SPIRIT SUPER
ABN 74 559 365 913

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

SPIRIT SUPER

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SPIRIT SUPER
Statement of Financial Position
As at 30 June 2023

	Note	2023 $'000	2022 $'000
Assets			
Cash	**14**	131,115	86,484
Receivables		564	361
Other assets		3,286	2,870
Investments	**3-4**		
Cash and cash equivalents		3,566,012	3,055,561
Fixed interest		2,793,849	2,200,114
Australian equities		6,593,017	6,059,711
International equities		8,551,346	7,481,879
Global floating rate credit		15	198,373
Credit		208,463	431,102
Property		2,157,733	2,531,991
Infrastructure		2,817,204	2,344,116
Private equity		923,482	731,840
Other investment assets		506,731	257,582
Derivative assets		26,300	119,116
Income tax receivable		36,514	58,504
Property, plant and equipment		2,435	3,096
Intangible assets		201	291
Deferred tax assets	**13**	5,713	2,969
Total assets		**28,323,980**	**25,565,960**
Liabilities			
Payables		(40,735)	(42,327)
Derivative liabilities		(105,665)	(218,339)
Deferred tax liabilities	**13**	(404,026)	(199,138)
Total liabilities excluding member benefits		**(550,426)**	**(459,804)**
Net assets available for member benefits		**27,773,554**	**25,106,156**
Defined contribution (DC) member liabilities	**7a**	(27,340,271)	(24,653,043)
Defined benefit (DB) member liabilities	**7b**	(95,867)	(100,044)
Unallocated contributions		(121)	(78)
Liability for member benefits		**(27,436,259)**	**(24,753,165)**
Total net assets		**337,295**	**352,991**
Equity			
Operational risk reserve	**9**	(76,566)	(74,295)
General reserve	**9**	(243,452)	(261,134)
Defined benefits that are (over)/under funded		(17,277)	(17,562)
Total equity		**(337,295)**	**(352,991)**

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

SPIRIT SUPER
Income Statement
For the year ended 30 June 2023

	Note	2023 $'000	2022 $'000
Superannuation activities			
Interest		137,085	73,476
Dividend revenue		742,283	857,800
Changes in fair value of investments	**5**	1,724,222	(1,956,659)
Other investment income		13,324	50,356
Other income		416	558
Total superannuation activities income		**2,617,330**	**(974,469)**
Investment expenses	**11**	(103,001)	(118,148)
Operating expenses	**10**	(77,645)	(64,027)
Total expenses		**(180,646)**	**(182,175)**
Results from superannuation activities before income tax expense		**2,436,684**	**(1,156,644)**
Income tax (expense)/benefit	**13**	(138,153)	220,468
Results from superannuation activities after income tax expense		**2,298,531**	**(936,176)**
Net benefits allocated to defined contribution members		(2,307,789)	881,800
Net change in defined benefit member benefits		(7,577)	(254)
Operating result after income tax		**(16,835)**	**(54,630)**

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

SPIRIT SUPER
Statement of Changes in Member Benefits
For the year ended 30 June 2023

	Note	Defined contribution $'000	Defined benefit $'000	Total $'000
For the year ended 30 June 2023				
Opening balance of member benefits		24,653,043	100,044	24,753,087
Contributions:				
Employer		1,600,702	2,805	1,603,507
Member		264,208	613	264,821
Transfers from other superannuation funds		355,340	518	355,858
Government co-contributions		1,721	-	1,721
Income tax on contributions		(245,709)	(608)	(246,317)
Net after tax contributions		**1,976,262**	**3,328**	**1,979,590**
Benefit payments to members or beneficiaries		(1,573,104)	(3,027)	(1,576,131)
Transfers from defined benefit to defined contribution		12,026	(12,026)	-
Insurance premiums charged to member's accounts		(100,341)	(133)	(100,474)
Death and disability insurance benefits paid to members or beneficiaries		64,596	104	64,700
Benefits allocated to members' accounts, comprising:				
Net investment income		2,362,741	-	2,362,741
Administration fees		(54,952)	-	(54,952)
Net change in defined benefit member accrued benefits		-	7,577	7,577
Closing balance of member benefits		**27,340,271**	**95,867**	**27,436,138**
For the period ended 30 June 2022				
Opening balance of member benefits		25,221,590	114,656	25,336,246
Contributions:				
Employer		1,419,701	2,940	1,422,641
Member		325,486	613	326,099
Transfers from other superannuation funds		344,484	132	344,616
Government co-contributions		1,792	-	1,792
Income tax on contributions		(214,519)	(658)	(215,177)
Net after tax contributions		**1,876,944**	**3,027**	**1,879,971**
Benefits to members or beneficiaries		(1,532,793)	(3,331)	(1,536,124)
Transfers from defined benefit to defined contribution		14,478	(14,478)	-
Insurance premiums charged to members' accounts		(104,462)	(144)	(104,606)
Death and disability insurance benefits paid to members or beneficiaries		59,086	60	59,146
Benefits allocated to members' accounts, comprising:				
Net investment income		(827,426)	-	(827,426)
Administration fees		(54,374)	-	(54,374)
Net change in defined benefit member accrued benefits		-	254	254
Closing balance of member benefits		**24,653,043**	**100,044**	**24,753,087**

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

SPIRIT SUPER
Statement of Changes in Equity/Reserves
For the year ended 30 June 2023

	Note	Operational risk reserve $'000	Insurance reserve $'000	General reserve $'000	DB over/ (under) funded $'000	Total equity $'000
Opening balance as at 1 July 2022		**74,295**	**-**	**261,134**	**17,562**	**352,991**
Net transfers to/(from) reserves		-	-	1,139		1,139
Transfers into reserves affecting net assets available to pay members' benefits		-	-	-	-	-
Operating result		2,271	-	(18,821)	(285)	(16,835)
Closing balance as at 30 June 2023	**9**	**76,566**	**-**	**243,452**	**17,277**	**337,295**

	Note	Operational risk reserve $'000	Insurance reserve $'000	General reserve $'000	DB over/ (under) funded $'000	Total equity $'000
Opening balance as at 1 July 2021		**71,176**	**4,101**	**345,104**	**18,193**	**438,574**
Net transfers to/(from) reserves		3,000	(3,001)	(30,952)		(30,953)
Transfers into reserves affecting net assets available to pay members' benefits		-	-	-	-	-
Operating result		119	(1,100)	(53,018)	(631)	(54,630)
Closing balance as at 30 June 2022	**9**	**74,295**	**-**	**261,134**	**17,562**	**352,991**

The above Statement of Changes in Equity/Reserves should be read in conjunction with the accompanying notes; in particular refer to Note 9 for further descriptions on Reserves.

SPIRIT SUPER
Statement of Cash Flows
For the year ended 30 June 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Interest received		3,849	633
Insurance proceeds		64,286	59,919
Other income		347	1,561
Other general administration expenses		(67,723)	(98,265)
Insurance premiums paid		(86,647)	(88,855)
Income tax (paid)/refund		85,979	(153,376)
Net cash inflows/(outflows) from operating activities	**14**	**91**	**(278,383)**
Cash flows from investing activities			
Purchase of investments		(7,114,642)	(11,477,121)
Proceeds from sale of investment		6,785,903	11,473,803
Purchase of fixed assets		(126)	(58)
Investment expenses		(18,191)	(19,484)
Net cash outflows from investing activities		**(347,056)**	**(22,860)**
Cash flows from financing activities			
Contributions received from:			
Employers		1,603,549	1,421,212
Members		264,821	295,112
Government		1,721	1,792
Transfers from other superannuation funds received		355,858	344,616
Benefits paid to members		(1,572,963)	(1,545,885)
Income tax paid on contributions received		(261,390)	(230,848)
Net cash inflows from financing activities		**391,596**	**285,999**
Net cash inflows/(outflows)		**44,631**	**(15,244)**
Cash as at 1 July 2022		86,484	101,728
Cash as at 30 June 2023	**14**	**131,115**	**86,484**

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

1. Operation of the Fund

Spirit Super is a superannuation fund domiciled in Australia. The Fund is a profit-for-members industry super fund, welcoming members from all industries, jobs and life stages.

The Fund is a hybrid fund which comprises defined benefits, defined contributions and account based pension divisions as constituted by the Trust Deed dated 23 February 2021 (as amended). The defined benefits division of the Fund is closed to new members. Any new members will join the defined contributions or account based pension divisions of the Fund.

The defined contribution sections of the Fund accepts contributions from employers and the members which are made in accordance with the terms of the Fund's Trust Deed. Members of the Fund are either those employees of Australian based employers who have selected the Fund as the default fund for their employees or those members who have voluntarily selected the Fund.

The Trustee of the Fund is Motor Trades Association of Australia Superannuation Fund Pty. Limited and it is the holder of a public offer class Registrable Superannuation Entity Licence (licence no. L0001069). Its registered office is Level 3, 39 Brisbane Ave, Barton, ACT 2600.

On 30 May 2023, Spirit Super entered into a binding agreement to merge with CareSuper. This comes after an extensive due diligence process, with the merger expected to be completed in late 2024.

The financial statements were approved by the Board of Directors of the Trustee on 27 September 2023.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements are a general purpose financial report which have been prepared in accordance with Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board, including *AASB 1056 Superannuation Entities,* the Superannuation Industry *(Supervision) Act 1993* and Regulations and the provisions of the Trust Deed.

The principal accounting policies applied in the preparation of these financial statements are set out below, unless covered in other notes in the financial statements.

(b) New accounting standards and interpretations

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in the prior or current periods or that will affect future periods.

Changes to financial reporting requirements
The Fund is a registrable superannuation entity that is 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 superannuation entities such as the Fund into the financial reporting provisions of the *Corporations Act 2001.*

Accordingly, for the Fund's income year ending 30 June 2024, the Fund will be required to prepare an annual report, consisting of 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 the Fund as a result of these changes.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

For many of the Fund’s financial instruments, quoted market prices are readily available. However, certain unlisted financial instruments, such as, infrastructure, property, private equity and credit are fair valued using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by experienced personnel. Refer to note 4 for details.

The significant accounting policies detailed here and throughout the notes have been consistently applied in the current financial year and the comparative period, unless otherwise stated. Where necessary, comparative information has been re-presented to be consistent with current period disclosures.

2. Summary of significant accounting policies (continued)

(d) Financial Instruments

(i) Classification

The Fund classifies its financial assets and finanical liabilities into the categories below in accordance with AASB 9.

Financial instruments held for trading
These instruments are acquired principally for the purpose of generating a profit from short-term fluctuation in price. All derivatives are classified as held for trading. Derivative financial instruments entered into by the Fund do not meet the hedge accounting criteria as defined by AASB 9. Consequently, hedge accounting is not applied by the Fund.

Financial instruments designated at fair value through Income Statement upon initial recognition
These include financial assets that are not held for trading purposes and which may be sold. These investments are managed and their performance is evaluated on a fair value basis in accordance with the Fund's investment strategy.

Receivables
Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Fund includes short term receivables in this category.

Other financial liabilities
This category includes all financial liabilities, other than those classified at fair value through the Income Statement. Other financial liabilities are measured at their nominal amounts. Amounts are generally settled within 30 days of being recognised as other financial liabilities. Given the short-term nature of other financial liabilities, the nominal amount approximates fair value.

(ii) Recognition/derecognition

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

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derocognised where:
- The rights to receive cash flows from the asset have expired; or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- Either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

(iii) Measurement

The Fund measures a financial asset or liability at fair value. Transaction costs are expensed in the Income Statement.

Subsequent to initial recognition, all financial assets and liabilities at fair value through the income statement are measured at fair value. Gains and losses are presented in the income statement in the year it occurs as changes in fair value of investments.

(e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. Refer to Note 4a.

2. Summary of significant accounting policies (continued)

(f) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits as defined above and which do not form part of cash and cash equivalents to meet the Fund's investment strategy.

(g) Revenue recognition

Changes in fair value
Changes in the fair value of investments and derivatives are calculated as the difference between the fair value at sale, or at balance date, and the fair value at the previous valuation point. All changes are recognised in the Income Statement. Refer to note 4 for further information in regards to measurement of fair value.

Interest
Interest revenue on cash and other financial assets carried at fair value is recorded according to the terms of the contract and is recognised in the Income Statement.

Dividends and distributions
Dividend and distribution revenue is recognised when the Fund's right to receive payment is established. Revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately as tax expense in the Income Statement.

(h) Income tax

The Fund is a complying superannuation fund for the purposes of the provisions of the *Income Tax Assessment Act* 1997. Accordingly, the concessional tax rate of 15% has been applied to the Fund's taxable income.

Income tax in the Income Statement for the year comprises current and deferred tax.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

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

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

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

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

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

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

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

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

2. Summary of significant accounting policies (continued)

(i) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable; or
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing activities, which is recoverable from, or payable to the taxation authority are classified as operating cash flows.

(j) Foreign currency

The functional and presentation currency of the Fund is Australian Dollars, which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity managed in Australian Dollars. Therefore, the Australian Dollar is considered as the currency that most faith fully represents the economic effects of the underlying transactions, events and conditions.

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

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

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

(k) Receivables and payables

Receivables are carried at nominal amounts due which approximate fair value. Receivables are normally settled within 30 days. Collectability of trade receivables is reviewed regularly. Debts which are known to be uncollectable are written off by reducing the carrying amount.

Payables are carried at nominal amounts which approximate fair value. They represent liabilities for goods and services provided to the Fund prior to the end of the financial year that are unpaid as at the end of the reporting period. Payables are normally settled on 30 day terms.

(l) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on assets is calculated using diminishing value or the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- Furniture and fittings	3 - 20 years
- Motor vehicles	8 years

The low value pool rules are used to depreciate assets costing less than $1,000. Assets costing less than $100 are expensed in the year of purchase.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2. Summary of significant accounting policies (continued)

(m) Intangible assets

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years. The amortisation of the intangible assets are included in operating expenses on the Income Statement.

(n) Rounding of amounts

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

3. Financial risk management

The Fund's overall objective is to maximise each member's returns during their working and retirement life while protecting their accumulated retirement savings from large fluctuations during the economic cycle. It aims to deliver solid returns with an acceptable level of risk.

The Trustee's Investment Strategy is to build a diversified portfolio of assets that balances investment returns and risks. This is achieved by investing in a combination of growth investments (such as equity, infrastructure and property), which are expected to provide growth in the capital value of the investments over time, and defensive investments (such as cash and fixed interest) to generate stable and predictable cash flows with a relatively low level of risk.

The Fund has an Investment Governance Framework (IGF) established by the Trustee. The IGF sets out the Trustee's policies and procedures for the selection, management and monitoring of investments for the Fund.

The Fund's investment options have various exposures to assets traded frequently in domestic and international markets, as well as to unlisted assets which are less frequently traded. Unlisted assets such as property and infrastructure, can have long term leases and provide income streams to the Fund. These assets are not directly linked to share markets, so they are expected to provide a buffer against the short term fluctuations of such markets. As there is no quoted trading or redemption value for some of these assets the Trustee has established a valuation policy to ensure that independent valuations are regularly undertaken for those assets. Refer to Note 4 for further information.

The Trustee continuously monitors risk events that have the potential to affect the value of the portfolio, each asset class and investment option. It also conducts regular stress testing focussed on the Fund's ability to withstand external shocks under potential investment environment scenarios and liquidity stress scenarios. The impacts of these scenarios are considered through the regular review of the Investment Strategy and assist the Trustee in setting the strategic asset allocations for each investment option.

The Fund's activities expose it to a variety of financial and non- financial risks including market risk (such as price risk, foreign exchange risk and interest rate risk), credit risk, ESG and liquidity risk. The Fund manages these risks as part of its overall risk management framework.

The Trustee has assessed the risks and benefit arrangements relating to different categories of members and is of the view that the member base of the Fund is subject to materially the same risks and benefits. Hence, the Fund has not disclosed separately further disaggregated information in this regard.

(a) Market risk

(i) Price risk

Price risk is the risk that the total value of investments will fluctuate as a result of a change in market prices, whether caused by factors specific to an individual investment, its issuer or a factor affecting all instruments traded in the market, both listed and unlisted.

The Trustee mitigates this price risk through diversification across asset classes, countries and investment managers. The Trustee regularly monitors compliance with the IGF, mandates and supporting investment guidelines.

The sensitivity analysis is performed below.

3. Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk

The Fund holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of assets denominated in other currencies fluctuate due to changes in exchange rates. The table below outlines the net currency exposure of the Fund comprising both monetary and non-monetary assets.

The Trustee employs currency managers to manage its foreign currency exposures arising from the Fund's International investments. The Fund's foreign currency exposure is managed in two pools. One covers its overseas investments in shares with the other covering its foreign investments in the infrastructure, property, private equity and credit asset classes, with separate benchmark hedge ratios for each pool as determined by the Trustee. These benchmark hedge ratios are determined considering absolute, business and liquidity risk.

The table below summarises the Fund's asset and liabilities that are denominated in a currency other than the Australian dollar. The information in the table below is consistent with the information provided to the Trustee by the currency manager.

2023	**US Dollar A$'000**	**GB Pound A$'000**	**Japanese Yen A$'000**	**Euro A$'000**	**Other A$'000**	**Total A$'000**
Monetary assets						
Foreign exchange contracts *	(2,762,098)	(207,374)	(151,620)	(421,315)	(450,484)	(3,992,891)
Net monetary asset currency	(2,762,098)	(207,374)	(151,620)	(421,315)	(450,484)	(3,992,891)
Non monetary	6,227,460	481,337	308,234	1,137,512	897,061	9,051,604
Net currency exposure	**3,465,362**	**273,963**	**156,614**	**716,197**	**446,577**	**5,058,713**

2022	**US Dollar A$'000**	**GB Pound A$'000**	**Japanese Yen A$'000**	**Euro A$'000**	**Other A$'000**	**Total A$'000**
Monetary assets						
Foreign exchange contracts *	(2,393,749)	(284,747)	(141,584)	(436,473)	(450,087)	(3,706,639)
Net monetary asset currency	(2,393,749)	(284,747)	(141,584)	(436,473)	(450,087)	(3,706,639)
Non monetary	5,250,332	491,407	366,736	852,576	1,001,174	7,962,225
Net currency exposure	**2,856,583**	**206,660**	**225,152**	**416,103**	**551,087**	**4,255,586**

* Foreign Exchange Contracts are the value of the exchange exposure (rather than the market value of the hedged instruments).

The sensitivity analysis is performed below.

SPIRIT SUPER
Notes to the Financial Statements
For the year ended 30 June 2023

3. Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cashflows. The risk is measured using sensitivity analysis. The Trustee monitors its fixed interest exposure on a monthly basis. The Fund may also enter into derivative financial instruments to mitigate the risk of future interest rate changes.

The Fund’s exposure to interest rate movement on those investments at 30 June 2023 and 30 June 2022 were as follows:

2023	Floating Interest Rate $'000	Fixed Interest Rate $'000	Total $'000
Financial assets			
Cash at bank	131,115	-	131,115
Cash and cash equivalents held for investing	3,566,012	-	3,566,012
Fixed interest	-	76,566	76,566
Global floating rate credit	15	-	15
Credit	49,246	-	49,246
			-
Total financial assets	**3,615,273**	**76,566**	**3,691,839**

2022	Floating Interest Rate $'000	Fixed Interest Rate $'000	Total $'000
Financial assets			
Cash at bank	86,484	-	86,484
Cash and cash equivalents held for investing	3,055,561	-	3,055,561
Fixed interest	-	74,295	74,295
Global floating rate credit	198,373	-	198,373
Credit	152,258	-	152,258
Total financial assets	**3,492,676**	**74,295**	**3,480,487**

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's net assets available to pay benefits and net revenue to price risk, foreign exchange risk and interest rate risk. The reasonably possible movements in the risk variables have been based on the Trustee's best estimate coming from the annual strategic review process, having regard to a number of factors, including historical levels of changes in interest rates, foreign exchange rates and market volatility. Actual movements in the risk variables may be greater or less than anticipated due to a number of factors. As a result, historical variations in risk variables should not be used to predict future variations in the risk variables.

A positive movement in the variable would result in an increase in the net assets and net revenue of the Fund; a negative movement would have the opposite effect.

		Foreign exchange risk					
	Change in variable	**US Dollar A$'000**	**GB Pound A$'000**	**Japanese Yen A$'000**	**Euro A$'000**	**Other A$'000**	**Total A$'000**
2023	+/- 10%	346,536	27,396	15,661	71,620	44,658	505,871
2022	+/- 10%	285,658	20,666	22,515	41,610	55,109	425,558

		Interest rate risk	**Price risk**				
		Total Fund	**Fixed interest**	**Australian equities**	**International equities**	**Other assets**	**Total**
2023	**Change in variable (%)**	1%	4%	16%	15%	9%	
	Effect on net assets and net revenue ($'000)	36,918	108,691	1,054,883	1,282,702	590,793	3,037,069
2022	**Change in variable (%)**	2.4%	3%	15%	16%	9%	
	Effect on net assets and net revenue ($'000)	83,532	63,775	908,957	1,197,101	552,994	2,722,827

3. Financial risk management (continued)

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, or the borrowers chance of default has increased, giving rise to a financial loss to the Fund. The Trustee manages this risk through its use of drawdown limits for individual investments, asset class ranges, extensive due diligence analysis of all prospective investments and ongoing performance monitoring of existing investments. These controls are aimed at preventing a significant exposure to any individual counterparty or industry. These controls ensure the Fund is not subject to any concentration of credit risk.

The Fund's maximum exposure to credit risk at 30 June 2023 is the carrying amount of the Fund's financial assets, as reported in the Statement of Financial Position. This exposure is outlined in the following table:

Financial assets	**2023 $'000**	**2022 $'000**
Investments		
Cash and cash equivalents	3,566,012	3,055,561
Fixed interest	2,793,849	2,200,114
Australian equities	6,593,017	6,059,711
International equities	8,551,346	7,481,879
Global floating rate credit	15	198,373
Credit	208,463	431,102
Property	2,157,733	2,531,991
Infrastructure	2,817,204	2,344,116
Private equity	923,482	731,840
Other investment assets	506,731	257,582
Other assets		
Cash at bank	131,115	86,484
Other receivables	3,850	3,231
Total financial assets	**28,252,817**	**25,501,100**

The Fund is also exposed to credit risk through investments in fixed interest securities which are rated by Standard and Poors. For unrated securities the Trustee assesses credit risk using an approach similar to that used by rating agencies. An analysis of fixed interest securities by credit rating is as follows.

	2023 $'000	**2022 $'000**
Rating		
AAA	703,413	693,080
AA+	458,013	443,629
AA	211,087	142,177
AA-	12,130	(8,441)
A+	187,784	164,942
A	31,440	37,265
A-	90,640	68,959
B- to CCC+	320,778	276,498
Not rated	778,564	382,005
	2,793,849	**2,200,114**

(d) Liquidity risk

The Fund utilises a number of liquidity management tools. These include liquidity ratios, which monitor changes in the Fund's liquidity position over time; outlook charts, which describe the Fund's forecast allocation to illiquid assets; and liquidity stress testing, which is undertaken to test the Fund's resilience to liquidity shocks. In addition the Trustee closely monitors the sources and uses of liquidity, including member contributions, switching and benefit payment patterns. This monitoring program allows the Fund to manage liquidity to ensure the Fund can meet liabilities as and when they fall due.

The Fund's market listed investments are considered to be readily realisable. The Trustee recognises and accepts that, in general, unlisted assets will not be as liquid. The Fund's allocation to unlisted assets aims to improve returns as a result of the Fund's ability to invest in less liquid assets; however, there is a risk that the Fund may not be able to liquidate all of these assets at their net market value in order to meet its liquidity requirements. The Trustee has considered the risk of a critical liquidity event and has developed a framework and processes within its Liquidity Policy for dealing with such a scenario.

3. Financial risk management (continued)

(d) Liquidity risk (continued)

The following tables summarise the contractual maturities of the Fund's financial liabilities, based on the remaining period to the contractual maturity date at the year end and represent the earliest date on which the Fund could be required to pay.

30 June 2023	**1 year or less A$'000**	**1 to 5 years A$'000**	**> 5 years A$'000**	**Total A$'000**
Financial liabilities				
Accounts payable	40,735	-	-	40,735
Member liabilities	27,340,271	-	-	27,340,271
Derivatives				
Inflows	4,725,493	-	-	4,725,493
(Outflows)	(4,804,858)	-	-	(4,804,858)
Total derivatives	(79,365)	-	-	(79,365)

30 June 2022	**1 year or less A$'000**	**1 to 5 years A$'000**	**> 5 years A$'000**	**Total A$'000**
Financial liabilities				
Accounts payable	42,327	-	-	42,327
Member liabilities	24,653,043	-	-	24,653,043
Derivatives				
Inflows	5,012,589	-	-	5,012,589
(Outflows)	(5,111,813)	-	-	(5,111,813)
Total derivatives	(99,224)	-	-	(99,224)

Member liabilities (refer Note 7) has been included in the less than one year column, as this is the amount that members could call upon as at year-end. This is the earliest date on which the Fund can be required to pay members' vested benefits, however members may not necessarily call upon amounts vested to them during this time.

Derivatives have been disclosed on a gross settlement basis and are based on the remaining period to the contractual maturity date at the year end.

(e) Environmental, social and governance (ESG) risk

The Fund's goal is to grow and protect members' retirement savings over the long-term. Environmental, social and governance (ESG) risks and opportunities can have a material impact on investment outcomes. How a company is managed, how it operates, and how it impacts the environment and society all affect a company's likelihood of long-term and sustainable success.

The Fund's approach to ESG is detailed in its ESG Policy and available on the Fund's website and forms the basis of the Fund's ESG procedures and activities. Key ESG priorities for the fund involve supporting the transition to a low carbon economy and supporting Australian small and medium businesses and strengthening communities.

ESG integration involves considering a broad range of ESG risks and processes within our investment risk management framework.

This is achieved through the following:
- ESG risks are integrated in the investment due diligence process for new and existing managers and assets.
- ESG analysis is undertaken prior to making investments and throughout ownership of the investment, taking into consideration risk impacts on the portfolio.
- Engagement with companies the Fund invests in to improve their operations;
- Voting at shareholder meetings to influence company governance; and
- Collaborating with industry groups on responsible investment practices.

3. Financial risk management (continued)

(f) Derivative financial instruments

The use of derivatives is an essential part of the Trustee's investment management. Derivatives are not managed in isolation. The Trustee enters into derivative contracts to hedge its foreign currency and its interest rate exposure within its fixed income mandates. In the prior year, the Fund also entered into futures contracts to hedge against equity movements. Derivatives are not used to leverage any investments of the Fund. The following table outlines the risk exposures relating to derivatives held by the Fund as well as the market values of those contracts as at balance date.

2023	Notional Effective Exposure $'000	Net Market Value $'000
Forward foreign exchange contracts	(4,804,858)	(79,365)
Futures contracts	-	-
Total	**(4,804,858)**	**(79,365)**

2022	Notional Effective Exposure $'000	Net Market Value $'000
Forward foreign exchange contracts	(5,111,813)	(99,224)
Futures contracts	-	-
Total	**(5,111,813)**	**(99,224)**

4. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability accessible by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When assessing fair value of the Fund's investment properties, valuers have used the following valuation methodologies across the property portfolio, and in some instances have used all three to provide a comparison against each approach:
- capitalisation approach - the annual net rental income is capitalised at an appropriate market yield to arrive at the property's market value. Appropriate capital adjustments are then made where necessary to reflect the specific cash flow profile and the general characteristics of the property.
- discounted cash flow approach - this approach incorporates the estimation of future annual cash flows over a period of time by reference to expected rental growth rates, ongoing capital expenditure, terminal sale value and acquisition and disposal costs. The present value of future cash flows is then determined by the application of an appropriate discount rate to derive a net present value for the property.
- direct comparison approach - this approach identifies comparable sales on a dollar per square metre of lettable area basis and compares the equivalent rates to the property being valued to determine the property's market value.

The fair value assessment of the Fund's investments as at the reporting date includes the best estimate of the impacts of the applicable economic conditions and information available at the time of preparation of the financial statements and includes forward looking assumptions.

4. Fair value measurements (continued)

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Fund commits to purchase the asset.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(a) Fair value hierarchy

AASB 7 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

• Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. These inputs are readily available in the market and are normally obtainable from multiple sources. As noted above, market analyses were performed weekly with all Level 1 valuations using the year end strike price for valuation purposes.

• Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). These inputs must be observable for substantially the full term of the financial instrument. As noted above, market analyses were performed weekly with unit prices obtained at or close to 30 June 2023 to ensure accurate and valid fair values were adopted.

• Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). This includes any instrument that is not categorised in Level 1 or Level 2 and includes assets that are subject to various valuations methodologies to determine their fair value. Refer to Note 4b for discussions on the additional steps taken by the Fund to ensure Level 3 assets were valued appropriately.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety, is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The table below sets out the Fund’s financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2023 and 30 June 2022. The Fund engages independent accredited valuers to provide an estimate of the market value for directly held investments on an annual or more frequent basis. The Investment Committee with its knowledge of the investment and relevant factors and with advice from its asset consultants, will determine the most appropriate value for the investment within a provided range as advised by the independent accredited valuers. An analysis of the valuation ranges for these assets is provided in Note 4(b). There were no transfers between Level 1 and 2 in the period. The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer.

2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Cash and cash equivalents	3,566,012	-	-	**3,566,012**
Fixed interest	813,352	1,980,497	-	**2,793,849**
Australian shares	6,593,017	-	-	**6,593,017**
International shares	6,462,820	2,088,526	-	**8,551,346**
Global floating rate credit	-	15	-	**15**
Credit	-	159,217	49,246	**208,463**
Property	-	-	2,157,733	**2,157,733**
Infrastructure	-	-	2,817,204	**2,817,204**
Private equity	-	-	923,482	**923,482**
Other investment assets	-	506,731	-	**506,731**
Derivatives assets	-	26,300	-	**26,300**
Total	**17,435,201**	**4,761,286**	**5,947,665**	**28,144,152**
Derivative liabilities	-	105,665	-	**105,665**
Total financial assets/liabilities	**17,435,201**	**4,655,621**	**5,947,665**	**28,038,487**

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4. Fair value measurements (continued)

2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Cash and cash equivalents	3,055,561	-	-	**3,055,561**
Fixed interest	666,695	1,533,419	-	**2,200,114**
Australian equities	6,059,711	-	-	**6,059,711**
International equities	5,633,997	1,847,882	-	**7,481,879**
Global floating rate credit	-	198,373	-	**198,373**
Credit *	-	158,700	272,402	**431,102**
Property *	-	-	2,531,991	**2,531,991**
Infrastructure *	-	-	2,344,116	**2,344,116**
Private equity *	-	-	731,840	**731,840**
Other investment assets	-	257,582	-	**257,582**
Derivatives assets	-	119,116	-	**119,116**
Total	**15,415,964**	**4,115,072**	**5,880,349**	**25,411,385**
Derivative liabilities	-	218,339	-	**218,339**
Total financial assets/liabilities	**15,415,964**	**3,896,733**	**5,880,349**	**25,193,046**

* Some assets in the Property, Infrastructure, Private Equity and Credit asset class that were reported as level 2 at 30 June 2022 but have been determined to be level 3 investments. Accordingly for the year ended 30 June 2022, $3,271,203,000 of assets has been restated as level 3 investments.

Reconciliation of Level 3 fair value measurements of financial assets:

2023	Opening balance $'000	Transfers out of level 3 $'000	Changes in fair value $'000	Total purchases $'000	Total Sales $'000	Closing balance $'000	Unrealised gains/(losses) in profit or loss $'000
Credit	272,402	-	6,136	381	(229,673)	49,246	3,245
Property	2,531,989	-	(37,114)	4,912	(342,054)	2,157,733	(88,293)
Infrastructure	2,344,117	-	279,252	252,980	(59,145)	2,817,204	234,144
Private equity	731,841	-	43,004	364,223	(215,586)	923,482	(1,046)
Total	**5,880,349**	**-**	**291,278**	**622,496**	**(846,458)**	**5,947,665**	**148,050**

2022	Opening balance $'000	Transfers out of level 3 $'000	Changes in fair value $'000	Total purchases $'000	Total Sales $'000	Closing balance $'000	Unrealised gains/(losses) in profit or loss $'000
Credit	284,455	-	(3,549)	1,506	(10,010)	272,402	(7,952)
Property	2,424,383	-	357,917	379,164	(629,475)	2,531,989	228,860
Infrastructure	2,192,337	-	185,460	225,171	(258,851)	2,344,117	83,290
Private equity	432,237	-	362,885	163,747	(227,028)	731,841	81,957
Total	**5,333,412**	**-**	**902,713**	**769,588**	**(1,125,364)**	**5,880,349**	**386,155**

(b) Analysis of valuation ranges

The Fund engages independent valuers to provide an estimate of the net market value at balance date. Valuers often provide a range of values for an investment across a variety of reasonable assumptions, including a point estimate within the range, and the Trustee, with advice from its asset consultant, will determine the most appropriate value within the provided range. The following table shows the high and low points of the independent valuation ranges for each investment class against the values adopted by the Trustee as at 30 June 2023 and 30 June 2022. The high and low points of the ranges represent reasonably possible alternatives to the Fund values adopted at balance date.

	30 June 2023			30 June 2022		
Investment Class	**Low Point Value $'000**	**High Point Value $'000**	**Adopted Value $'000**	**Low Point Value $'000**	**High Point Value $'000**	**Adopted Value $'000**
Property	2,086,726	2,227,798	2,157,733	2,453,100	2,591,755	2,531,989
Infrastructure	2,718,714	2,907,374	2,817,204	2,258,204	2,429,032	2,344,117
Total	**4,805,440**	**5,135,172**	**4,974,937**	**4,711,304**	**5,020,787**	**4,876,106**

The Level 3 assets outlined above are investments where prices are not quoted in an active market or values cannot be derived indirectly from listed prices. For its direct investments, the Trustee engages independent accredited valuers to provide an estimate of the market value for these investments on an annual or more frequent basis. A discounted cash flow model is used to value the infrastructure assets. For property assets, both a discounted cash flow model and capitalisation approach are used.

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4. Fair value measurements (continued)

(i) Credit
As at 30 June 2023 the Fund has credit assets of $49m (2022: $272m) categorised as level 3, which include corporate and securitised bonds, loans and other floating rate interest instruments. Credit assets are valued using a market yield approach which is a form of the income method whereby the valuer determines the fair value of a debt security based on a selected yield. The yield represents the discount rate that is applied to discount the interest and principal payments to a present value over the term of the instrument. The valuation process and technique has not changed compared to the previous year.

Unobservable inputs and assumptions can include the appropriate credit spread and other risk premium, risk free discount rate, future cash flows, identification of appropriate comparable and future economic and regulatory conditions. The Fund is not privy to the unobservable inputs and assumptions used by the underlying investment manager and is therefore not able to quantify the effect of a movement in an unobservable input or assumption.

(ii) Private equity
As at 30 June 2023 the Fund has private equity of $923.5m (2022: $731.8m) categorised as level 3, which include unlisted unit trusts, partnerships and unlisted managed funds. These investments are recorded at the redemption value at balance date, as provided by the external investment manager or general partner.

(iii) Property and Infrastructure
The income approach is applied where there is not a liquid market and where the asset/enterprise independent valuer valuing the underlying assets from the projected cashflows on a Net Present Value (NPV) or Discounted Cashflow (DCF) basis. With regards to properties, independent valuers may also use the capitalisation and/or direct comparison methodologies.

Significant unobservable input	Fair value impact from significant increase in input	Fair value impact from significant decrease in input
Capitalisation rate	Decrease	Increase
Discount rate	Decrease	Increase

30 June 2023

Asset class	Key unobservable input	Fair value	Range of inputs	Relationship of unobservable to fair value
Credit - Unlisted unit trusts	Manager unit prices	49,246	10%	A 10% movement in the unit price will result in movement in fair value of $4.9m.
Infrastructure - Directly held	Discount rate	1,550,316	8.25% - 10.5%	Increase/(decrease) by 50 bps would (decrease)/increase fair value by $94.7m.
Infrastructure - Unlisted unit trusts	Manager unit prices	1,266,888	10%	A 10% movement in the unit price will result in movement in fair value of $126.7m.
Private Equity - Unlisted Unit Trusts	Manager unit prices	923,482	10%	A 10% movement in the unit price will result in movement in fair value of $92.3m.
Property - Directly held	Capitalisation rate	1,332,148	4.5% - 5.63%	Increase/(decrease) by 50 bps would (decrease)/increase fair value by $126.3m - $146.9m.
	Discount rate	18,575	8.25%	Increase/(decrease) by 50 bps would (decrease)/increase fair value by $1.6m.
Property - Unlisted unit trusts	Manager unit prices	807,010	10%	A 10% movement in the unit price will result in movement in fair value of $80.7m.

The majority of Property assets were valued using both a capitalisation approach and DCF basis; noting the sensitivity analysis above captures the key inputs, where both approaches were used the discount rate range was 5.75% - 7.75%.

30 June 2022

Asset class	Key unobservable input	Fair value	Range of inputs	Relationship of unobservable to fair value
Credit - Unlisted unit trusts	Manager unit prices	272,402	10%	A 10% movement in the unit price will result in movement in fair value of $27.2m.
Infrastructure - Directly held	Discount rate	1,400,175	8.25% - 10.4%	Increase/(decrease) by 50 bps would (decrease)/increase fair value by $85.4m.
Infrastructure - Unlisted unit trusts	Manager unit prices	943,942	10%	A 10% movement in the unit price will result in movement in fair value of $94.4m.
Private Equity - Unlisted Unit Trusts	Manager unit prices	731,841	10%	A 10% movement in the unit price will result in movement in fair value of $73.2m.
Property - Directly held	Capitalisation rate	999,568	3.75% - 5.38%	Increase/(decrease) by 50 bps would (decrease)/increase fair value by $124.6m - $124.8m.
	Discount rate	15,000	10.00%	Increase/(decrease) by 50 to 100 bps would (decrease)/increase fair value by $1.3m.
Property - Unlisted unit trusts	Manager unit prices	1,517,421	10%	A 10% movement in the unit price will result in movement in fair value of $151.7m.

5. Changes in fair value of investments

	2023 $'000	2022 $'000
Investments held at balance date		
Level 1 and 2 instruments		
Cash and cash equivalents	16,367	(103)
Fixed interest	(2,109)	(238,073)
Australian equities	476,981	(646,975)
International equities	1,196,277	(933,874)
Credit *	490	200
Global floating rate credit	1	(20,967)
Other investment assets	25,482	13,047
Derivatives	(79,365)	(100,981)
Level 3 instruments		
Credit *	3,245	(7,952)
Property *	(88,293)	228,860
Infrastructure *	234,144	83,290
Private equity *	(1,046)	81,956
	1,782,174	**(1,541,572)**
Investments realised during the year		
Level 1 and 2 instruments		
Cash and cash equivalents	40,648	19,451
Fixed interest	(58,449)	(62,574)
Australian equities	131,350	(162,703)
International equities	2,263	(179,030)
Global floating rate credit	1,177	2,970
Other investment assets	(1,027)	(78,361)
Derivatives	(97,761)	(116,639)
Level 3 instruments		
Credit *	287	(5,594)
Property *	(1,461)	34,850
Infrastructure *	(385)	56,358
Private equity *	(74,594)	76,185
	(57,952)	**(415,087)**
Change in fair value of investments	**1,724,222**	**(1,956,659)**

The amounts recorded as ‘realised gains/(losses)’ above is the difference between the fair value at sale and the carrying amount at the beginning of the reporting period or when/if acquired during the year.

* Some assets in the Property, Infrastructure, Private Equity and Credit asset class that were previously reported as level 2 at 30 June 2022 have been determined to be level 3 investments. Accordingly for the year ended 30 June 2022, $273,204,000 of instrumnets held at balance date and $163,433,000 of investments realised during the year have been restated as level 3 instruments.

6. Structured entities

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

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

The objectives of the investee MIS are to achieve medium to long term capital growth. The investee MIS invest in a number of different financial instruments, including equities, debt instruments and non-financial assets, including property. The investee MIS finance their operations by issuing either redeemable units which are puttable at the holder's option or units which are redeemable only at the discretion of the issuer. These units entitle the holder to a proportional stake in the respective MIS's net assets.

The Fund seeks to holds redeemable shares in each of the MIS it invests in wherever possible.

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

	Fair value of investment 2023 $'000	Fair value of investment 2022 $'000
Cash and cash equivalents	-	-
Fixed interest	252,322	-
Australian equities	-	-
International equities	1,647,002	1,388,828
Credit	159,217	158,700
Property	1,218,512	1,271,246
Infrastructure	858,738	781,854
Private equity	60,081	158,477
Other investment assets	265,259	164,922
	4,461,131	**3,924,027**

The fair value of financial assets (30 June 2023: $4,461,131,000, 30 June 2022: $3,924,027,000) is included in financial investments in the balance sheet.

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

During the year ended 30 June 2023, total gains on investments in investee MIS's were $140,239,000 (total losses incurred for the year ended 30 June 2022: $44,494,000).

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

7. Liability for member benefits

(a) Defined contribution member liabilities

Defined contribution member liabilities are measured at the amount of accrued benefits. Defined contribution member liabilities are measured as the amount of member account balances as at the reporting date. The Trustee's management of the investment market risks is as disclosed within note 3.

Member account balances are determined by unit prices that are determined based on the underlying investment movements.

Members bear the investment risk relating to the underlying assets and unit prices used to measure the members liabilities. Unit prices are updated daily for movements in investment markets.

At 30 June 2023 $121,090 (2022: $78,451) have not been allocated to members' accounts. The amount not yet allocated to members' accounts consists of contributions received by the Fund that have not been able to be allocated to members as at balance date.

Member liabilities vest 100% to members.

	2023 $'000	2022 $'000
Members liability at end of the financial year	27,340,271	24,653,043
Reserves	320,018	335,429
Unallocated contributions	121	78
Net assets available to pay benefits	27,660,410	24,988,550

(b) Defined benefit member liabilities

Defined benefit member liabilities are measured as the amount of a portfolio of investments that would be needed as at the reporting date to yield future net cash inflows that would be sufficient to meet accrued benefits as at the date when they are expected to fall due. The amount of accrued benefits has been determined on the basis of the present value of the expected future payments which arise from membership of the Fund up to the measurement date. The figure reported has been determined by reference to the expected future salary levels and by application of a market-based, risk-adjusted discount rate and relevant actuarial assumptions. The valuation of the defined benefit member liabilities is performed by the Fund's appointed Actuary on an annual basis for each of its defined benefit sub funds.

The actuarial value of the defined benefit member liability reflects an actuarial assessment of benefits accrued up to the date of calculation and payable to members on resignation, retirement, death and disablement. This assessment may result in an employer being required to make additional contributions to the sub fund. Each sub fund is quarantined from the others and the other assets of the Fund. In the event that the assets of a particular sub fund is not adequate to meet the member's liabilities and that there are insufficient employer contributions, the defined benefit member liabilities are limited to the assets of the particular sub fund.

The main assumptions used to determine the values of the accrued benefits for each of the Fund's sub funds were:

- Future rate of investment return of investments forecasted for each defined benefit sub fund 3.75% - 4.75% per annum
- Future rate of salary increase forecasted at 2.75% per annum

The Fund's Actuary considers the following movements in the main assumptions used to determine the values of the accrued benefits are reasonably possible for the 2022-23 reporting period:

- Future rate of investment return +/- 1%
- Future rate of salary increase +/- 1%

The impact of the reasonably possible changes in these key assumptions are shown below:

Reasonable possible change in key assumptions	Increase/(decrease) in DB member liabilities $'000
Increase / (decrease) in future rate of investment return +/- 1%	2023: 123,950 / (124,594)
and no change in future rate of salary increase	2022: 129,524 / (130,749)
Increase / (decrease) in future rate of salary increase by +/- 1%	2023: 124,598 / (123,943)
and no change in future rate of investment returns	2022: 129,125 / (129,515)
Increase / (decrease) in future rate of investment return +/- 1%	2023: 248,548 / (248,537)
and increase / (decrease) in future rate of salary increase by +/- 1%	2022: 258,649 / (260,264)

The amount of the vested benefits attributable to defined benefit members as at 30 June 2023 is $123,768,198.

SPIRIT SUPER
Notes to the Financial Statements
For the year ended 30 June 2023

7. Liability for member benefits (continued)

(b) Defined benefit member liabilities (continued)

The following table summarises the financial condition of the sub-funds:

	Effective date of last actuarial review (valuation date)	Actuarial value of accrued benefits for defined benefit members at valuation date	Actuarial value of accrued benefits for defined contribution members at valuation date	Vested benefits for defined benefit members at valuation date	Net assets for defined benefit member at valuation date	Over funded
2023						
Quadrant	30/06/2023	33,424,634	6,693,828	39,789,021	48,442,054	8,323,592
Hobart City Council	30/06/2023	27,904,756	2,838,959	29,566,411	36,696,024	5,952,309
Launceston City Council	30/06/2023	34,537,584	20,122,986	54,412,766	57,661,339	3,000,769
Total		**95,866,974**	**29,655,773**	**123,768,198**	**142,799,417**	**17,276,670**
2022						
Quadrant	30/06/2022	34,292,124	2,947,310	40,794,211	49,526,248	8,741,171
Hobart City Council	30/06/2022	29,103,297	20,551,209	31,345,719	37,973,545	5,922,938
Launceston City Council	30/06/2022	36,648,490	6,492,953	56,833,026	60,098,075	2,898,376
Total		**100,043,911**	**29,991,472**	**128,972,956**	**147,597,868**	**17,562,485**

*In the Actuary's opinion all the sub funds at valuation date were in a satisfactory financial condition

8. Funding arrangements

Employers provided contributions with respect of defined contribution members at a rate of 10.5% (2022: 10.0%) of the gross salaries of the employees. Members contributions were made in accordance with the requirements of the Trust Deed pursuant to applications contained in the product disclosure statements and supplements on issue by the Trustee during the year.

The funding policy adopted in respect of the Fund is directed at ensuring that benefits accruing to members and beneficiaries are fully funded as the benefits fall due. As such, in framing employer contribution rates for the defined benefit funds, the Actuary has considered long-term trends in such factors as Fund membership, the surplus position, salary growth and average market value of Fund assets.

The employers contributing to the defined benefit funds contribute at the rates recommended by the Actuary.

9. Reserves

The Fund maintains an Operational Risk Reserve, in accordance with the requirements established by APRA under Prudential Standard SPS 114 Operational Risk Financial Requirement, and also holds Administration and Direct investment reserves.

The purpose of the Operational Risk Reserve is to provide protection to the Fund in the event that a loss is incurred from an operational risk event occurring. The use of the Operational Risk Reserve is governed by the requirements of SPS 114, which is applicable to all APRA-regulated funds. The current Operational Risk Reserve represents approximately 0.28% (2022: 0.30%) of the net assets of the Fund. The Trustee has an Operational Financial Risk Requirement target of 27.5 basis points. During the current and previous financial year, there were no drawdowns made against the Operational Risk Reserve related to an operational risk event.

The General Reserve represents that pool of funds required to meet the general operating and administration costs of the Fund and any unexpected or otherwise unforeseeable operating costs that may arise. Administration levies are deducted from members' accounts to fund the Reserve. It also receives and distributes net investment earnings, (that is, income and capital gains from investments less tax and other relevant deductions). Investment related expenses, including investment related tax expenses, are met from this reserve.

10. Operating expenses

	Note	2023 $'000	2022 $'000
Advertising and sponsorships		6,314	5,569
Internal and external audit fees		946	618
Consulting fees		1,771	1,103
Depreciation and amortisation		878	989
IT expenses		3,649	3,448
Regulatory fees		2,176	2,070
Secretariat expenses (non-investment)	18(c)	43,966	38,845
Trustee expenses		5,502	5,336
Merger-related expenses		1,213	(26)
Other operating expenses		11,230	6,075
Total operating expenses		**77,645**	**64,027**

Under section 56 in the *Superannuation Industry (Supervision) Act 1993* (SIS Act), the Trustees may be held liable for breaches of Commonwealth law which can include administrative penalties. To ensure the Trustee can continue to operate the Fund, the Trustees will increase the capital held to ensure it remains solvent in the event of any liabilities imposed after 1 January 2022. The Trust deed has been amended to allow for a Trustee fee to be levied on member accounts.

Trustee expenses includes $5.2m Trustee fee to allow the Trustee to generate Trustee capital.

11. Investment expenses

	2023 $'000	2022 $'000
Investment management and performance fees	84,810	98,671
Investment consulting fees	431	226
Secretariat expenses (investment related)	8,535	7,944
Other investment expenses	9,225	11,307
Total investment expenses	**103,001**	**118,148**

Included in Investment consulting fees are expenses paid to the Fund's asset consultants to manage some of its unlisted assets.

12. Insurance

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

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

13. Income Tax

	2023 $'000	2022 $'000
(a) Major components of income tax expenses:		
Income Statements		
Current tax expenses:		
- Current tax charge	(55,337)	(4,007)
- Adjustments in respect of current income tax of previous years	(8,654)	10,062
Deferred tax:		
- Relating to the originating and reversal of temporary differences	213,377	(194,207)
- Adjustments in respect of current income tax of previous years	(11,233)	(32,316)
Income tax expense as reported in the income statement	**138,153**	**(220,468)**

13. Income Tax (continued)

(b) Reconciliation between income tax expenses and the accounting profit before income tax	**2023 $'000**	**2022 $'000**
Profit/(loss) from operating activities	2,436,684	(1,156,644)
Income tax at 15%	365,503	(173,497)
Imputation credits and other tax credits	(116,270)	(141,913)
Non-assessable investment income	(68,775)	123,706
(Over)/under provision in prior years	(19,887)	(22,254)
Exempt pension income	(22,412)	(6,495)
Other	(6)	(15)
	138,153	**(220,468)**

The above income tax expense is separate to the $246.3m (2022:$215.2m) tax on members' contributions disclosed on the Statement of Changes in Member Benefits

(c) Deferred tax

		2023	
	Opening balance $'000	**Charged to income $'000**	**Closing balance $'000**
Deferred tax assets			
Other	2,969	2,744	5,713
	2,969	**2,744**	**5,713**
Deferred tax liabilities			
Unrealised gains in investments subject to CGT	199,138	204,888	404,026
	199,138	**204,888**	**404,026**

		2022	
	Opening balance $'000	**Charged to income $'000**	**Closing balance $'000**
Deferred tax assets			
Other	2,762	207	2,969
	2,762	**207**	**2,969**
Deferred tax liabilities			
Unrealised gains in investments subject to CGT	425,454	(226,316)	199,138
	425,454	**(226,316)**	**199,138**

14. Cash flow statement reconciliation

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2023 $'000	2022 $'000
Reconciliation of cash		
The figure shown for cash in the Statement of Cash Flows consists of:		
Cash and cash equivalents	131,115	86,484
Reconciliation of net profit after income tax to net cash from operating activities		
Operating result after tax	(16,835)	(54,630)
Adjusted for:		
(Increase)/Decrease in assets measured in fair value	(2,510,064)	1,093,815
Depreciation and impairment	878	989
Increase in insurance	(22,361)	(28,936)
Increase in receivables	(486)	(1,130)
Increase/(Decrease) in payables	9,461	(33,101)
Increase/(Decrease) in income tax payables	224,132	(373,844)
Allocation to member's accounts	2,315,366	(881,546)
Net cash (outflow) from operating activities	**91**	**(278,383)**

15. Commitments

As at 30 June 2023, the Fund had commitments of $465.1m (2022: $1,052.0m) in respect of uncalled elements of its investments. The uncalled commitments relate to the Fund's private equity investments, property and infrastructure investments. Time bands cannot be placed on those commitments, as it is difficult to predict the exact timing and pace of capital calls for any commitment based investment.

16. Contingent assets and liabilities

There were no material contingent assets or liabilities at the reporting date (2022: $Nil).

17. Significant events after balance date

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the operation of the Fund, the result of those operations, or the state of affairs of the Fund in future financial years.

18. Related parties

(a) Trustee and key management personnel

The Trustee of the Fund throughout the year was Motor Trades Association of Australia Superannuation Fund Pty. Limited (ABN 14 008 650 628). The following directors of the Trustee were key management personnel during all or part of the reporting period up to the signing date:

Independent Chair
M. Wilton (Appointed - 1 December 2022)
N. Edwards (Ceased - 30 November 2022)

Independent Directors
S. Dahn (Ceased - 30 June 2023)
A. O'Donnell

Employer Nominated Directors
P. Savige*
G. Lowe*
J. Mazengarb
S. Parr*

Member Representative Directors
R. O'Donnell*
D. Smith*
J. Munday
T. Lynch*

The following executive officers were key management personnel during all or part of the reporting period up to the signing date:

Executives
J. Murray* (Chief Executive Officer)
S.M. Lim (Acting Chief Finance Officer - appointed 5 September 2022)
J. Dyer (Acting Chief Finance Officer - ceased 31 August 2022)
R. Judd* (Chief of People and Culture)
K. Crawford* (Chief Operating Officer)
N. Lyons* (Chief Strategy Officer)
R. Barry* (Chief Investment Officer)
A. Mehl (Chief Technology Officer)
W. Sadler (Chief Risk Officer - appointed 9 January 2023) **

* These persons are members of Spirit Super. Their membership terms and conditions are the same as those applied to other members of the Fund.
** From 18 May 2022, the role of Chief Risk Officer was vacant. Interim external support was provided until 9 January 2023.

(b) Compensation of key management personnel

The Trustee directors are remunerated for their services to the Trustee and the Fund. Directors are paid an annual fixed amount.

Compensation of the Trustee's directors and the executives as listed in 16(a) was:

	2023	2022
	$	$
Short-term employer benefits	4,132,317	5,408,482
Post-employment benefits	359,661	413,281
Termination	-	132,430
Long-term benefits	91,797	(301,735)
	4,583,775	5,652,458

All key management personnel are also reimbursed for reasonable expenses incurred in carrying out their duties for the Trustee.

18. Related parties (continued)

(c) Related party transactions

Motor Trades Association of Australia Superannuation Fund Pty Limited
Motor Trades Association of Australia Superannuation Fund Pty Limited, the Trustee, is fully reimbursed from the Fund for all expenditure incurred on its behalf.

MTAA Superannuation Fund (Secretariat Co.) Pty Ltd
MTAA Superannuation Fund (Secretariat Co.) Pty Ltd ("Secretariat Co.") is wholly owned by the Fund. The Fund utilises Secretariat Co. as a management services company through which it engages staff to provide member administration, investment administration, back office, IT, finance and related support services to the Fund. In addition to director and staff-related costs which includes learning and development costs, Secretariat Co. also incurs occupancy costs associated with Spirit Super's offices, software and IT-related costs.

Secretariat Co.'s running costs are reimbursed on a full cost recovery basis from the Fund. This amounts to $55,846,924 for the 2023 year (2022: $48,070,497).

On 30 November 2022, N. Edwards resigned as a director and M. Wilton was appointed on 1 December 2022. A. O'Donnell and the Fund's CEO, J. Murray are also directors of Secretariat Co.
There are no directors' fees paid or payable to director of Secretariat Co for these positions.

Quadrant First Pty Ltd
MTAA Superannuation Fund (Secretariat Co.) Pty Limited holds 100% of the shares in Quadrant First Pty Ltd (QFPL).
At 30 June 2023, $Nil was receivable from QFPL. The Fund paid QFPL $790,538 for the provision of financial planning services including the provision of authorisations to authorised representatives of the Fund. At 30 June 2023 $Nil was payable to QFPL. The Fund's General Manager, Growth, Alan Thaux and Chief Operations Officer, Kathleen Crawford (apponted 29 December 2023) are the directors of QFPL as at balance date. There are no directors' fees paid or payable to directors of QFPL for these positions.

QT Investment Management Pty Ltd
On the 31 August 2022, Spirit Super disposed of 100% of the units of QT investment Management Trust to Metrics Credit Holdings Pty Ltd. For the period from 1 July 2022, the Fund received $520,857 in income distributions. R Barry also resigned as the sole director from the date of disposal.

Tasplan Pty Ltd
Tasplan Pty Ltd remains registered but is not operational. It will remain registered for a period of 7 years following the successor fund transfer to Motor Trades Association of Australia Superannuation Fund Pty Ltd, for the purpose of maintaining insurance, access to records and potential claims.
At 30 June 2023, John Mazengarb is the sole shareholder for Tasplan Pty Ltd. Both John Mazengarb and Tom Lynch are directors of Tasplan Pty Ltd.
There are no directors' fees paid or payable to directors of Tasplan Pty Ltd for the period 1 July 2022 to 30 June 2023.

Industry Super Holdings
Spirit Super has a 5.16% holding in Industry Super Holdings Pty Ltd (ISH) (2022: 5.16%), which through the following subsidiaries provides services to the Fund as follows:

IFS Insurance Solutions Pty Ltd (IFSIS) provides insurance broking and insurance consulting services to Spirit Super. These services are provided under normal commercial terms and conditions. Fees for services provided during the year amounted to $52,520 (2022: $49,500).

Industry Fund Credit Control Pty Ltd (IFCC) provides debt collection services to Spirit Super. These services are provided under normal commercial terms and conditions. There were no services acquired from or payments to IFCC in the current reporting period $Nil (2022: $Nil).

Industry Fund Financial Planning (IFFP) provides financial planning services to the Spirit Super for the Fund's members. These services are provided under normal commercial terms and conditions. Fees for services provided during the year amounted to $Nil (2022: $Nil).

Industry Super Australia (ISA) provides marketing, research and policy information services. Spirit Super jointly funds the marketing campaign of ISA and contributes funding for policy development and research. Fees for services provided during the year amounted to $1,693,263 (2022: $2,654,605).

J.Murray is a director of ISA. There was no remuneration paid for this directorship.

18. Related parties (continued)

(d) Controlled entities

The Fund has multiple investments which it controls. However, the Fund has determined that it is an investment entity under the definition in AASB 10 Consolidated Financial Statements as it meets the following criteria:

1. The Fund obtains funds from members for the purpose of providing those members with investment management services;
2. The Fund commits to its members that its business purpose is to invest solely for returns from capital appreciation, investment income, or both; and
3. The Fund measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Fund has established a number of investment vehicles known as special purpose entities (SPE's) for trading, investment, investment administration and support services. Control is achieved when the Fund:

* has power over the investee
* is exposed, or has rights, to variable returns from its involvement with the investee; and
* has the ability to use its power to affect its returns.

The Fund has concluded that of the controlled SPE's, MTAA Superannuation Fund (Secretariat Co.) Pty Ltd is a service entity that provides administration and support services to the Fund. The Fund has deemed them to be immaterial for consolidation purposes.

All other controlled SPE's are deemed to be Investment Entities as they have been established for the purpose of holding investments. The Fund measures and evaluates the performance of the investments on a fair value basis. As such, these entities have not been consolidated and are accounted for at fair value.

Each SPE's principal place of business is 39 Brisbane Avenue, Barton, ACT 2600. The following table is a list of all active SPE's during the reporting period, the relevant asset class and the Fund's ownership interest in each. Dormant entities have not been listed.

	Ownership Interest %	
	2023	**2022**
Property		
MTAA Superannuation Fund (121 Marcus Clarke Street - Parking) Property Pty Ltd	100%	100%
MTAA Superannuation Fund (121 Marcus Clarke Street) - Property Pty Ltd	100%	100%
MTAA Superannuation Fund (40 Market Street) Property Pty Ltd *	100%	100%
MTAA Superannuation Fund (Alkimos) Property Pty Ltd	100%	100%
MTAA Superannuation Fund (Chapel Street) Property Pty Ltd*	100%	100%
MTAA Superannuation Fund (Ferntree Business Park) Property Pty Ltd*	100%	100%
MTAA Superannuation Fund (Flagstone Creek and Spring Mountain Park) Property Pty Ltd	100%	100%
MTAA Superannuation Fund (Flinders Ports Storage) Property Pty Ltd	100%	100%
MTAA Superannuation Fund (Flinders Ports Storage No. 1) Property Pty Ltd	100%	100%
MTAA Superannuation Fund (Flinders Ports Storage No. 2) Property Pty Ltd	100%	100%
MTAA Superannuation Fund (Flinders Ports Stores) Property Pty Ltd	100%	100%
MTAA Superannuation Fund (Flinders Ports) Utilities Pty Ltd	100%	100%
MTAA Superannuation Fund (R. G. Casey Building) Property Pty Ltd *	100%	100%
MTAA Superannuation Fund (100 Broadway) Property Pty Ltd *	100%	100%
Parliament Square Hotel Pty Ltd	100%	100%
Parliament Square Property Pty Ltd	100%	100%
MTAA Superannuation Fund (40 Market St) Property Trust	100%	100%
MTAA Superannuation Fund (Chapel Street) Property Trust	100%	100%
MTAA Superannuation Fund Property (Ferntree Business Park) Property Trust	100%	100%
MTAA Superannuation Fund Property (RG Casey Building) Property Trust	100%	100%
MTAA Superannuation Fund (100 Broadway) Property Trust	100%	100%
Parliament Square Hotel Trust	100%	100%
Parliament Square Property Trust	100%	100%
Infrastructure		
MTAA Superannuation Fund (Air-Serv International Holding) Utilities Pty Ltd	100%	100%
MTAA Superannuation Fund (Latin Power) Utilities Pty Ltd	100%	100%
MTAA Superannuation Fund (MIP) Infrastructure Pty Ltd	100%	100%
MTAA Superannuation Fund (NTL Broadcast) Utilities Pty Ltd	100%	100%
MTAA Superannuation Fund (TransACT) Utilities Trust	100%	100%
MTAA Superannuation Fund (MIPV) Infrastructure Trust	100%	100%
MTAA Superannuation Fund (Carrix) Utilities Trust	100%	100%

* Further information on these controlled entities are disclosed on pages 33-34.

18. Related parties (continued)

(d) Controlled entities (continued)

Private Equity		
MTAA Superannuation Fund (Companion Funds) Private Equity Investments Pty Ltd	100%	100%
MTAA Superannuation Fund (Icon Parking Services) Utilities No. 1 Pty Ltd	100%	100%
MTAA Superannuation Fund (Icon Parking Services) Utilities No. 2 Pty Ltd	100%	100%
MTAA Superannuation Fund (MGOP) Private Equity Investments Pty Ltd	100%	100%
MTAA Superannuation Fund (SALSA) General Partner Pty Ltd	100%	100%
MTAA Superannuation Funds (SALSA) Research and Development Pty Ltd	100%	100%
Service Entities		
MTAA Superannuation Fund (Secretariat Co.) Pty Ltd	100%	100%
Quadrant First Pty Ltd	100%	100%
Other		
QT Investment Management Pty Ltd	0%	100%

The Fund has used borrowings in both the current and comparative years within a number of SPEs which are indicated by (*) in the table above.
A summary of each SPEs borrowing arrangements is outlined below.

- MTAA Superannuation Fund (Chapel Street) Property Pty Ltd
MTAA Superannuation Fund (Chapel Street) Property Pty Ltd ("Chapel Street") acted as trustee for the MTAA Superannuation Fund (Chapel Street) Property Trust ("Trust") for the period 1/7/2022 to 28/6/2023. JGS Private Capital Pty Ltd ("JGS"), not a related party was appointed Trustee of the Trust on 28/6/2023. The Trust holds the Fund's 100% interest in the 670 Chapel Street, Vogue Plaza building in South Yarra, Melbourne, Victoria. The Trust is wholly owned by the Trustee for Spirit Super.

The SPE has a 5-year interest only loan of $46,000,000. The loan will mature on 21 December 2025. The facility includes a line fee payable at 1.30% of the loan limit.

The SPE entered into a 5-year fixed interest rate swap for the full amount of the Chapel Street loan as of 22 December 2020 to 21 December 2025. The fixed rate in the swap is 0.485%.

The bank loan is secured by the first mortgage over Chapel Street's interest in the property at 670 Chapel Street, Melbourne, a letter of support from the Trustee of the MTAA Superannuation Fund and a first registered General Security Deed from Chapel Street over all its assets and undertakings held as trustee of the MTAA Superannuation Fund (Chapel Street) Property Trust. All current loan agreements relating to the SPE were novated to and a General Security Deed was entered into with JGS as trustee on 30 June 2023. The SPE did not breach any of its covenants during the year.

- MTAA Superannuation Fund (RG Casey Building) Property Pty Ltd
MTAA Superannuation Fund (RG Casey Building) Property Pty Ltd ("RG Casey") acted as trustee for the MTAA Superannuation Fund Property (RG Casey Building) Property Trust ("Trust") for the period 1/7/2022 to 28/6/2023. JGS Private Capital Pty Ltd ("JGS"), not a related party was appointed Trustee of the Trust on 28/6/2023. The Trust holds the Fund's 100% interest in the RG Casey Building in Brisbane Ave, Barton, ACT. The Trust is wholly owned by the Trustee for Spirit Super.

The SPE entered into a new 3.5-year interest only loan of $154,100,000 as of 28 December 2012 after finalisation of a further 15-year lease with the tenant. The loan was further refinanced on 29 July 2016 for another 7 years in the amount of $155,000,000. The facility includes a line fee payable at 1.75% of the loan limit.

In July 2016 RG Casey entered into a 7-year fixed interest rate swap for the full amount of the facility. The fixed rate in the swap is 1.975%.

The bank loan is secured by the first mortgage over RG Casey's interest in the property at Brisbane Avenue, a letter of support from the Trustee of the MTAA Superannuation Fund and a first registered company charge from RG Casey over all its assets and undertakings held as Trustee of the MTAA Superannuation Fund (RG Casey Building) Property Trust. All current loan agreements relating to the SPE were novated to and a General Security Deed was entered into with JGS as trustee on 30 June 2023. The SPE did not breach any of its covenants during the year.

18. Related parties (continued)

(d) Controlled entities (continued)

- MTAA Superannuation Fund (40 Market Street) Property Pty Ltd
MTAA Superannuation Fund (40 Market Street) Property Pty Ltd ("40 Market Street") acted as trustee for the MTAA Superannuation Fund Property Trust ("Trust") for the period 1/7/2022 to 28/6/2023. JGS Private Capital Pty Ltd ("JGS"), not a related party was appointed Trustee of the Trust on 28/6/2023. The Trust holds the Fund's 100% interest in the 40 Market Street building in Melbourne, Victoria. The Trust is wholly owned by the Trustee for Spirit Super.

The SPE entered into a 7-year interest only loan of $58,000,000 as on 6 May 2015 and a further 15 month extension on 29 April 2022. The extension includes a line fee payable at 0.65% (previously 1.45%) of the loan limit. The average variable rate on the loan for the period ending 30 June 2023 was 2.83%.

The bank loan is secured by the first mortgage over 40 Market Street's interest in the property in Melbourne, a letter of support from the Trustee of the MTAA Superannuation Fund and a first registered company charge from 40 Market Street over all its assets and undertakings held as trustee of the MTAA Superannuation Fund (40 Market Street) Property Trust. All current loan agreements relating to the SPE were novated to and a General Security Deed was entered into with JGS as trustee on 30 June 2023. The company did not breach any of its covenants during the year.

- Parliament Square Property Pty Ltd
Parliament Square Property Pty Ltd acted as trustee for the Parliament Square Property Trust ("Trust") for the period 1/7/2022 to 28/6/2023. JGS Private Capital Pty Ltd ("JGS"), not a related party was appointed Trustee of the Trust on 28/6/2023. The Trust holds the Fund's 100% interest in Parliament Square complex in Hobart, Tasmania. The Trust is wholly owned by the Trustee for Spirit Super.

The Trust entered into a 17 month loan of $169,000,000 as of 31 January 2022 for the purchase of the Parliament Square property. The average variable rate of the loan for the period ending 30 June 2023 was 2.93%.

All current loan agreements relating to the SPE were novated to and a General Security Deed was entered into with JGS as trustee on 30 June 2023. The ICR covenant was immaterially breached in December 2022 with remedial action taken. No further breaches were recorded during the year.

- Parliament Square Hotel Pty Ltd
Parliament Square Hotel Pty Ltd acted as trustee for Parliament Square Hotel Trust ("Trust") for the period 1/7/2022 to 28/6/2023. JGS Private Capital Pty Ltd ("JGS"), not a related party was appointed Trustee of the Trust on 28/6/2023. The Trust wholly owns and operates a business running the Tasman Hotel in Hobart, Tasmania.

The business is managed on the Trust's behalf by an Australian subsidiary of Marriott International, Inc.: Starwood Australia Hotels Pty Ltd. This is via an Operating Services Agreement between Starwood Australia Hotels Pty Ltd and the Trust. The Tasman Hotel building, and its plant and equipment are wholly owned by the Trustee for Parliament Square Property Trust. The Trust leases the premises of the Tasman Hotel from the Trustee for Parliament Square Property Trust on an arms-length basis. The Trust does not hold any debt to related parties, or external parties. The Trust is wholly owned by the Trustee for Spirit Super.

- MTAA Superannuation Fund (Ferntree Business Park) Property Pty Ltd
MTAA Superannuation Fund (Ferntree Business Park) Property Ltd ("FBP") acted as trustee for the MTAA Superannuation Fund Property (Ferntree Business Park) Property Trust for the period 1/7/2022 to 28/6/2023. JGS Private Capital Pty Ltd ("JGS"), not a related party was appointed Trustee of the Trust on 28/6/2023. The Trust holds the Fund's 100% interest in Ferntree Business Park, Notting Hill, Melbourne, Victoria. 'The Trust is wholly owned by the Trustee for Spirit Super.

The SPE entered into a 7-year interest only loan of $87,750,000 as on 8 August 2017. The facility includes a line fee payable at 1.70% of the loan limit.

The SPE also entered into a 7-year fixed interest rate swap for the full amount of the loan as of 8 August 2017 to 7 August 2024.
The fixed rate in the swap is 2.6275%.

The bank loan is secured by the first mortgage over FBP's interest in the property in Melbourne, a letter of support from the Trustee of the MTAA Superannuation Fund and a first registered company charge from FBP over all its assets and undertakings held as trustee of 'the MTAA Superannuation Fund (Ferntree Business Park) Property Trust. All current loan agreements relating to the SPE were novated to and a General Security Deed was entered into with JGS as trustee on 30 June 2023. 'The Company did not breach any of its covenants during the year.

18. Related parties (continued)

(d) Controlled entities (continued)

- MTAA Superannuation Fund (100 Broadway) Property Pty Ltd
MTAA Superannuation Fund (100 Broadway) Property Pty Ltd ("100 Broadway") acted as trustee for the MTAA Superannuation Fund (100 Broadway) Property Trust for the period 1/7/2022 to 28/6/2023. JGS Private Capital Pty Ltd ("JGS"), not a related party was appointed Trustee of the Trust on 28/6/2023. The Trust holds the Fund's 100% interest in 100 Broadway, Chippendale, NSW.

The SPE entered into a 7-year interest-only loan of $38,570,000 as of 26 November 2018. The facility includes a line fee payable of 1.55% of the loan limit.

The SPE also entered into a 7-year fixed interest rate swap for the full amount of the loan as of 4 December 2018 to 4 December 2025.
The fixed rate in the swap is 2.6275%.

The bank loan is secured by the first mortgage over 100 Broadway's interest in the property, a letter of support from the Trustee of the MTAA Superannuation Fund and a first registered company charge from 100 Broadway over all its assets and undertakings held as trustee of the MTAA Superannuation Fund (100 Broadway) Property Trust. All current loan agreements relating to the SPE were novated to and a General Security Deed was entered into with JGS as trustee on 30 June 2023. 'The Company did not breach any of its covenants during the year.

Other related parties
R Barry is a director of all of the above SPE's. There was no remuneration paid for these directorships.
There was no remuneration paid for these directorships.

ANU MTAA Super Venture Capital Partnership L.P., is a venture capital limited partnership (VCLP), between the Fund and the Australian National University (ANU), established for the purposes of investing in the commercialisation of research and in early stage venture capital projects.
Shaun O'Malley is a director of ANU MTAA Super Venture Capital Pty Ltd (the 'General Partner' of the VCLP) and ANU Connect Ventures Pty Ltd (the "Investment Manager" for the VCLP). No director's fees are paid for the directorships.

There are no directors' fees paid or payable to Directors for these positions.

19. Segment Information
The Fund operates in one reportable business segment, being the provision of benefits to members. The Fund also operates from one reportable geographic segment, being Australia, from where its activities are managed. Whilst the Fund operates from Australia only, the Fund has investment exposures in different countries and across different industries. Revenue is derived from interest, dividends, gains on sales of investments and unrealised changes in values of investments.

20. Auditors' remuneration

	2023 $'000	2022 $'000
Amount paid to Ernst & Young (2022: PricewaterhouseCoopers)		
Audit Services provided by Fund auditor		
Audit of financial statements and regulatory requirements of various entities within the Fund	416	541
Other services provided by the Fund auditor		
Website support services	95	-
Independent audit of information security - APRA CPS 234 Tripartite	165	-
Operational risk profile review	77	-
Taxation services	8	151
Investment due diligence	-	17
Other consulting services	-	40
US taxation services	-	19
Valuation services	-	15
	761	**783**

SPIRIT SUPER
Trustee Declaration
For the year ended 30 June 2023

In the opinion of the directors of the Trustee of Spirit Super:

(a) the accompanying financial statements and notes set out on pages 1 to 34 are in accordance with:
(i) Australian Accounting Standards and other mandatory professional reporting requirements, and
(ii) present fairly the Fund's financial position as at 30 June 2023 and of its performance for the financial year ended on that date,

(b) the Fund's financial statements have been prepared in accordance with its constituent Trust Deed and the requirements of the *Superannuation Industry (Supervision) Act 1993* and its accompanying Regulations; the relevant requirements of the *Corporations Act 2001 and Regulations; the requirements under section 13 of the Financial Sector (Collection of Data) Act 2001*, during the year ended 30 June 2023, and

(c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors of Motor Trades Association of Australia Superannuation Fund Pty Limited (ABN 14 008 650 628) as Trustee for Spirit Super.

Director:____________________ Director:____________________

27 September 2023

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Part 1 – Independent Auditor's report on financial statements

For a Reporting Entity

Independent Auditor's report approved form for an RSE that is a reporting entity

Spirit Super 74 559 365 913

Report by the RSE Auditor to the trustee

Opinion

I have audited the financial statements of Spirit Super for the year ended 30 June 2023 comprising the statement of financial position, income statement, statement of changes in member benefits, statement of cash flows and statement of changes in equity/reserves.

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of Spirit Super as at 30 June 2023 and the results of its operations, cash flows, changes in equity/reserves and changes in members' benefits for the year ended 30 June 2023.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statements in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustee for the Financial Statements

The RSE's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the RSE or to cease operations, or has no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Australian Auditing Standards, I exercised professional judgment and maintained professional scepticism throughout the audit. I also:

- identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RSE's internal control.
- evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- concluded on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the RSE's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my auditor opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the RSE to cease to continue as a going concern.
- evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- communicated with the trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identified during my audit.

From the matters communicated with the trustee, I determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I described these matters in my report unless law or regulation precluded public disclosure about the matter or when, in extremely rare circumstances, I determined that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Maree Pallisco
Partner
Melbourne
27 September 2023