children, Robyn enjoys cooking and holidaying in warm locations.



May Lim

Acting Chief Finance Officer

BBus (Hons), CPA, GAICD

Appointed 5 September 2022

Qualifications

- Bachelor of Business (Hons)
- Certified Practising Accountant (CPA)
- Graduate, AICD

Background

May is Acting Chief Finance Officer of Spirit Super. She joined Tasplan in 2017 until the fund merged to become Spirit Super in April 2021. May has over 13 years of experience as a finance professional. Previously, she has held Chief Financial Officer and senior management roles in superannuation, retail, mining, construction, and utilities.

May is proud fur-mum to a hyperactive border collie, a spreadsheet enthusiast and an avid traveller on a quest for the world's most delectable ramen bowls.

Would you believe now I'm retired, Rhonda makes appointments to see me at home? That's loyalty and why I feel that I am not just a number.

Dan, Qld, Spirit Super member.

OUR EXECUTIVE TEAM



Alex Mehl

Chief Technology Officer

BIS, MBA, GAICD

Appointed 16 May 2022

Qualifications

- Master of Business Administration
- Bachelor of Information Systems
- Graduate, AICD
- High Potentials Leadership Program, Harvard Business School
- Executive Certificate in Strategy and Innovation, MIT Sloan

Background

Alex has over 20 years of experience leading technology in listed and private organisations. He's previously held executive and senior leadership roles in consulting, mining, civil construction, agriculture and manufacturing.

Alex is father to one young boy and enjoys modern performance cars, motorsport, and generally getting out of the house to explore with his wife.



Will Sadler

Chief Risk Officer

BCA, CA

Appointed 9 January 2023

Qualifications

- Chartered Accountant
- Bachelor of Commerce and Administration - Victoria University of Wellington

Background

Will is an experienced chartered accountant with a background in risk management and internal audit. He has a strong understanding of the financial services industry, having spent nearly 20 years in various roles with Australian Retirement Trust, the QSuper Group, BOQ, and Westpac. Will was previously the General Manager of Risk & Assurance at Australian Retirement Trust and Chief Risk Officer of QInsure.

Will believes that culture eats strategy for breakfast. To promote robust risk management and positive risk culture, he has often appeared in fancy dress, including as a risk ninja, fashion(less) model and a flamingo. When he is not playing dress-ups, he lives vicariously through the achievements of his two teenage children.

Rebecca, Spirit Super member



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A message from the Chief Investment Officer



Dr Ross Barry

Market update

Solid performance outcomes

Investment markets continued their volatile journey over the 2022–23 financial year. Overall, share markets generally recouped their losses from early 2022. However, some bond markets once again posted negative returns. One of the most notable developments is that we have seen the sharpest and greatest succession of cash rate hikes in history by the Reserve Bank of Australia (RBA), aimed at combatting high inflation levels arising out of the COVID-19 pandemic and recovery.

Our investment options performed well against this market backdrop. Our Balanced (MySuper) option achieved a 9.2% return for the year, which placed us slightly ahead of many other industry funds.¹⁵

The Balanced (MySuper) option's performance was above regulatory benchmarks. Our Balanced (MySuper) option passed the government's *Your Future, Your Super* annual performance test in 2023, as it has done every year since the test was first introduced in 2021. APRA also reported that the 8-year net investment return of this option outperformed its benchmarks in the 2022 MySuper Product Heatmap.

This was the first year that the *Your Future, Your Super* annual performance test was rolled out more broadly across our investment option suite. We received a successful result across all Trustee-directed options.

¹⁵Past performance isn't a reliable indicator of future performance.

Interest rates and ongoing inflation pressures

Inflation remained a dominating force over the past year. Annual Australian CPI hit a 25-year high in December 2022. Rising costs of food, fuel and housing (including rent and construction) were among the factors pushing the cost of living up. Responding to this pressure, the RBA repeatedly raised rates, with 10 out of its 11 monthly meetings spelling increases to the baseline target. Although CPI fell slightly in June 2023, it's still well above the central bank's target.

Globally, other major economies also continued to battle inflationary pressures. After multiple hikes taking the US Federal Funds target rate from 1.50–1.75% p.a. to 5.00–5.25% p.a. over the financial year (and another subsequent hike in July 2023), the US has made progress in reducing inflation. Despite this and early, tentative signs that the US labour market may be starting to cool, the US Federal Reserve has warned markets that further hikes may be necessary.

Inflation measures in key Eurozone economies remain stubbornly high, notwithstanding some moderation from peak levels reached in late 2022. Eurozone interest rates are currently at their highest level since the year 2000. In yet another similar trend, UK interest rates were raised eight (8) times during the last financial year and have continued to rise since, as the Bank of England continues to try to diffuse inflation that peaked at double digits towards the end of 2022.

Japan's inflation has also risen from near-zero levels that persisted for many years until 2022, but at a current annual rate of 3.3%, the Bank of Japan hasn't yet increased rates to control inflationary pressure. China is an even greater outlier, with CPI coming in at zero for the year to June 2023 and turning negative in July. Despite the Chinese economy reopening after three years of a COVID-19-driven lockdown, growth has been slower than expected, hindered by factors such as changing export dynamics, ongoing property market concerns, substantial youth unemployment and geopolitical tensions.

A MESSAGE FROM THE CHIEF INVESTMENT OFFICER

Banking crises

Rising interest rates have had material effects on financial institutions around the globe. In March 2023, the US regional banking system went into crisis mode sparked by the closure of Silicon Valley Bank and other smaller banks. The failures were driven by large, unexpected deposit outflows from customers, predominantly US technology companies and venture capital funds. The banks were forced to sell significant portions of their US Treasury bond holdings to satisfy the outflows at a time when rising yields had dramatically eroded their value, crystallising losses as a result.

Global banks weren't immune to the pressures. Notably, global investment bank Credit Suisse suffered a lack of funding support and was forced into an emergency take-over by UBS (another multinational investment bank) in June 2023.

Equity market recovery

Share markets made up for their weakness from the 2021-22 financial year, with major developed market indices finishing 30 June 2023 at similar or higher levels than they started at 24 months before.

Notwithstanding the challenging backdrop of high inflation and tightening monetary policy, listed equities proved resilient, indicating that investors are hopeful inflation concerns will subside. Positivity from China's reopening and ongoing robust economic growth also helped.

Technology stocks remain a dominant force in US equity markets, buoyed by optimism around the future of artificial intelligence. During the first half of the 2023 calendar year, the five largest US tech stocks accounted for 80% of the US stock market's return, exacerbating the divergence in share market returns by sector and size.

Geopolitical tensions

Unfortunately, there is still no resolution to Russia's conflict with Ukraine. Alongside the enormous and very distressing humanitarian disaster, the global economy continues to be impacted by financial sanctions, commodity price pressures and supply chain disruptions.

China remains at odds with several Western countries, including the United States, with increasing friction over Taiwan. Demonstrating the impact of the tension, US imports of Chinese goods fell by 25% over the first half of 2023 as the deglobalisation trend gains more and more traction. Toward the end of the year, there were also nascent signs of an economic slowdown in China and this is now a key watchpoint for us.

New assets

We completed several new investments during the 2022-23 financial year.

We continued to invest in compelling opportunities in regional Australia, notably through the acquisition of GeelongPort in Victoria alongside our investment partner, Stonepeak. This deal demonstrates the benefits of our increased scale, capabilities and capacity as a fund, and our commitment to 'impact investing'.

Our future outlook

We remain focused on the impact of inflation on our investment portfolios. The good news is inflation pressures in some regions appear to be receding, particularly in the US and Europe. But levels remain uncomfortably high for central banks.

A key theme emerging during the last financial year has been the disconnect between central banks and market forces. Despite the persistent pattern of rate hikes and announcements that central banks expect to continue tightening, bond markets continue to price in expectations of rate cuts by the end of the 2024 calendar year. Treasury yield curves have become 'inverted' (where long-end rates are lower than short-end rates), a sign that bond investors believe economies will slow down and interest rates will fall in due course.

Our base case continues to reflect higher levels of inflation and volatility in markets in the short term, although we note the challenges associated with predicting the direction markets will take. A lot of uncertainty persists around future market and economic conditions, which can materially affect investment performance. We also remain cognisant that factors like rapidly evolving technology and future policy shifts may mean risk assets continue to perform strongly over the medium term. We try to take these factors into account in our portfolio positioning.

Portfolio positioning

Market volatility can have sizeable impacts on our portfolios, many of which hold large portions of funds in growth assets such as Australian and international shares.

Diversification remains paramount to us in navigating through these periods of uncertainty. Our pre-mixed options hold exposure to listed shares and bonds, with bonds being better placed today than in recent years to deliver diversification benefits during market turmoil.

We also hold exposure to high-quality 'real assets' such as infrastructure and property, whose market values aren't directly linked to movements in listed markets.

Importantly, we remain agile in increasing or decreasing our exposure between growth and defensive asset classes. This allows us to navigate evolving market conditions and do our best to protect members' balances when considering their risk tolerances.

Commitment to responsible investing

We take our responsibilities as a large asset owner seriously, and they're reflected throughout our investment processes. We believe proactive management of environmental, social and governance (ESG) risks and opportunities improves the robustness of our decision making and helps us to achieve our long-term investment objectives.

We believe we have a critical role in adapting to the increasing financial risks of climate change and other ESG issues that may affect our members' retirement savings. Given our size and presence in the market, we recognise the need to consider our ESG footprint in terms of risk management (ESG integration) and our investment opportunities producing positive and measurable environmental and social outcomes (ESG impact).

Our impact investing priorities

Our ESG impact strategy focuses on targeting new opportunities that play to our strengths. We have two priority areas:

- 1. Supporting the transition to a low carbon economy.** We support the global action of the 2015 'Paris Agreement' encouraging nations to undertake efforts to reduce CO₂ emissions to limit the global temperature increase to well below 2 degrees Celsius. As a large asset owner, we recognise that inaction on climate change has the potential to lead to an erosion of long-term investment returns. We continue to invest in low-carbon modes of production, renewable

energy generation and new technologies where there is a compelling investment case.

As part of our commitment to impact investing, we aim to reduce our attributable carbon footprint by 50% by 2030, compared to a 2021-22 baseline. This means a 50% reduction in our attributable CO₂ financed emissions and a 50% reduction in our attributable fossil fuel reserves.

2. Supporting Australian small and medium businesses and strengthening communities.

We look to partner with small- and medium-sized companies at the forefront of innovation and emerging technologies. We seek to back businesses that create employment opportunities and strengthen local communities, including in regional areas of Australia. Our investment in the Victorian Business Growth Fund is a good case in point.

Working towards our ESG goals

As a large investor, we actively exercise our share ownership rights, including voting on important shareholder resolutions, where practicable. We engage with listed companies that form part of our Australian shares and global shares asset classes through the Australian Council of Superannuation Investors (ACSI) – an expert adviser on ESG matters – on material ESG issues. These issues include climate change, human and labour rights, indigenous relations and board or executive remuneration among other things.

In January 2023, we invested in Sustainable Energy Infrastructure's Project SEIRA 2.0 to fund 12 small-scale solar farms and battery energy storage systems. The project contributes to Spirit Super's ESG targets of supporting the transition to a low-carbon economy and regional Australian development in South Australia, New South Wales and Victoria.

The project is expected to deliver renewable electricity to around 44,000 homes and abate around 587,000 tonnes of CO₂ emissions when fully delivered.

We have also dedicated significant time to assessing the climate risk of our investment portfolio. This includes evaluating its carbon footprint and making progress towards our aim of reducing the total footprint by 50% by 2030 compared with a 2021-22 baseline, in line with the *Paris Agreement* recommendation of limiting warming to 1.5 degrees Celsius.

Dr Ross Barry
CIO Spirit Super

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 (such as shares, private equity and some infrastructure and property assets) and defensive investments (such as 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're buying a share of a company that can be traded on a stock exchange. You can access small and large companies across a range of 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 a high-risk investment with the potential for short-term negative returns. However, they also have the potential for higher returns than most other asset classes over the long term.

Infrastructure

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

Property

Property investments include exposure to both directly held property assets as well as 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. Generally, 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 a wide range of industries and various stages of development, from early-stage venture capital and those requiring expansion capital to grow, through to management-supported buyouts. 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 and 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 rate of interest 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. A floating rate security has a variable interest rate, whereas the interest paid by a fixed-rate security doesn't fluctuate. The bond's value fluctuates during its lifetime in response to a variety of factors, including changes in market interest rates.

Our investment in fixed interest securities may include government and credit securities of both a fixed and floating rate nature. There may be exposures to high yield securities and direct lending from time to time, including infrequently traded debt securities that exhibit greater credit risk and higher expected returns than government bonds. Capital gains or losses may also be incurred through movements in the price of fixed-interest investments, primarily arising from movements in interest rates and changes in credit risk. Fixed interest investments may provide higher returns than cash over the long term, but may also have negative returns in certain market conditions.

OUR INVESTMENT STRATEGY

Absolute return

Absolute return strategies cover a broad array of investments with exposure to a range of traditional markets, including high-yield credit, shares and commodities as well as other more esoteric markets such as catastrophe insurance. The unique exposures of each investment, taken together, mean that this asset class is designed to be relatively defensive in nature overall. Individual 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 than if we were solely invested in shares. Absolute return strategies aim to generate higher returns than cash returns but may produce negative returns from time to time.

Cash

Cash is made up of bank deposits, including term deposits and other short-term money market investments and cash instruments. Interest is generally received from cash investments. 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.

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 objective¹⁶

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 level¹⁷

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

Investment performance¹⁸

For **super members**, this option returned 9.09% a year over the 10-year period to 30 June 2023 against an investment objective of 6.57% per annum.

For **pension members**, this option returned 10.07% a year over the 10-year period to 30 June 2023 against an investment objective of 6.68% per annum.

Asset allocation¹⁹

Asset class	Strategic asset allocation %	Range %
Cash	4	0–10
Australian fixed interest	0	0–10
Global fixed interest	0	0–10
Absolute return	4	0–20
Property	6	0–20
Infrastructure	8	0–20
Australian shares	30	0–50
Global shares	40	0–50
Private equity	8	0–20
Growth assets	90	-
Defensive assets	10	-

¹⁶The investment return objective is after investment fees and costs, transaction costs and investment-related taxes. | ¹⁷Read our *Investment guide* or *Pension guide* available from spiritsuper.com.au/pds for more details about the risk measures that this risk level is based on.

| ¹⁸Past performance isn't a reliable indicator of future performance. | ¹⁹The strategic asset allocation can change from time to time. For the most up-to-date asset allocation, see our *Investment guide* or *Pension guide* available from spiritsuper.com.au/pds. The strategic exposure to 'growth' and 'defensive' assets is based on the definitions used in APRA's Heatmap for MySuper and Choice products.

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 heightened consideration given to environmental, social and governance risks.

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 objective²⁰

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 level²¹

Medium to high – risk band 5. You may expect 3–4 negative annual returns in a 20-year period.

Investment performance²²

For **super members**, this option returned 6.96% a year over the 7-year period to 30 June 2023 against an investment objective of 6.10% per annum.

For **pension members**, this option returned 7.96% a year over the 7-year period to 30 June 2023 against an investment objective of 6.39% per annum.

The investment performance before 1 April 2021 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.

Asset allocation²³

Asset class	Strategic asset allocation %	Range %
Cash	8	0–20
Australian fixed interest	4	0–30
Global fixed interest	6	0–40
Absolute return	4	0–20
Property	9	0–25
Infrastructure	9	0–25
Australian shares	25	0–35
Global shares	30	0–40
Private equity	5	0–20
Growth assets	75	-
Defensive assets	25	-

²⁰The investment return objective is after investment fees and costs, transaction costs and investment-related taxes. | ²¹Read our *Investment guide* or *Pension guide* available from spiritsuper.com.au/pds for more details about the risk measures that this risk level is based on.

| ²²Past performance isn't a reliable indicator of future performance. | ²³The strategic asset allocation can change from time to time. For the most up-to-date asset allocation, see our *Investment guide* or *Pension guide* available from spiritsuper.com.au/pds. The strategic exposure to 'growth' and 'defensive' assets is based on the definitions used in APRA's Heatmap for MySuper and Choice products.

Pre-mixed investment options

Balanced (MySuper) and Balanced

Description

This investment option aims to achieve strong returns by investing in a diversified mix of mainly growth assets as well as cash and fixed interest instruments.

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 objective²⁴

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 level²⁵

Medium to high – risk band 5. You may expect 3–4 negative annual returns in a 20-year period.

Investment performance²⁶

For **super members**, this option returned 7.02% a year over the 7-year period to 30 June 2023 against an investment objective of 6.10% per annum.

For **pension members**, this option returned 7.79% a year over the 7-year period to 30 June 2023 against an investment objective of 6.26% per annum.

Asset allocation²⁷

Asset class	Strategic asset allocation %	Range %
Cash	8	0–20
Australian fixed interest	4	0–20
Global fixed interest	6	0–30
Absolute return	4	0–20
Property	10	0–25
Infrastructure	10	0–25
Australian shares	23	0–40
Global shares	30	0–50
Private equity	5	0–20
Growth assets	74	-
Defensive assets	26	-

²⁴The investment return objective is after investment fees and costs, transaction costs and investment-related taxes. | ²⁵Read our *Investment guide* or *Pension guide* available from spiritsuper.com.au/pds for more details about the risk measures that this risk level is based on.

| ²⁶Past performance isn't a reliable indicator of future performance. | ²⁷The strategic asset allocation can change from time to time. For the most up-to-date asset allocation, see our *Investment guide* or *Pension guide* available from spiritsuper.com.au/pds. The strategic exposure to 'growth' and 'defensive' assets is based on the definitions used in APRA's Heatmap for MySuper and Choice products.

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 objective²⁸

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 level²⁹

Medium – risk band 4. You may expect 2–3 negative annual returns in a 20-year period.

Investment performance³⁰

For **super members**, this option returned 4.74% a year over the 5-year period to 30 June 2023 against an investment objective of 5.41% per annum.

For **pension members**, this option returned 5.39% a year over the 5-year period to 30 June 2023 against an investment objective of 5.90% per annum.

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.

Asset allocation³¹

Asset class	Strategic asset allocation %	Range %
Cash	15	0–40
Australian fixed interest	8	0–30
Global fixed interest	15	0–40
Absolute return	5	0–20
Property	6	0–20
Infrastructure	8	0–20
Australian shares	16	0–30
Global shares	22	0–35
Private equity	5	0–15
Growth assets	55	-
Defensive assets	45	-

²⁸The investment return objective is after investment fees and costs, transaction costs and investment-related taxes. | ²⁹Read our *Investment guide* or *Pension guide* available from spiritsuper.com.au/pds for more details about the risk measures that this risk level is based on.

| ³⁰Past performance isn't a reliable indicator of future performance. | ³¹The strategic asset allocation can change from time to time. For the most up-to-date asset allocation, see our *Investment guide* or *Pension guide* available from spiritsuper.com.au/pds. The strategic exposure to 'growth' and 'defensive' assets is based on the definitions used in APRA's Heatmap for MySuper and Choice products.

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 objective³²

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

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

Minimum suggested time frame

4 years.

Risk level³³

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

Investment performance³⁴

For **super members**, this option returned 2.82% a year over the 4-year period to 30 June 2023 against an investment objective of 5.03% per annum.

For **pension members**, this option returned 3.06% a year over the 4-year period to 30 June 2023 against an investment objective of 5.32% per annum.

Asset allocation³⁵

Asset class	Strategic asset allocation %	Range %
Cash	24	20-50
Australian fixed interest	12	5-50
Global fixed interest	22	15-60
Absolute return	5	0-20
Property	5	0-15
Infrastructure	7	0-15
Australian shares	9	0-20
Global shares	12	0-25
Private equity	4	0-10
Growth assets	35	-
Defensive assets	65	-

³²The investment return objective is after investment fees and costs, transaction costs and investment-related taxes. | ³³Read our *Investment guide* or *Pension guide* available from spiritsuper.com.au/pds for more details about the risk measures that this risk level is based on.

| ³⁴Past performance isn't a reliable indicator of future performance. | ³⁵The strategic asset allocation can change from time to time. For the most up-to-date asset allocation, see our *Investment guide* or *Pension guide* available from spiritsuper.com.au/pds. The strategic exposure to 'growth' and 'defensive' assets is based on the definitions used in APRA's Heatmap for MySuper and Choice products.

Pre-mixed 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 objective³⁶

CPI + 3% a year over rolling 5-year periods.

Minimum suggested time frame

5 years.

Risk level³⁷

Medium to high – risk band 5. You may expect 3–4 negative annual returns in a 20-year period.

Investment performance³⁸

The option returned 5.74% a year (after investment fees, costs and taxes) since commencement on 1 July 2019 to 30 June 2023 against a benchmark return of 6.99% per annum.

Investment performance to 30 March 2021 is for Tasplan's Long-term investment option, and is based on information provided to us by Tasplan.

Asset allocation³⁹

Asset class	Strategic asset allocation %	Range %
Cash	0	0–10
Australian fixed interest	11	0–20
Global fixed interest	20	0–40
Absolute return	0	0–15
Property	9	0–20
Infrastructure	10	0–20
Australian shares	19	5–35
Global shares	26	5–35
Private equity	5	0–15
Growth assets	64	–
Defensive assets	36	–

³⁶The investment return objective is after investment fees and costs, transaction costs and investment-related taxes. | ³⁷Read our *Pension guide* available from spiritsuper.com.au/pds for more details about the risk measures that this risk level is based on. | ³⁸Past performance isn't a reliable indicator of future performance. | ³⁹The strategic asset allocation can change from time to time. For the most up-to-date asset allocation, see our *Pension guide* available from spiritsuper.com.au/pds. The strategic exposure to 'growth' and 'defensive' assets is based on the definitions used in APRA's Heatmap for MySuper and Choice products.

Asset class investment options

Australian shares

Description

This investment option aims to maximise long-term investment returns through diversified investments in Australian shares. Returns are likely to be very volatile.

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 investment-related taxes.

Minimum suggested time frame

10 years.

Risk level⁴⁰

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

Investment performance⁴¹

The option returned 10.99% a year (before investment fees, costs, and taxes) over the 10-year period to 30 June 2023 against a benchmark return of 10.09% per annum.

Asset allocation⁴²

Asset class	Strategic asset allocation %	Range %
Cash	0	0–10
Australian shares	100	90–100
Growth assets	100	-
Defensive assets	-	-

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.

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, costs and investment-related taxes.

Minimum suggested time frame

10 years.

Risk level⁴⁰

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

Investment performance⁴¹

The option returned 10.72% a year (before investment fees, costs and taxes) over the 10-year period to 30 June 2023 against a benchmark return of 11.51% per annum.

Asset allocation⁴²

Asset class	Strategic asset allocation %	Range %
Cash	0	0–10
Global shares	100	90–100
Growth assets	100	-
Defensive assets	-	-

⁴⁰Read our *Investment guide* or *Pension guide* available from spiritsuper.com.au/pds for more details about the risk measures that this risk level is based on. | ⁴¹Past performance isn't a reliable indicator of future performance. | ⁴²The strategic asset allocation can change from time to time. For the most up-to-date asset allocation, see our *Investment guide* or *Pension guide* available from spiritsuper.com.au/pds. The strategic exposure to 'growth' and 'defensive' assets is based on the definitions used in APRA's Heatmap for MySuper and Choice products.

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 fixed interest instruments.

Type of investor

You're seeking moderate returns and to deliver some 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 fixed interest indices, hedged to Australian dollars before fees, costs and investment-related taxes.

Minimum suggested time frame

5 years.

Risk level⁴³

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

Investment performance⁴⁴

The option returned 0.16% a year (before investment fees, costs and taxes) over the 5-year period to 30 June 2023 against a benchmark return of minus 0.34% per annum.

Asset allocation⁴⁵

Asset class	Strategic asset allocation %	Range %
Cash	0	0-10
Australian fixed interest	35	0-60
Global fixed interest	65	40-100
Growth assets	-	-
Defensive assets	100	-

Cash

Description

This investment option aims to ensure security of capital and to limit year-to-year variability through investment in cash.

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, costs and investment-related taxes.

Minimum suggested time frame

0 years.

Risk level⁴³

Very low – risk band 1. You may expect less than 0.5 negative annual returns in a 20-year period.

Investment performance⁴⁴

The option returned 3.32% a year (before investment fees, costs and taxes) over the 1-year period to 30 June 2023 against a benchmark return of 2.89% per annum.

Asset allocation⁴⁵

Asset class	Strategic asset allocation %	Range %
Cash	100	NA
Growth assets	-	-
Defensive assets	100	-

! The asset allocation shown for each option is as at 30 June 2023. Performance disclosed for each investment option relates to the minimum investment horizon. Further performance details for our investment options are included on pages 42-44.

⁴³Read our *Investment guide* or *Pension guide* available from spiritsuper.com.au/pds for more details about the risk measures that this risk level is based on. | ⁴⁴Past performance isn't a reliable indicator of future performance. | ⁴⁵The strategic asset allocation can change from time to time. For the most up-to-date asset allocation, see our *Investment guide* or *Pension guide* available from spiritsuper.com.au/pds. The strategic exposure to 'growth' and 'defensive' assets is based on the definitions used in APRA's Heatmap for MySuper and Choice products.

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

	June 2022 (\$ millions)	June 2023 (\$ millions)
Cash		
Residual Cash	1,027.70	317.11
State Street Global Advisors	1,200.97	1,929.75
Term Cash	831.35	1,321.03
Australian shares		
Ausbil Investment Management	1,046.12	1,219.90
BlackRock Investment Management	1,049.67	830.13
Celeste Funds Management	243.13	265.66
DNR Capital	610.59	577.19
Eight IP Partners	220.98	4.86
Hyperion	282.70	346.15
IFM Investors	1,016.18	1,167.27
Schroder Investment Management	801.74	915.79
State Street Global Advisors	0.72	0.26
Tasfood	3.44	1.17
Tyndall Asset Management	0.00	366.94
WaveStone Capital	768.95	893.85
International shares		
Baillie Gifford International	326.68	514.98
HSBC Global Asset Management	1,734.79	1,978.66
MFS Investment Management	743.34	894.72
Ninety One	975.29	1,015.80
Pzena Investment Management	504.37	797.69
ReallIndex Investments	677.80	805.84
Robeco	296.38	0.00
Schroder Investment Management	889.89	1,085.21
State Street Global Advisors	0.55	0.89
T Rowe Price	245.15	161.31
Wasatch Advisors	364.06	441.51
Wellington Management	711.94	840.73

	June 2022 (\$ millions)	June 2023 (\$ millions)
Australian fixed interest		
BlackRock Investment Management	883.3	894.58
Metrics Credit Partners	158.70	411.54
QT Investment Management	125.73	0.00
Global fixed interest		
Alpha Trains Junior Debt	43.66	0.00
Residual	0.04	0.03
Shenkman Capital	164.92	265.26
TCW Asset Management Company	649.78	833.17
TDF Term Loan Portfolio	46.46	49.25
Wellington Management	198.05	0.02
Western Asset Management	592.07	736.50
Yorkshire Water Holdco Loan	58.54	0.00
Absolute return funds		
Elementum Advisors	92.07	241.47
Residual	0.04	0.00
Infrastructure		
AMP Capital Investors	99.76	107.83
Antin Infrastructure Partners	2.93	3.76
Direct Holdings ⁴⁶	1,400.18	1,736.56
IFM Investors	353.28	385.68
Macquarie Asset Management	255.03	332.66
Utilities Trust of Australia	232.94	250.71

⁴⁶Includes Spirit Super's investment in:

- Brisbane Airport, QLD
- Flinders Ports, SA
- Southern Water, UK
- Worsley Co-gen, WA
- Sustainable Energy Infrastructure, Aus
- ITE College West, Singapore
- Pioneer Public Properties, Norway
- Tasmanian Gateway Holdings, Tas
- Port of Geelong, Vic.

Investment summary of assets

	June 2022 (\$ millions)	June 2023 (\$ millions)
Property		
AMP	0.59	0.03
Charter Hall Group	590.57	592.00
Dexus Property Group	206.58	183.90
Direct Holdings ⁴⁷	1,018.14	939.09
Gresham Partners	0.73	0.51
Investa Property Group	134.91	125.75
Lendlease	338.75	316.32
Resolution Capital	221.59	0.13
Tasmanian Growth and Development Funds	24.33	0.00
Private equity		
Adams Street Partners	208.81	311.89
Allegro Funds	0.03	0.00
AMP	10.40	0.00
ANU Connect Ventures	12.70	13.97
Avenue Capital Group	14.87	17.78
CM Capital Investments	11.12	0.64
Direct Holdings ⁴⁸	77.68	90.81
HarbourVest Global Private Equity	21.01	16.55
IFM Investors	0.12	0.92
Intermediate Capital Group	9.70	9.31
Lexington Partners	36.32	30.22
Macquarie Asset Management	43.73	0.00
ROC Partners	93.08	204.98
StepStone Group	191.95	226.20
Terra Rossa Capital	0.30	0.30
Overlay – Currency ⁴⁹	-105.32	-78.94
Overlay – IRS ⁵⁰	5.95	-0.50
Overlay – Options ⁵¹	9.68	5.47
TOTAL	25,110.28	27,950.75

⁴⁷Includes 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.

⁴⁸Includes Spirit Super's investment in:

- BT Imaging Pty Limited, NSW
- Industry Funds Services
- IFM Holdings Pty Ltd.

⁴⁹Foreign currency hedge managers:

- Mesirow Financial Investment Management. Inc.

⁵⁰Interest rate swap overlay managers:

- Macquarie Investment Management Limited.

⁵¹Equity hedge overlay managers:

- Perennial Partners (divested after 30 June 2023)
- State Street Global Markets.

Our Education Specialists run seminars in every state and territory of Australia, with 2,992 session registrations this year. Members can also speak to an expert Superannuation Adviser right across the country, at no extra cost.

OUR ASSETS AND PERFORMANCE

Our investment managers

Here's a list of our investment managers that were engaged to manage investments in excess of 5% of total fund assets as at 30 June 2023.

Investment manager	Total % of fund
Schroder Investment Management Limited	7.10
HSBC Global Asset Management (UK) Limited	6.98
State Street Global Advisors	6.91
BlackRock Investment Management Limited	6.17
IFM Investors Pty Ltd	5.53

None of our direct or unlisted assets exceed 5% of the total assets of the fund as at 30 June 2023.

Our shareholdings

Here's a list of our 20 largest shareholdings for each of the Australian shares and international shares asset classes as at 30 June 2023.

Top 20 Australian shareholdings as at 30 June 2023

Rank	Ticker	Security name	Total % ⁵²
1	BHP	BHP Group	8.79
2	CSL	CSL Limited	6.41
3	CBA	Commonwealth Bank of Australia	5.06
4	NAB	National Australia Bank	3.72
5	ANZ	Australia and New Zealand Banking Group Limited	3.04
6	MQG	Macquarie Group Ltd	2.87
7	RIO	Rio Tinto Ltd	2.85
8	WDS	Woodside Energy Group Ltd	2.78
9	TLS	Telstra Group Limited	2.57
10	STO	Santos Limited	2.06
11	QBE	QBE Insurance Group Limited	1.93
12	ALL	Aristocrat Leisure Ltd	1.81
13	WES	Wesfarmers Limited Ord Fully Paid Shares	1.75
14	WOW	Woolworths Group Limited	1.70
15	WBC	Westpac Banking Corporation Ord Fully Paid Shares	1.51
16	IGO	IGO Ltd	1.13
17	SUN	Suncorp Group Limited	1.11
18	GMG	Goodman Group	1.10
19	RHC	Ramsay Health Care Ltd	1.09
20	CPU	Computershare Limited	1.09

Top 20 international shareholdings as at 30 June 2023

Rank	Ticker	Security name	Total % ⁵²
1	MIC-USD	Microsoft Corp	2.65
2	APP-USD	Apple Inc	1.81
3	VISA-USD	Visa Incorporated Class A Shares	1.68
4	UODINMTC	Odin Bidco As C Mt	1.45
5	XRO	XERO Ltd	1.45
6	AMZN-USD	Amazon Dotcom Inc	1.35
7	JHX	James Hardie Industries PLC CDI	1.35
8	ALPH-USD	Alphabet INC-CL A	1.24
9	RMD	Resmed Inc	1.23
10	NVDA-USD	NVIDIA Corporation	1.22
11	ASMH-NL	ASML Holding NV	1.20
12	ROG-CHF	Roche Holding AG Genussscheine	0.87
13	ALPC-USD	Alphabet INC-CL C	0.82
14	NEST-CHF	Nestle SA Reg	0.80
15	JAJ-USD	Johnson and Johnson	0.75
16	TESL-USD	Tesla Inc	0.73
17	FABO-USD	Meta Platforms Inc	0.71
18	TWS-TWD	Taiwan Semiconductor Manufacturing Company Ltd	0.68
19	SQ2	Block Inc – CDI	0.68
20	BKNG-USD	Booking Holdings Inc	0.64

⁵²The percentage of each company held within Spirit Super's total listed Australian and international shares portfolio, respectively.

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 39.

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 members⁵³

Investment option	2021-22		2022-23	
	Super ⁵⁴	Pension	Super ⁵⁴	Pension
Pre-mixed options				
Conservative	-0.33%	-1.01%	4.72%	5.43%
Moderate	-1.96%	-2.27%	6.92%	7.92%
Balanced (MySuper) or Balanced	-3.12%	-3.57%	9.19%	10.34%
Sustainable	-2.95%	-2.28%	9.74%	10.97%
Growth	-4.02%	-4.62%	12.01%	13.44%
Long-term (Managed Pension)	-	-2.12%	-	8.89%
Asset class options				
Cash	0.18%	0.21%	2.76%	3.26%
Diversified fixed interest	-8.02%	-9.35%	0.43%	0.52%
Australian shares	-4.86%	-4.99%	13.54%	14.86%
International shares	-10.48%	-12.49%	16.66%	18.90%

⁵³Past performance isn't a reliable indicator of future performance.

⁵⁴The Super column shows the returns for both our accumulation accounts and our Transition Pension accounts.

Compound returns for super members^{55, 56}

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
Pre-mixed options						
Conservative	4.72	3.58	3.38	4.59	4.85	1998
Moderate	6.92	-	-	-	3.69	2021
Balanced (MySuper)	9.19	7.50	5.79	7.84	7.47	1989
Sustainable	12.01	-	-	-	5.15	2021
Growth	9.74	9.45	7.04	9.09	7.27	1998
Asset class options						
Cash	2.76	1.18	1.18	1.55	2.93	2003
Diversified fixed interest	0.43	-2.41	0.04	1.52	3.59	2003
Australian shares	13.54	10.48	6.78	8.77	9.16	2003
International shares	16.66	10.80	7.47	9.52	6.44	2003

⁵⁵Past performance isn't a reliable indicator of future performance.

⁵⁶This table shows the returns for both our accumulation accounts and our Transition Pension accounts.



Compound returns for pension members⁵⁷

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
Pre-mixed options						
Conservative	5.43	3.90	3.72	5.18	4.39	2006
Moderate	7.92	-	-	-	4.16	2021
Balanced	10.34	8.33	6.42	8.76	5.42	2006
Sustainable	13.44	-	-	-	6.28	2021
Growth	10.97	10.45	7.70	10.07	6.45	2006
Long-term (Managed Pension)	8.89	-	-	-	5.06	2021
Asset class options						
Cash	3.26	1.24	1.40	1.83	3.15	2006
Diversified fixed interest	0.52	-2.84	0.03	1.88	4.10	2006
Australian shares	14.86	12.56	8.04	10.16	7.96	2006
International shares	18.90	11.58	8.09	10.32	5.71	2006

⁵⁷Past performance isn't a reliable indicator of future performance.

The thing I find most rewarding about my job is being able to help others. I had a member come up to me recently who'd lost her husband. He'd always looked after the finances. She didn't know what was going on with her super and didn't know how to log in to her account. So, I showed her how to download the Spirit Super app and helped her log in to her account. I showed her how she could update her details and even make a withdrawal within the app. She was so grateful that someone had taken the time to explain things in simple terms. When I get that sort of reaction, it's such a good feeling.

Terry, Education Specialist, Spirit Super staff member.

Defined Benefit funds

The Quadrant Defined Benefits Fund, Hobart City Council Defined Benefits Fund and Launceston City Council Defined Benefits Fund are closed and consist only of those members who haven't exited or transferred from the funds.

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 account 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 2023 for the defined benefit funds are shown below⁵⁸.

Fund	2022-23	2021-22	2020-21	2019-20	2018-19	Five-year average
Quadrant Defined Benefits fund	6.1%	-1.45%	12.47%	0.92%	5.70%	4.57%
Hobart City Council Defined Benefits fund	8.5%	-1.41%	18.24%	-0.20%	8.30%	6.40%
Launceston City Council Defined Benefits fund	9.3%	-0.61%	19.04%	0.60%	9.10%	7.20%

⁵⁸Past performance isn't a reliable indicator of future performance.



DEFINED BENEFIT FUNDS

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 2023.

Fund	Quadrant Defined Benefits fund	Hobart City Council Defined Benefits fund and Launceston City Council Defined Benefits fund
Asset class	Strategic asset allocation	
Cash	21.0%	8.0%
Australian fixed interest	8.0%	5.0%
Global fixed interest	15.0%	9.0%
Absolute return	0.0%	0.0%
Property	7.0%	9.0%
Infrastructure	8.0%	10.0%
Australian shares	15.0%	23.0%
International shares	22.0%	31.0%
Private equity	4.0%	5.0%

The strategic asset allocation may change from time to time. For the most up-to-date asset allocation, see our *Defined benefits fund guide* available from spiritsuper.com.au/forms/factsheets.

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 2023 were:

Fund	Indirect costs
Quadrant Defined Benefits Fund	1.27%
Hobart City Council Defined Benefits Fund	1.36%
Launceston City Council Defined Benefits Fund	0.56%

One of your super advisers Rhonda covered every aspect of my super, fully explaining it to me, repeating if necessary until I was comfortable I understood.

John, Qld, Spirit Super member.

Deanna, Spirit Super member



Governance

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Super changes

There were no surprise super announcements in the 2023–24 Federal Budget. However, the Government did introduce changes that may affect how often you're paid super and how your super is taxed. They also flagged several new measures to help reduce super underpayment and to better detect and recover unpaid super.

Super guarantee increase

On 1 July 2023, the super guarantee (SG) rate increased from 10.5% to 11%. 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%.

Payday super coming in 2026

From 1 July 2026, employers must pay employees' super at the same time as wages. Currently, employers must pay the SG at least quarterly. While most employers do the right thing, the ATO estimates \$3.4 billion worth of super went unpaid in 2019–20.

Payday super will make it easier for you to track super payments to ensure you're not missing out. It will particularly benefit those in lower-paid, casual and insecure work who are more likely to miss out when super is paid less frequently.

For employers, more frequent super payments will make payroll management smoother, with fewer super liabilities sitting on the books. The proposed 2026 start date will give employers, super funds, payroll providers and other parts of the super system enough time to prepare for the change.

If passed into law, this measure is proposed to start on 1 July 2026.

Impact on you: Your employer must pay your super at the same time they pay your wages. According to the ISA, affected workers could be \$50,000 better off at retirement.

Tax concession changes (for super balances above \$3m)

From 2025–26, the concessional tax rate applied to future earnings on balances above \$3 million will be 30 per cent.

This means anyone with total super balances over \$3 million at the end of a financial year will pay an additional tax of 15 per cent on the earnings on any balance that exceeds the \$3 million threshold. This tax is in addition to any tax super funds pay on earnings in accumulation.

Interests in defined benefit schemes will be appropriately valued and will have earnings taxed under this measure in a similar way to other interests.

If passed into law, this measure will start on 1 July 2025.

Impact on members: If you have a super balance over \$3 million, you will pay more tax. This is expected to apply to around 80,000 people in Australia.

Minimum age for downsizer contribution reduced to 55 years

On 1 January 2023, the minimum age for downsizer contributions was reduced from 60 to 55 years.

Now, eligible individuals aged 55 years or older can choose to make a downsizer contribution into super of up to \$300,000 per person (\$600,000 per couple) from the proceeds of selling their home. Other conditions apply. See our *Thinking of downsizing your home?* fact sheet for full details.

Impact on members: You can now make downsizer contributions into super earlier.

SUPER CHANGES

End of reduced minimum pension drawdown rate

On 1 July 2023, the minimum account-based pension drawdown rates reverted to pre-COVID levels.

The minimum drawdown rate sets the minimum amount pensioners must draw from their super each year.

In 2020, the Government temporarily reduced the rate by 50% as part of its COVID-19 economic response.

Impact on pension members: The minimum amount you must draw down from your pension each financial year reverted to the standard minimum amounts on 1 July 2023. Your exact drawdown rate depends on your age. For details, read our *Pension guide* at spiritsuper.com.au/pds.

Increased funding for ATO compliance for underpayment of super

The Government will provide \$40.2 million to the ATO in 2023–24 to improve unpaid super recovery rates. This consists of:

- \$27.0 million to improve data matching capabilities to identify and act on cases of SG underpayment by employers
- \$13.2 million for consultation and co-design.

The Government has also set new targets for the ATO to increase the detection of SG underpayments, raise debts, and return recovered super to members.

Impact on members: The ATO will be able to detect and recover super underpayments more quickly and efficiently.

Improving engagement with taxpayers

The ATO will receive additional funding to help them engage more effectively with businesses to address the growth of tax and superannuation liabilities. This funding will happen over four years from 1 July 2023.

The additional funding is aimed at facilitating engagement with:

- taxpayers who have high-value debts over \$100,000
- aged debts older than two years where those taxpayers are either public and multinational groups with an aggregated turnover of greater than \$10 million or privately owned groups or individuals controlling over \$5 million of net wealth.

Impact on members: The Government estimates these measures will result in \$12.3 million in outstanding unpaid super.

Conversations with our customer service officers can prove life-changing. Holly and Anthony from our award-winning contact centre supported a member who was in a state of distress at the rising cost of living. Helping the member to conduct a find and combine search for lost or ATO-held super uncovered four other super accounts – two of which the member was unaware of – with a combined total of more than \$400,000 in savings.

“To be able to help this member and lift such an enormous weight off his shoulders has really made us feel good about why we are here and why we do what we do,” Anthony said. “The member told us he didn’t even have to think about rolling in the funds to his Spirit Super account after the fabulous customer service he has had.

Anthony, Spirit Super staff member.

Reporting, regulatory, and administrative changes

Australian super system review

As part of its review of the Australian super system (announced in 2022), the Government has consulted with super funds and other stakeholders and released regulations to update the annual superannuation performance test from August 2023. These updates are designed to ensure the test functions as intended and gives members valid information to compare super funds. They also aim to ensure the test is suitable for trustee-directed products.

Quality of advice review

In 2022, the Government asked financial services expert Michelle Levy to produce a *Quality of Advice* review in consultation with the financial services industry. The review aimed to 'ensure Australians have access to high quality, accessible and affordable financial advice'.

The review report was released in February 2023 and recommended a suite of reforms to improve the quality of and access to financial advice, including the advice that super funds can provide to members.

The Government responded to the report in June 2023 as part of its *Delivering Better Financial Outcomes* package. This includes aims to:

- remove onerous red tape that adds to the cost of advice with no benefit to consumers
- expand access to retirement income advice
- explore new channels for advice.

The Government is currently consulting with the industry and is expected to release further details later in 2023.

Greenwashing

This year the Australian Securities and Investments Commission (ASIC) took legal action against several companies (including super funds) accused of misrepresenting the extent to which their financial products or investment strategies are environmentally friendly, sustainable or ethical.

ASIC believes Greenwashing erodes investor confidence in the market for sustainability-related financial products and corporate strategies and is seeking penalties, injunctions to stop the misrepresentations, publication orders and declarations from the Federal Court.

By taking these actions, ASIC aims to promote fair and transparent markets so retail investors and financial consumers are well informed about the 'green credentials' of investments and listed companies

Legislating a super objective

The Government commenced the first step to legislating an objective of super, releasing its consultation paper in February. The proposed definition of the objective is 'to preserve savings to deliver income for a dignified retirement, alongside government support, in an equitable and sustainable way'. The purpose of the objective is to serve as a guide for policymakers, government, regulators, industry, and the wider community.

Fair Work Act updated to include super as a right

From 1 January 2024, the National Employment Standards (NES) will include a right to super contributions. This means that unpaid or underpaid super can be enforced under the *Fair Work Act* by more employees (as well as by an employee organisation or the Fair Work Ombudsmen).

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.

Directors' terms of office ceased

Naomi Edwards ceased 30 November 2022.

Directors resigned from Board

Susanne Dahn ceased 30 June 2023.

Directors as at 30 June 2023 (how and who appointed)

Maria Wilton AM – Independent Chair

Susanne Dahn – Independent Director⁵⁹

Anne O'Donnell – Independent Director

Thomas Lynch – Member-Representative Director

Rhonda O'Donnell – Member-Representative Director

David Smith – Member-Representative Director

Jessica Munday – Member-Representative Director






Peter Savige – Employer-Representative Director

Susan Parr – Employer-Representative Director

John Mazengarb – Employer-Representative Director

Geoff Lowe – Employer-Representative Director

Our Trustee Board and board committee composition

Trustee Board (11 members)	Investment Committee (6 members)	Finance, Audit and Compliance Committee (5 members)	Risk Committee (5 members)	People & Culture and Remuneration & Nominations Committee (6 members)	Member Benefits and Services Committee (7 members)
Maria Wilton AM	✓	✓	✓	✓	✓
Susanne Dahn ⁵⁹	✓ 				✓
Anne O'Donnell	✓	✓	✓ 		
Thomas Lynch		✓		✓	✓
Rhonda O'Donnell			✓	✓ 	✓
David Smith				✓	✓
Jessica Munday	✓				✓ 
Peter Savige	✓		✓		
Susan Parr			✓	✓	✓
John Mazengarb		✓ 		✓	
Geoff Lowe	✓	✓			

⁵⁹Ceased 30 June 2023.

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.

Material service providers

Fund administrator:

Internally administered

Group life insurance:

MetLife Insurance Limited

Internal auditor:

Deloitte Touche Tohmatsu

External auditor:

Ernst & Young

Tax adviser:

KPMG

Investment adviser:

JANA Investment Advisers Pty Ltd

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

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)
- Baillie Gifford Overseas Limited (ARBN 118 567 178)
- 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)
- 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 Private Capital Pty Ltd (ABN 20 602 602 595)
- Macquarie Investment Management Ltd (ABN 66 002 867 003)
- Mesirow Financial Investment Management, Inc. (ARBN 143 757 073)
- Metrics Credit Partners (ACN 150 646 996)
- MFS International Australia Pty Ltd (ABN 68 607 579 537)
- Ninety One Pty Ltd (ACN 122 579 113)
- PATRIZIA Pty Ltd (ACN 008 636 717)
- Perennial Value Management Limited (ABN 22 090 879 904)
- Pzena Investment Management Pty Ltd (ACN 141 153 086)
- Schroder Investment Management Australia (ABN 22 000 443 274)
- State Street Bank and Trust Company (ABN 70 062 819 630)
- 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 605 031 909)
- 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)
- Yarra Capital Management Limited (ABN 99 003 376 252)

A full list of current, material investment managers is available at spiritsuper.com.au/about-us/service-providers.

Financial reports

Shortened statement of financial position at 30 June 2023

	2023 (\$ million)	2022 (\$ million)
Assets		
Investments	28,144.2	25,411.4
Other assets	143.3	96.1
Income tax receivable	36.5	58.5
Total assets	28,324.0	25,566.0
Liabilities		
Deferred tax liability	404.0	199.1
Other liabilities	146.4	260.7
Total liabilities	550.4	459.8
Net assets available for member benefits	27,773.6	25,106.2
Members accounts	27,436.1	24,753.1
Unallocated contributions	0.1	0.1
Total net assets	337.3	353.0
Equity		
Reserves	320.0	335.4
Defined benefits that are over/(under) funded	17.3	17.6
Total equity	337.3	353.0
Reserves as a % of member balances	1.17%	1.36%

Operating statement for year ended 30 June 2023

	2023 (\$ million)	2022 (\$ million)
Revenue		
Investment income	2,617.3	(974.5)
Expenses		
Investment expenses	103.0	118.1
Operating expenses	77.6	64.0
Income tax expense/(benefit)	138.2	(220.5)
Results from super activities after tax	2,298.5	(936.2)
Net benefits allocated to members' accounts	2,307.8	(881.8)
Net change in defined benefit member benefits	7.6	0.3
Operating result after income tax	(16.8)	(54.6)

Statement of changes in member benefits for year ended 30 June 2023

	2023 (\$ million)	2022 (\$ million)
Opening balance of member benefits	24,753.1	25,336.2
Contributions		
Employer contributions	1,603.5	1,422.6
Member contributions	264.8	326.1
Transfers from other funds	355.9	344.6
Government co-contributions	1.7	1.8
Income tax on contributions	(246.3)	(215.2)
Net after tax contributions	1,979.6	1,880.0
Benefits to members or beneficiaries	(1,576.1)	(1,536.1)
Insurance premiums to members' accounts	(100.5)	(104.6)
Death and disability insurance benefits paid to members or beneficiaries	64.7	59.1
Benefits allocated to members' accounts comprising:		
Net investment income	2,362.7	(827.4)
Administration fees	(55.0)	(54.4)
Net change in defined benefit member accrued benefits	7.6	0.3
Closing balance of member benefits	27,436.1	24,753.1

Reserves for the three years to 30 June 2023⁶⁰

	2023 (\$ million)	2022 (\$ million)	2021 (\$ million)
Reserves	320.0	335.4	420.4
% of members balance	1.17%	1.36%	1.66%

⁶⁰Spirit 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 2022-23 audited financial statements which can be found at spiritsuper.com.au/about-us/governance.

Change to financial reporting requirements for 2023-24

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

Accordingly, for Spirit Super's income year ending 30 June 2024, we'll be required to prepare a financial report (including financial statements, notes and a directors' declaration), a directors' report (including a remuneration report) and an attached auditor's report and auditor's independence declaration. There will be no impacts to the recognition and measurement requirements utilised in the preparation of the financial report of Spirit Super as a result of these changes. These reports will be published on our website within three months of the end of our income year.

Additionally, the annual report will be renamed fund information, and will be made available on our website within six months of the end of our income year.

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 an election to maintain insurance
 - 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 Ltd, 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 2022-23 financial year.

Naranjan,
Spirit Super member



Complaints

The definition of a complaint 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.

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:

- 1,566 complaints received and closed
- 75% of complaints resolved within 14 days
- 91% of complaints resolved within 30 days
- 54 complaints were lodged with the Australian Financial Complaints Authority (AFCA)
- 43 complaints were resolved with AFCA, with only 2 trustee decisions 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

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

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

Email: 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's been six months or more since you left Australia and your visa has ceased to be in effect, we'll 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 details, go to the ATO website at ato.gov.au.

Reserves policy

We maintain a general reserve. This pool of funds can be used to meet Spirit Super'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 Spirit Super 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 2022-23 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'll 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.

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.



