



SUNSUPER SUPERANNUATION FUND

A.B.N. 98 503 137 921

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

**Sunsuper Superannuation Fund's registered office
and principal place of business is:**

**30 Little Cribb Street
MILTON QLD 4064**

**SUNSUPER SUPERANNUATION FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

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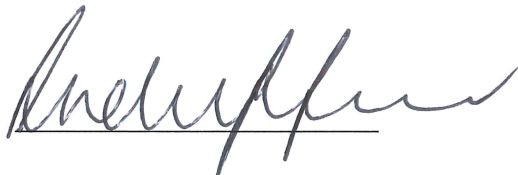
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**SUNSUPER SUPERANNUATION FUND
TRUSTEE'S STATEMENT**

In the opinion of the directors of Sunsuper Pty Ltd (A.C.N. 010 720 840), being the Trustee of Sunsuper Superannuation Fund ("the Fund"):

- (i) the accompanying financial statements of Sunsuper Superannuation Fund are properly drawn up so as to present fairly the statement of financial position of the Fund as at 30 June 2019, the income statement for year ended 30 June 2019, and the statements of changes in member benefits, changes in equity / reserves and cash flows for the year ended on that date; and
- (ii) the accompanying financial statements have been drawn up in accordance with Accounting Standards in Australia.

This statement is made in accordance with a resolution of the Board of Directors of the trustee company, Sunsuper Pty Ltd.



Andrew Fraser
Director



Mary Elizabeth Hallett
Director

Brisbane
27 September 2019

Sunsuper Superannuation Fund
ABN 98 503 137 921

Report by the Registrable Superannuation Entity ("RSE") Auditor to the members

Opinion

We have audited the financial statements of Sunsuper Superannuation Fund for the year ended 30 June 2019 as set out on pages 5 to 50 attached.

In our opinion, the financial statements present fairly, in all material aspects, in accordance with Australian Accounting Standards the financial position of Sunsuper Superannuation Fund as at 30 June 2019 and the results of its operations, cash flows, changes in reserves and changes in members' benefits for the ended 30 June 2019.

Basis for opinion

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

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

Responsibilities of the trustee for the Financial Statements

The RSE's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee is also responsible for such internal 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 cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Frances Borg

Frances Borg

Partner

Chartered Accountants

Sydney, 27 September 2019

SUNSUPER SUPERANNUATION FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 \$M	2018 \$M
Assets			
Investments			
	2		
Australian shares		17,957	14,849
International shares		16,173	13,409
Private capital		4,296	3,231
Property		6,600	5,722
Infrastructure		4,845	3,921
Fixed interest		8,542	6,912
Hedge funds and alternative strategies		3,300	2,649
Cash		5,096	4,437
Diversified strategies		2,149	1,996
Total investments		68,958	57,126
Other assets			
Cash and cash equivalents	3	856	720
Receivables and other assets		190	239
Total other assets		1,046	959
Total assets		70,004	58,085
Liabilities			
Benefits payable and other liabilities		361	478
Current tax liabilities		364	448
Deferred tax liabilities	9	970	718
Total liabilities		1,695	1,644
Net assets available for member benefits		68,309	56,441
Member liabilities			
Defined contribution member liabilities	4	66,101	54,535
Defined benefit member liabilities	5	1,330	1,143
Total member liabilities		67,431	55,678
Total net assets		878	763
Equity			
General reserve	8	319	304
Insurance reserve	8	4	-
Operational risk financial requirement (ORFR)	8	180	150
Defined benefits surplus	6	375	309
Total equity		878	763

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

**SUNSUPER SUPERANNUATION FUND
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$M	2018 \$M
Superannuation activities			
Revenue			
Interest revenue		343	269
Dividend revenue		1,498	843
Distribution income		328	440
Rental and other income		80	60
Changes in fair value of investments	2 (c)	3,051	3,639
Total revenue		<u>5,300</u>	<u>5,251</u>
Expenses			
Direct investment expenses		(149)	(136)
Administration services expense	14 (b)	(117)	(103)
Other operating expenses	10	(74)	(71)
Total expenses		<u>(340)</u>	<u>(310)</u>
Results from superannuation activities before income tax expense			
		4,960	4,941
Income tax expense attributable to net result	9	<u>(68)</u>	<u>(190)</u>
Results from superannuation activities after income tax expense		<u>4,892</u>	<u>4,751</u>
Net benefits allocated to defined contribution members		(4,702)	(4,519)
Net change in defined member benefits		(79)	(119)
Operating result after income tax		<u>111</u>	<u>113</u>

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

SUNSUPER SUPERANNUATION FUND
STATEMENT OF CHANGES IN MEMBER BENEFITS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Defined contribution member benefits \$M	Defined benefit member benefits \$M	Total \$M
Opening balance as at 1 July 2018		54,535	1,143	55,678
Employer contributions		4,021	27	4,048
Member contributions		743	-	743
Transfers from other funds		3,123	-	3,123
Successor fund transfers	7	3,095	163	3,258
Income tax on contributions		(627)	(4)	(631)
Net after tax contributions and rollovers		10,355	186	10,541
Benefits to members		(3,484)	(47)	(3,531)
Insurance proceeds credited to members' accounts		271	-	271
Insurance premiums charged to members' accounts (net of tax)	11	(308)	(1)	(309)
Transfers from defined benefit account to defined contribution account		30	(30)	-
Net benefits allocated, comprising:				
Net investment income		4,856	-	4,856
Net administration fees		(154)	-	(154)
Net change in defined benefit member benefits		-	79	79
Closing balance as at 30 June 2019		66,101	1,330	67,431
Opening balance as at 1 July 2017		43,783	1,079	44,862
Employer contributions		3,202	25	3,227
Member contributions		594	-	594
Transfers from other funds		1,982	-	1,982
Successor fund transfers	7	3,950	16	3,966
Income tax on contributions		(492)	(4)	(496)
Net after tax contributions and rollovers		9,236	37	9,273
Benefits to members		(3,131)	(58)	(3,189)
Insurance proceeds credited to members' accounts		389	-	389
Insurance premiums charged to members' accounts (net of tax)	11	(294)	(1)	(295)
Transfers from defined benefit account to defined contribution account		33	(33)	-
Net benefits allocated, comprising:				
Net investment income		4,636	-	4,636
Net administration fees		(117)	-	(117)
Net change in defined benefit member benefits		-	119	119
Closing balance as at 30 June 2018		54,535	1,143	55,678

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

SUNSUPER SUPERANNUATION FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$M	2018 \$M
Cash flows from operating activities			
Interest received		330	261
Dividends and distributions received		1,678	954
Rental and other income received		73	67
Insurance proceeds received		332	295
Administration service expense paid		(119)	(97)
Direct investment expense paid		(151)	(141)
Other operating expenses paid		(74)	(66)
Group life insurance premiums paid		(372)	(342)
Income tax paid		(477)	(406)
Net inflows of cash from operating activities	3	1,220	525
Cash flows from investing activities			
Purchase of investments		(28,522)	(22,327)
Proceeds from sale of investments		21,860	18,751
Net outflows of cash from investing activities		(6,662)	(3,576)
Cash flows from financing activities			
Employer contributions received		4,044	3,230
Member contributions received		743	594
Transfers from other funds		3,123	1,982
Successor fund transfers		1,338	196
Benefits paid		(3,670)	(2,954)
Net inflows of cash from financing activities		5,578	3,048
Net increase/(decrease) in cash held		136	(3)
Cash and cash equivalents at the beginning of the financial year		720	723
Cash and cash equivalents at the end of the financial year	3	856	720

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

**SUNSUPER SUPERANNUATION FUND
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30 JUNE 2019**

	Note 8	General reserve \$ M	Insurance reserve \$ M	Operational risk financial requirement (ORFR) \$ M	Defined benefits surplus \$ M	Total \$ M
Opening balance as at 1 July 2018		304	-	150	309	763
Successor fund transfers		13	-	7	(13)	7
Successor fund transfers - prior year distributed		(33)	-	-	-	(33)
Successor fund transfer - pending distribution		30	-	-	-	30
Operating result		6	13	13	79	111
Transfer from insurance reserve		9	(9)	-	-	-
Transfer to ORFR		(10)	-	10	-	-
Closing balance as at 30 June 2019		<u>319</u>	<u>4</u>	<u>180</u>	<u>375</u>	<u>878</u>
Opening balance as at 1 July 2017		195	-	120	274	589
Successor fund transfers		18	-	10	-	28
Successor fund transfer pending distribution		33	-	-	-	33
Operating result		61	4	13	35	113
Transfer from insurance reserve		4	(4)	-	-	-
Transfer to ORFR		(7)	-	7	-	-
Closing balance as at 30 June 2018		<u>304</u>	<u>-</u>	<u>150</u>	<u>309</u>	<u>763</u>

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

**SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

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SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. GENERAL INFORMATION

Nature of the fund

The Fund was established under a Trust Deed dated 1 October 1987. It is a regulated superannuation fund registered by the Australian Prudential Regulation Authority (APRA) as a registrable superannuation entity (RSE). The RSE registration number is R1000337.

The Fund has both defined contribution and defined benefit members. The purpose of the Fund is to provide superannuation and insurance benefits for members and their dependants. The Fund operates on profit-for-members basis with all profits reinvested to provide improved outcomes for members.

Sunsuper Pty Ltd (ACN 010 720 840) is the Trustee of the Fund and is responsible for managing the Fund, ensuring that it operates the Fund in the best interests of all members and complies with all relevant legal and regulatory requirements.

The Fund is administered by Precision Administration Services Pty Ltd (Precision) (ACN 098 977 667), a 100% owned entity of the Fund.

The custodially held investment assets of the Fund are held by State Street Australia Limited (ACN 002 965 200).

The principal place of business of the Fund is 30 Little Cribb Street, Milton, Queensland.

	2019	2018
Number of members of the Fund at 30 June	<u>1,454,770</u>	<u>1,310,692</u>

Nature of the contributions

Contributions to the Fund are determined by the type of membership. For defined contribution members, employers are expected to contribute at least a minimum rate as determined by Industrial Awards or Superannuation Guarantee Legislation. The Superannuation Guarantee rate for the year ending 30 June 2019 was 9.5% (2018: 9.5%). For defined benefit members, employers are expected to contribute at a rate determined by the Trustee acting on the advice of the appointed actuaries. Employees are also able to make voluntary contributions.

Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with AASB 1056 and other Australian Accounting Standards, Interpretations, the Superannuation Industry (Supervision) Act 1993 and provisions of the Trust Deed and amendments thereto.

For the purposes of preparing the financial statements, the Fund is a profit for members entity.

The financial statements were authorised for issue by the Directors on 27 September 2019.

Critical accounting judgments and key sources of estimation uncertainty

In the application of Accounting Standards, management is required to make judgments, estimates and assumptions about fair values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 2 (d): Fair value of investments
- Note 5: Defined benefit member liabilities

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. GENERAL INFORMATION (CONT.)

Application of new and revised Accounting Standards

The following new and revised Standards and Interpretations which have become effective and are relevant to the Fund are listed below.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and the relevant amending standards	1 January 2018	30 June 2019
AASB 2017-1 'Amendments to Australian Accounting Standards - Transfer of Investment Property, Annual Improvements 2014-2016 Cycles and Other Amendments'	1 January 2018	30 June 2019
Interpretation 22 'Foreign Currency Transactions and Advanced Consideration	1 January 2018	30 June 2019

Management's assessment of the impact of these new Standards and Interpretations is set out below.

AASB 9, 'Financial instruments'

AASB 9 'Financial instruments' replaces AASB 139 'Financial Instruments: Recognition and Measurement' and became effective for annual periods beginning on or after 1 January 2018. Management has considered the three key AASB 9 changes being: Classification and measurement, Impairment assessment and Hedge accounting.

Classification and measurement changes

Prior to the adoption of AASB 9, under the guidance of AASB 139, all of the Fund's investments (including instruments such as equity securities, debt securities and derivatives) were classified as fair value through profit or loss and subcategorised between those 'held for trading' and those designated at fair value through profit or loss at inception. As all of the Fund's investments are carried at fair value, they are classified as fair value through profit or loss upon adoption of AASB 9. Therefore the adoption of AASB 9 has not resulted in any change to the classification or measurement of financial investments, in either the current or prior periods.

Non-investment assets and liabilities have also been assessed to have no change in classification or measurement upon the adoption of AASB9 noting the carrying amount adjusted for impairment assessment under AASB 9 has not resulted in a material change.

Impairment of loans and receivables

The new approach of impairment assessment for loans and receivables under AASB 9 is not expected to have a material impact on the Fund's financial statements. Credit risk arising from any potential expected credit losses of receivables is minimal as the entity is not a trading entity and receivables are not material. Under the expected credit losses (ECL) model, an entity calculates the allowance for credit losses by considering on a discounted basis the loss it would incur in various scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance recognised is the sum of these probability weighted outcomes. While every loan or receivable has a risk of default, the recognition of a credit loss is also driven by the probability of such default. Probability of default is considered low, and therefore there is no expected material impairment.

The Fund has applied the general approach in assessing the ECL as the Fund's receivables are outside the scope of AASB 15.

Hedging requirements

The Fund does not apply hedge accounting.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. GENERAL INFORMATION (CONT.)

AASB 15 'Revenue from Contracts with Customers'

AASB 15 assessment - The primary sources of the Fund's income falls within the scope of AASB 9, Financial instruments. The Fund does not have any material sources of income within the scope of AASB 15; therefore there is no material impact from the application of this Standard on the Fund's financial statements. Refer to significant accounting policies note 1(a) for further details on the different sources of income and how they are accounted for.

AASB 2017-1 'Amendments to Australian Accounting Standards - Transfer of Investment Property, Annual Improvements 2014-2016 Cycles and Other Amendments'

The Fund holds investment property as part of its investment strategy. There is no expectation that the Fund will change the use of its investments in property and therefore, there are no material impacts of the new Standard.

AASB Interpretation 22, 'Foreign Currency Transactions and Advance Consideration'

This Interpretation applies to a foreign currency transaction (or part of it) when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income (or part of it). The Fund does not have significant foreign denominated prepayments or any other non-monetary asset or liability. The Standard is not expected to have a material impact on the Fund's financial statements.

Standards and Interpretations issued but not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations which were in issue but not yet effective, and are relevant to the Fund, are listed below.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 16 'Leases'	1 January 2019	30 June 2020
Interpretation 23 'Uncertainty over Income Tax Treatment'	1 January 2019	30 June 2020
AASB 2018-7 'Amendments to Australian Accounting Standards - Definition of Material'	1 January 2020	30 June 2021

The initial application of the Standards and Interpretations issued but not yet effective will not have a material impact on the Fund's financial statements. Management's assessment of the impact is as detailed below:

AASB 16, 'Leases'

AASB 16, 'Leases' replaces AASB 117, 'Leases' and is effective for annual periods beginning on or after 1 January 2019. The new Standard is aimed at a more transparent representation of the true financial position of an entity by fully reflecting its liabilities as the leases represent committed future expenditures. The Standard introduces an on balance sheet lease accounting model where a right-of-use asset (representing the right to use the underlying asset) and a lease liability (representing the obligation to make lease payments) are recognised. The asset is depreciated over the term of the lease and the liability is reduced by the actual lease payments. Interest on the outstanding liability is recognised as an expense in the income statement. The Fund incurs costs for leases relating to office space in Brisbane and Sydney. The Fund does not anticipate any material impact of this Standard.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. GENERAL INFORMATION (CONT.)

Interpretation 23 'Uncertainty over Income Tax Treatment'

The Interpretation provides guidance on recognition and measurement requirements in AASB 112 Income taxes where there is uncertainty over income tax treatments. The Standard provides guidance on whether such items should be treated separately; assumptions made about examination of tax treatments by tax authorities; how taxable profit/losses, tax base, tax rates, unused tax losses/credits should be applied and impact of subsequent new information and disclosure requirements. The Standard is effective for periods beginning 1 January 2019. The Fund does not anticipate any material impact of this Standard.

AASB 2018-7 'Amendments to Australian Accounting Standards - Definition of Material'

The Standard provides a more stringent definition of materiality aimed at safeguarding the interests of the primary users of general purpose financial statements. Obscured information has been added to the definition of what could be considered material information. In view of this, directors and management will be required to assess the clarity of language used in disclosing material items, transactions or events. Vague language, how items in the financial statements are aggregated or disaggregated, presenting of material items in a scattered way in the financial statements among other considerations could all be deemed as ways of obscuring material information. The amendment also removes the language that deemed information material if it influences the 'economic decisions' of a user, and leaves the definition at 'decisions'. The assessment of material information will therefore require a wider consideration of the far reaching impact of decisions made by primary users of the financial statements, beyond the economic. The Standard is effective for periods beginning 1 January 2020. The Standard is not expected to have a material impact on the Fund, as the Fund already adopts a detailed and transparent approach to disclosure of material information.

Significant accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The significant accounting policies have been set out below or within the relevant notes in these financial statements. The policies have been consistently applied to all periods presented in these financial statements.

(a) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Fund and the amount of revenue can be reliably measured. The following recognition criteria relates to the different items of revenue the Fund receives:

Dividend revenue

Revenue from dividends is recognised on the date the shares are quoted ex-dividend and if not received at the reporting date, the balance is reflected in the Statement of Financial Position as part of the underlying investment category.

Distributions from unit trusts

Distributions from unit trusts are recognised on a receivable basis on the date the unit value is quoted ex-distribution. If distributions from unit trusts are not received at the reporting date, the amount is reflected in the Statement of Financial Position as part of the underlying investment category.

Interest revenue

Revenue on money market and fixed interest securities is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of a financial asset to that asset's net carrying amount. If interest is not received at balance date, it is reflected in the Statement of Financial Position as part of the underlying investment category.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. GENERAL INFORMATION (CONT.)

(a) Revenue recognition (Cont.)

Rental income

Rental income from investment property is recognised in accordance with the rental agreement on an accruals basis. There has been no adjustment to current revenue recognition methodology of the Fund as a result of adopting AASB 15.

(b) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

(c) Consolidation

Entities that meet the definition of an investment entity within AASB 10, consolidated financial statements, are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. Sunsuper meets the definition of an investment entity and accordingly accounts for controlled entities at fair value.

An exception to this treatment is where the subsidiary's main purpose and activities are to provide investment-related services or activities that relate to the investment entity's investment activities. These types of services include investment advisory services, investment management, investment support and administrative services.

Given that the main purpose of Precision and Sunsuper Financial Services Pty Ltd (Sunsuper Financial Services) (ACN 087 154 818) are to provide administrative services and advice to the Fund and its members, both subsidiaries should be consolidated. However, as the net assets of Precision and Sunsuper Financial Services are not material to the users of the Fund's financial statements as a whole the net assets have been recognised as other assets within the financial statements. Refer to note 14 (Related Party transactions) for further information. A list of all controlled entities is also included under Note 14 to the financial statements.

(d) Insurance arrangements

Using the definition contained within AASB 1056, Superannuation entities, the Trustee has determined that the Fund does not act in the capacity of an insurer.

The Fund provides income protection, death and disability benefits to its members. The Trustee has group policies in place with third party insurance companies to insure these income protection, death and disability benefits for the members of the Fund.

The Fund collects premiums from members on behalf of the insurance companies. Insurance claim amounts are recognised where the insurer has agreed to pay the claim. Therefore, group life insurance premiums are not revenues or expenses of the Fund and do not give rise to insurance contract liabilities and reinsurance assets. Group life insurance premiums charged to members' accounts and insurance proceeds allocated to members' accounts are recognised in the Statement of Changes in Member Benefits.

(e) Contingent liabilities and assets

There are no material contingent assets or liabilities as at 30 June 2019 (30 June 2018: nil).

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. GENERAL INFORMATION (CONT.)

(f) Rounding

Due to the size of the Fund's assets, the financial statements and notes to the financial statements have been rounded to the nearest one million dollars unless otherwise stated.

(g) Comparative amounts

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, some line items in the notes to the financial statements have been amended. Comparative figures have been adjusted to conform to the current year's presentation.

2. INVESTMENTS

(a) Asset classes

The Fund's investments have been aggregated by asset classes as contained in the Fund's product disclosure statement (PDS) issued 1 July 2018. These asset classes are used to construct members' investment choice options as disclosed in the PDS. The following asset classes also include derivatives including forwards, futures, options and swaps and are used per the Fund's hedging policy and in accordance with the strategic asset allocation.

Australian shares

These are investments in companies that are listed on the Australian Securities Exchange (ASX).

International shares

These are investments in companies that are listed on foreign stock exchanges.

Private capital

This asset class generally consists of privately-owned assets including but not limited to private equity funds, venture capital funds and opportunistic property funds.

Property

This asset class generally consists of investments in office buildings, industrial sites, holiday parks and retail shopping centres.

Infrastructure

This asset class generally consists of investments in roads, bridges, airports, ports, distribution and transmission assets, power stations and other community projects and assets.

Fixed interest

These are investments in securities to borrowers such as governments, companies and other entities.

Hedge funds and alternative strategies

This asset class generally consists of specific investments that use complex market trading strategies to generate returns that do not follow the normal investment cycles of the traditional asset classes. Alternative Strategies include illiquid credit investments.

Cash

Cash can be any type of cash (including foreign currency) or fixed interest investment that has a short repayment period (normally less than one year). It includes bank bills and short-term bank deposits.

Diversified strategies

These are diversified multi-asset class investments that can incorporate investments from the full range of asset classes listed above.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

2. INVESTMENTS (CONT.)

(b) Investment accounting policies

(i) Classification

The Fund's investments are classified based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial instrument. The Fund's investments are managed and the performance evaluation is made on a fair value basis.

The Fund's investments were previously classified as held for trading and designated at fair value through profit or loss. On adoption of AASB 9 these investments are now mandatorily classified as fair value through profit or loss. The investments in this classification include;

- Derivative financial instruments such as futures, forward contracts, options and swaps.
- Investments in exchange traded debt and equity instruments, unlisted trusts, unlisted securities, term deposits, commercial paper and direct property investments

(ii) Recognition/derecognition

The Fund's financial instruments are recognised on the date the Fund becomes party to the contractual agreement (trade date) and changes in the fair value of the investments are recognised from this date.

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

(iii) Measurement

At initial recognition, the Fund measures a financial instrument at fair value. Transaction costs are expensed in the Income Statement.

Subsequent to initial recognition, all investments at fair value through profit or loss are measured at fair value. Gains and losses are presented in the Income Statement in the period in which they arise as net changes in fair value of financial instruments.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

2. INVESTMENTS (CONT.)

(c) Changes in fair value of investments

	2019	2018
	\$M	\$M
Investments held at reporting date		
Australian shares	1,098	966
International shares	1,058	1,045
Private capital	388	244
Property	302	272
Infrastructure	664	388
Fixed interest	427	12
Hedge funds and alternative strategies	19	(65)
Cash	5	(1)
Diversified strategies	124	100
	<u>4,085</u>	<u>2,961</u>
Investments realised during the reporting period		
Australian shares	(597)	(46)
International shares	23	492
Private capital	(80)	108
Property	(29)	74
Infrastructure	(170)	(85)
Fixed interest	(70)	(69)
Hedge funds and alternative strategies	(78)	133
Cash	31	23
Diversified strategies	(64)	48
	<u>(1,034)</u>	<u>678</u>
Total changes in fair values	<u>3,051</u>	<u>3,639</u>

Changes in fair value of investments are recognised as revenue and are determined as the difference between the fair value at year end or consideration received (if sold during the year) and the fair value as at the prior year end or cost (if the investment was acquired during the period).

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

2. INVESTMENTS (CONT.)

(d) Fair value hierarchy

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

The fair value hierarchy has the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below sets out the Fund's investments at fair value according to the fair value hierarchy.

	Level 1	Level 2	Level 3	Total
	\$M	\$M	\$M	\$M
30 June 2019				
Australian shares	17,813	144	-	17,957
International shares	16,210	(39)	2	16,173
Private capital	72	(30)	4,254	4,296
Property	57	121	6,422	6,600
Infrastructure	58	454	4,333	4,845
Fixed interest	130	8,410	2	8,542
Hedge funds and alternative strategies	240	2,428	632	3,300
Cash	2,583	2,513	-	5,096
Diversified strategies	949	818	382	2,149
Total	38,112	14,819	16,027	68,958
30 June 2018				
Australian shares	14,161	688	-	14,849
International shares	13,486	(78)	1	13,409
Private capital	131	3	3,097	3,231
Property	86	116	5,520	5,722
Infrastructure	105	306	3,510	3,921
Fixed interest	115	6,795	2	6,912
Hedge funds and alternative strategies	221	2,217	211	2,649
Cash	2,485	1,952	-	4,437
Diversified strategies	876	692	428	1,996
Total	31,666	12,691	12,769	57,126

**SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2. INVESTMENTS (CONT.)

(d) Fair value hierarchy (Cont.)

The pricing for the majority of the Fund's investments is sourced from independent pricing sources, the relevant investment manager or reliable brokers' quotes.

Investments for which values are based on quoted market prices in active liquid markets, e.g. recognised stock exchanges, and therefore classified within level 1, include listed equities and exchange traded derivatives.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. The observable inputs include prices and/or those derived from prices. The level 2 instruments include fixed interest securities, over-the-counter derivatives and investments in unlisted unit trusts within which the underlying securities are primarily valued by applying quoted market prices in active markets. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded. Level 3 instruments include certain unlisted investment vehicles such as unit trusts and partnerships as well as direct property. As observable prices are not available for these investments, the Fund has typically received valuations from investment managers, or from independent valuers appointed by them, who have used generally accepted valuation techniques to derive fair value.

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

There were no material transfers between levels in the fair value hierarchy for the year ended 30 June 2019. Transfers between levels for the year ended 30 June 2019 as noted in the movement in level 3 investments below, represents listed shares that were suspended for trading as at that date. The shares were previously classified as level 1.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

2. INVESTMENTS (CONT.)

(d) Fair value hierarchy (Cont.)

Movement in level 3 investments

The following tables present the movement in level 3 financial assets as at the reporting date by asset classes of financial instruments.

	Opening balance at 1 July \$M	Changes in fair value of investments in Income statement \$M	Purchases \$M	Redemptions \$M	Transfers to/(from) level 3 \$M	Closing balance at 30 June \$M
30 June 2019						
International shares	1	-	-	-	1	2
Private capital	3,097	451	1,291	(585)	-	4,254
Property	5,520	349	1,648	(1,095)	-	6,422
Infrastructure	3,510	504	725	(406)	-	4,333
Fixed interest	2	-	-	-	-	2
Hedge funds and alt.strategies	211	(16)	498	(61)	-	632
Diversified strategies	428	40	-	(86)	-	382
Total	12,769	1,328	4,162	(2,233)	1	16,027
30 June 2018						
International shares	-	-	-	-	1	1
Private capital	2,533	430	594	(460)	-	3,097
Property	3,981	373	2,093	(927)	-	5,520
Infrastructure	2,607	313	1,067	(477)	-	3,510
Fixed interest	2	-	-	-	-	2
Hedge funds and alt.strategies	47	13	166	(15)	-	211
Diversified strategies	534	47	-	(153)	-	428
Total	9,704	1,176	3,920	(2,032)	1	12,769

Changes in fair value of level 3 investments in Income statement on assets held at the reporting date were as below

	2019 \$M	2018 \$M
Australian shares	-	-
International shares	-	-
Private capital	331	334
Property	202	289
Infrastructure	501	234
Fixed interest	-	-
Hedge funds and alternative strategies	(12)	9
Diversified strategies	(7)	(24)
Total	1,015	842

**SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2. INVESTMENTS (CONT.)

(d) Fair value hierarchy (Cont.)

Valuation inputs and relationships to fair value of level 3 investments

Where a valuation model technique is used, the underlying investment manager or external independent valuer considers liquidity, credit and market risk factors, and adjusts the model as deemed necessary. As part of this process, valuers generally consider several alternative valuation assumptions in their models which determine valuation ranges around the valuer's best estimate of fair value.

The following table illustrates how the valuation ranges around fair value provided to the Fund could affect operating result after income tax and net assets available for member benefits if other reasonably possible alternative valuation assumptions were used as at the reporting date.

	Effects on operating results after income tax / net assets attributable to members			
	2019		2018	
	Favourable change \$M	unfavourable change \$M	Favourable change \$M	unfavourable change \$M
Property	190	(177)	143	(137)
Infrastructure	65	(65)	59	(58)

(e) Offsetting financial assets and financial liabilities

Financial assets and liabilities, specifically derivative financial instruments, are offset and the net amount reported in the Statement of Financial Position, as there is a legally enforceable right to offset the recognised amounts. The gross and net positions of financial assets and liabilities that have been offset in the Statement of Financial Position are disclosed in the below table.

	2019 \$M	2018 \$M
Derivative financial instruments		
Gross amounts of financial assets	280	423
Gross amounts of financial liabilities	(688)	(883)
Net amount of financial assets presented in the Statement of Financial Position	(408)	(460)

(f) Investments commitments

As at 30 June 2019, Sunsuper has uncalled commitments with investment managers to the value of \$7,087m, the majority are expected to be settled within 5 years of reporting date (2018: \$6,118m). The Fund has no other material commitments, contingent assets or contingent liabilities as at 30 June 2019.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and deposits held at call with a bank or other financial institution. For the purpose of Statement of Cash Flows, cash and cash equivalents includes cash balances held for both operational and investment purposes.

	2019	2018
	\$M	\$M
Cash and deposits at call held in CBA bank account	118	97
Cash at bank held by the custodian	738	623
	<hr/>	<hr/>
Total cash and cash equivalents	856	720

Reconciliation of net change in cash from operating activities to operating result after income tax.

	2019	2018
	\$M	\$M
Operating result after income tax	111	113
Adjustments for:		
(Increase)/decrease in fair value of financial instruments	(3,051)	(3,639)
Dividends and distributions income re-invested	(158)	(264)
Net benefits allocated to DC members	4,702	4,519
Net benefits allocated to DB members	79	119
Change in operating assets and liabilities		
(Increase)/decrease in receivables	(9)	(73)
Increase/(decrease) in payables	(5)	14
Increase/(decrease) in income tax payables	30	184
Group life insurance premiums paid	(372)	(342)
Insurance proceeds received	332	295
Income tax paid on contributions received	(439)	(401)
	<hr/>	<hr/>
Total net inflows from operating activities	1,220	525

4. DEFINED CONTRIBUTION MEMBER LIABILITIES

Obligations relating to member entitlements are recognised as member liabilities. Defined contribution member liabilities are measured as the amount of member account balances as at the reporting date.

Defined contribution members bear the investment risk relating to the underlying assets of the Fund.

Unit prices are updated on a daily basis for movements in investment markets. The Fund's management of the investment market risks is as disclosed within note 13.

Defined contribution members' liabilities were fully vested as at 30 June 2019 and 30 June 2018.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

5. DEFINED BENEFIT MEMBER LIABILITIES

Defined benefit member liabilities are measured as the amount of the accrued benefits as at the reporting date, being the estimated present value of a portfolio of investments that would be needed as at the reporting date to yield future net cash flows that would be sufficient to meet the accrued benefits on the date when they are expected to fall due.

The Fund engages qualified actuaries on an annual basis to measure defined benefit member liabilities in each of its defined benefit plans. In determining the defined benefit member liabilities the appointed actuary determines appropriate assumptions in respect to discount rate, salary adjustment rate, resignations and mortality.

The Fund and its actuaries use sensitivity analysis to monitor the potential impact of changes to the assumptions. The Fund and its actuaries have identified two assumptions (being the discount rate and the rate of salary adjustment) for which changes are reasonably possible that would have a material impact on the amount of the defined benefit member liabilities. The assumed discount rate has been determined by reference to the investment returns expected on the investment portfolio that reflects the opportunities reasonably available to the Fund in the investment markets. The assumed annual salary adjustment has been determined by reference to the Wage Price Index produced by the Australian Bureau of Statistics and in consultation with the employer-sponsors.

Changes to the other assumptions, including resignations and mortality rates, do not have a material impact on the amount of the defined benefit member liabilities.

The Fund has eleven defined benefit plans as at the reporting date. The discount rate and salary adjustment rate used to determine the values of accrued liabilities for each of the defined benefit plans were:

Defined benefit plan	2019				2018			
	Pre-retirement discount rate	Post-retirement discount rate	Pension Increase Rate	Salary adjustment rate	Pre-retirement discount rate	Post-retirement discount rate	Pension Increase Rate	Salary adjustment rate
APN	6.5%	-	-	4.5%	6.5%	-	-	4.5%
Brisbane Grammar	-	-	-	-	6.0%	-	-	4.5%
CCH	6.5%	-	-	4.5%	6.5%	-	-	4.5%
Dulux Group (Australia)	5.8%	6.3%	0.0%	3.8%	-	-	-	-
Goodman Fielder	6.5%	-	-	4.5%	6.5%	-	-	4.5%
Hanson Australia	6.5%	-	-	5.0%	6.5%	-	-	5.0%
Mondelez	6.5%	7.0%	3.0%	4.5%	6.5%	7.0%	3.0%	4.5%
Procter & Gamble	6.5%	-	-	4.5%	6.5%	-	-	4.5%
RB Super	6.0%	6.5%	3.5%	3.5%	6.0%	6.5%	3.5%	3.5%
Simplot Australia	6.5%	-	-	4.5%	6.5%	-	-	4.5%
Swiss Re	-	7.0%	3.0%	-	-	7.0%	3.0%	-
Unilever	3.5%	4.0%	2.3%	2.3%	4.0%	4.5%	2.5%	2.5%

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

5. DEFINED BENEFIT MEMBER LIABILITIES (CONT.)

The following are sensitivity calculations on a single variable basis for the discount rate and rate of salary adjustment assumptions for each of defined benefit plans:

Defined benefit plan	Effects on defined benefit member liability in \$000 (increase)/decrease in the member benefit liability							
	2019				2018			
	Discount rate		Salary adjustment rate		Discount rate		Salary adjustment rate	
	+0.5%	-0.5%	+1.0%	-1.0%	+0.5%	-0.5%	+1.0%	-1.0%
APN	-	-	-	-	-	(15)	(43)	-
Brisbane Grammar School ⁽¹⁾	-	-	-	-	-	-	-	-
CCH	-	-	-	-	-	-	-	-
Dulux Group (Australia) ⁽²⁾	4,953	(6,037)	(6,536)	1,195	-	-	-	-
Goodman Fielder	-	-	-	-	-	-	-	-
Hanson Australia	382	(401)	(642)	598	386	(408)	(668)	618
Mondelez	105	(112)	(213)	189	110	(118)	(226)	198
Procter & Gamble	1	-	-	2	8	(37)	(104)	11
RB Super	71,619	(81,026)	(165,615)	132,143	69,468	(78,644)	(161,594)	128,637
Simplot Australia	-	-	-	-	-	-	-	-
Swiss Re	489	(522)	(1,035)	924	519	(554)	(1,117)	1,107
Unilever	493	(540)	(1,106)	957	580	(633)	(1,278)	994
Total	78,042	(88,638)	(175,147)	136,008	71,071	(80,409)	(165,030)	131,565

(1) Brisbane Grammar School ceased as a defined benefit plan on the 14th May 2019

(2) Dulux Group (Australia) became a new defined benefit plan of the Fund from 1 November 2018

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

6. DEFINED BENEFIT PLANS THAT ARE OVER / (UNDER) FUNDED

The actuarial reviews completed for valuation date of 30 June 2019 and 30 June 2018 reported the below results for the Fund's defined benefit plans:

As at 30 June 2019

Defined benefit plan	Net assets for defined benefit members at valuation date	Actuarial value of accrued benefits for defined benefit members	Over funded or (Under funded)
	\$000	\$000	\$000
APN	1,895	1,524	371
Brisbane Grammar School	-	-	-
CCH	3,973	3,913	60
Dulux Group (Australia)	161,114	169,671	(8,557)
Goodman Fielder	5,075	4,282	793
Hanson Australia	33,290	32,190	1,100
Mondelez	74,517	63,393	11,124
Proctor & Gamble	3,246	2,007	1,239
RB Super	1,379,170	1,019,405	359,765
Simplot Australia	2,280	1,936	344
Swiss Re	15,440	13,890	1,550
Unilever	24,776	17,977	6,799
Total	1,704,776	1,330,188	374,588

As at 30 June 2018

Defined benefit plan	Net assets for defined benefit members at valuation date	Actuarial value of accrued benefits for defined benefit members	Over funded or (Under funded)
	\$000	\$000	\$000
APN	1,690	1,353	337
Brisbane Grammar School	1,605	1,067	538
CCH	3,578	3,532	46
Goodman Fielder	6,910	6,151	759
Hanson Australia	35,922	34,854	1,068
Mondelez	79,877	68,977	10,900
Proctor & Gamble	5,185	4,109	1,076
RB Super	1,271,898	985,632	286,266
Simplot Australia	2,260	1,868	392
Swiss Re	15,522	14,310	1,212
Unilever	27,114	20,731	6,383
Total	1,451,561	1,142,584	308,977

The amount of vested benefits attributable to defined benefit members as at 30 June 2019 is \$1,262,940,000 (2018: \$1,074,361,000).

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

7. TRANSFERS FROM SUCCESSOR FUNDS

In the 2019 financial year, there were 3 successor fund transfers (SFT) (2018: 3). The assets which were transferred have been valued in accordance with the Fund's accounting policies. The transfers occurred as follows:

Fund/Plan	Transfer Date	Amount \$M
2019		
AustSafe Super Fund	Mar 2019	2,671
Dulux Group (Australia)	Nov 2018	340
CBH Super	Apr 2019	315
Kinetic Superannuation Fund*	May 2018	5
Total		3,331
2018		
AGL Super Fund	Nov 2017	61
Kinetic Superannuation Fund	May 2018	4,016
Swiss Re Defined Benefit Plan	May 2018	16
Total		4,093

* Kinetic Superannuation Fund transferred in May 2018 but had subsequent transfers to Sunsuper Superannuation Fund in the year ended 30 June 2019.

The transfers from all SFTs have resulted in following movements in member liabilities and reserves of the Fund:

	2019 \$M	2018 \$M
Defined contribution member liabilities	3,095	3,950
Defined benefit member liabilities	163	16
Defined benefit surplus	(13)	-
General reserve	13	51
General reserve, pending distribution	(3)	-
Operational risk financial requirement reserve	7	10
Other liabilities	69	44
Tax liabilities	-	22
	3,331	4,093

AustSafe Successor Fund Transfer

Resulting from the AustSafe SFT, the Fund has taken over certain fixed assets at their fair value and certain employees of AustSafe Super Fund including all outstanding entitlements as at that date into its financial statements in accordance with the terms of the Successor Fund Transfer Deed. The Fund paid cash for fixed assets and received full reimbursement from AustSafe for employee entitlements outstanding as at the SFT date.

Fair value of fixed assets transferred as at the SFT date was \$364k. This balance is reflected in Receivables and other assets in the Statement of Financial Position.

The balance of total leave entitlements for staff transitioned to the Fund was \$534k. This balance is reflected in Benefits payable and other liabilities in the Statement of Financial Position. This liability balance was fully funded by AustSafe at the SFT date.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

8. RESERVES

In order to comply with legislative and Trust Deed requirements, the Trustee maintains a number of reserves in the Fund for the benefit of members.

Operational risk financial requirement (ORFR)

The Trustee is required to maintain adequate financial resources to address losses arising from operational risks that may affect its business operations. The operational risk financial requirement (ORFR) is the target amount of financial resources that the Trustee determines is necessary to respond to these losses.

The Trustee sets an ORFR target amount at 0.25% of Fund net assets plus 0.10% of Sunsuper Pooled Superannuation Trust (PST) net assets. The PST is a controlled entity (refer Note 13) and has the same trustee as the Fund.

The amount of ORFR held by the Fund which is attributed to the PST at 30 June 2019 is \$9,346,115 (2018: \$7,444,174).

Initial funding of the ORFR and future top-ups or replenishments are made from the general reserve. The ORFR is invested in the Balanced Option.

General reserve

The Trustee maintains a general reserve in the Fund for the benefit of members. The general reserve is maintained in order to:

- Help meet the operating expenses of the Fund;
- Assist with the management of the operational risks of the Fund, including meeting losses from events not covered by insurance, or not claimed under insurance policies, and not met from the ORFR;
- Support the ORFR;
- Support the timing differences between the level of investment tax and the investment costs incurred by the Fund and the level of investment tax and investment fees charged to members; and
- Support expenses and capital investments in assets designed to enhance the efficiency of the Fund's operations

The Trustee does not maintain the general reserve for the purpose of smoothing investment earnings of any investment options. Members' accounts are credited or debited with the actual earnings of their investment option or options.

The general reserve is invested in:

- The Balanced Option;
- Low volatility investments (e.g. cash) to fund significant short-term liabilities (e.g. taxes);
- New investment options up to a combined total of \$5m to provide seed funding on a temporary basis; and
- Any other investments approved by the Trustee.

Insurance Reserve

The Trustee maintains an insurance reserve in the Fund predominantly for the benefit of insured members in the Sunsuper for Life industry product. The insurance reserve is maintained in order to:

- Reduce insurance premiums;
- Help offset insurance administration costs and/or insurance project costs;
- Ensure the insurance service offering for members is simple, efficient and improves the customer experience.

The insurance reserve is invested in cash.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

9. INCOME TAX

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

The Fund is a complying superannuation fund within the provisions of the Income Tax Assessment Act 1997 as amended. Accordingly, the concessional tax rate of 15% has been applied.

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Fund expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Fund intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or benefit in the Income Statement.

a) Income tax recognised in Income Statement

	2019	2018
	\$M	\$M
Tax expense comprises:		
Current tax (benefit)/expense	(212)	(18)
Adjustments for current tax of prior years	29	8
Deferred tax expense relating to the origination and reversal of temporary differences	251	200
Total income tax expense	68	190

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

9. INCOME TAX (CONT.)

a) Income tax recognised in Income Statement (Cont.)

The prima facie income tax expense on results from superannuation activities before tax reconciles to the income tax expense in the financial statements as follows:

	2019	2018
	\$M	\$M
Operating results before income tax	4,960	4,941
Income tax expense at 15%	744	741
Non-assessable investment income	(216)	(259)
Imputation credits and other rebates	(468)	(251)
Other	(21)	(49)
Adjustments for current tax of prior years	29	8
	<hr/>	<hr/>
Total income tax expense	68	190
	<hr/>	<hr/>

There has been no change in the superannuation tax rate of 15% when compared with the previous reporting period.

b) Deferred tax balances

The balances comprise temporary differences attributable to:

	2019	2018
	\$M	\$M
Deferred tax liabilities:		
Net unrealised revenue gains	(44)	(67)
Net unrealised capital gains	1014	785
	<hr/>	<hr/>
	970	718
	<hr/>	<hr/>
Deferred tax assets:		
Other payables	-	-
	<hr/>	<hr/>
Net deferred tax liabilities	970	718
	<hr/>	<hr/>

10. OTHER OPERATING EXPENSES

	2019	2018
	\$M	\$M
Sponsorship and advertising (1)	10	7
Trustee company administration fees	1	1
Project expenditure	19	27
Insurance reserve funded group life premiums	6	-
Salaries and employee benefits	31	27
Statutory charges	3	3
Other expenses	4	6
	<hr/>	<hr/>
	74	71
	<hr/>	<hr/>

(1) Please refer to note 13(f) for the portion of sponsorship and advertising expenses paid to related parties included in sponsorship and advertising operating expenses.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

11. INSURANCE PREMIUM EXPENSE

Sunsuper members who have insurance cover have their premiums deducted from their super-savings account each month. To provide a discount to members, in 2019 the Fund has subsidised members premiums directly from the Insurance Reserve.

	2019	2018
	\$M	\$M
Insurance premiums charged to members' accounts (net of tax)	309	295
Tax benefit rebated to members	54	53
Member funded group life premiums	363	348
Insurance reserve funded group life premiums	6	-
Total insurance premium expense	369	348

12. REMUNERATION OF AUDITORS & ACTUARIES

Remuneration of auditors

	2019	2018
	\$	\$
Deloitte Touche Tohmatsu		
External audit services	356,470	380,398
Other non-audit services - tax services	37,858	29,311
Other non-audit services - advisory services	52,856	17,360
	447,184	427,069
KPMG		
Internal audit services	197,405	150,620
Other non-audit services - advisory services	264,680	8,818
	462,085	159,438

Remuneration of actuaries

Towers Watson Australia Pty Ltd

Actuarial Services	73,857	186,054
Other non-actuarial services	611,559	-
	685,416	186,054
Sunsuper Financial Services Pty Ltd		
	52,250	39,083

Towers Watson Australia Pty Ltd is the actuary for Unilever defined benefit plan and RB Super defined benefit plan. Sunsuper Financial Services (See Note 14) is the actuary for the Fund's other defined benefit plans.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

13. FINANCIAL RISK MANAGEMENT

(a) Financial instruments management

The investments of the Fund, other than cash held for meeting administrative and benefit expenses and certain other cash held on term deposit with Australian banks, are managed on behalf of the Trustee by specialist fund managers who are required to invest the assets allocated for management in accordance with the terms of a written investment management agreement or relevant offer document. The Trustee has determined that the appointment of these managers is appropriate for the Fund and is in accordance with the Trustee's investment strategy.

State Street Australia Limited acts as master custodian on behalf of the Trustee and as such provides services including physical custody and safekeeping of assets, settlement of trades, collection of dividends, securities lending and accounting for investment transactions.

(b) Financial risk management objectives

The Fund is exposed to a variety of financial risks as a result of its activities. These risks include credit risk, market risk (including interest rate risk, currency risk, and price risk) and liquidity risk. The Fund's risk management and investment policies, approved by the Trustee, seek to manage the potential adverse effects of these risks on the Fund's financial performance. These policies may include the use of certain derivative financial instruments.

It is the responsibility of the Trustee to ensure that there is an effective risk management control framework in place. Consistent with regulatory requirements the Trustee has the function of overseeing the establishment and maintenance of risk-based systems and controls for the Fund. The Trustee has developed, implemented and maintains a Risk Management Framework (RMF) that is used in the daily operations of the Fund.

The RMF identifies the Trustee's policies and procedures, processes and controls that comprise its risk management and control systems. These systems seek to address the material risks, financial and non-financial, likely to be faced by the Fund. Annually, the Trustee certifies to APRA that adequate strategies have been put in place to monitor those risks. The Trustee has systems in place to provide reasonable assurance that the Fund complies with legislative and prudential requirements and that the Trustee has satisfied itself as to the compliance with the RMF.

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund.

There are two main sources of credit risk in Sunsuper's investments:

- the risk that a borrower will default on payments due under certain financial instruments that the Fund holds as an asset; and
- the risk that a counterparty to a financial derivative contract will not meet payments that are due.

The Trustee has adopted the policy of spreading the aggregate value of transactions amongst approved counterparties with appropriate credit qualities, as a means of mitigating the risk of financial loss.

In particular, the Trustee has appointed investment managers who are required to explicitly consider the credit quality of the underlying investments and are also required to restrict exposure to individual borrowers and counterparties. Compliance with these requirements is continuously monitored through the managers' internal compliance functions and is also independently monitored by the custodian appointed by the Trustee. In addition, the Trustee has entered into netting arrangements to restrict the maximum potential loss that can result from a failure by counterparties to derivative contracts.

The Trustee receives regular reporting on breaches and where appropriate will seek compensation in respect to any breach that results in a material loss.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

13. FINANCIAL RISK MANAGEMENT (CONT.)

(c) Credit risk (Cont.)

The principal asset classes in which material credit risk can arise are in the cash, fixed interest, and the hedge fund and alternative strategies portfolios. The carrying amounts of the financial assets represent the maximum credit risk exposure at the reporting date. The majority of borrowers in respect to bonds and loans in the cash and fixed interest asset classes have been assessed at the time of investment as "investment grade" by a recognised ratings agency.

The Fund does not have any significant credit risk exposure to any single counterparty or to any group of counterparties having similar characteristics, with the exception of the Australian banking sector. Concentration of credit risk related to the Australian banking sector at 30 June 2019 was 8.68% (2018: 7.53%) of total investments.

Non-Investment credit risk is regarded as minimal for the Fund. Liabilities only arise after contributions are actually received from employers and other receivables are not material to the Fund.

(d) Market risk

Market risk is the risk that the fair value of a financial asset will fluctuate because of general market changes, fundamental changes that affect specific assets, or changes in sentiment. Market risk is manifested in three main types of risk: market interest rates (interest rate risk), foreign exchange (currency risk), and market prices (price risk). The Fund's policies and procedures put in place to mitigate exposure to market risk are detailed in the Trustee's investment policies and the RMF. There has been no significant change to the nature of the Fund's exposure to market risks or the manner in which it manages and measures the risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's investments in bonds, fixed interest securities, debt securities and cash are subject to interest rate risk.

The Fund's activities expose it to the financial risk of changes in interest rates. In relation to the financial assets of the Fund, floating rate instruments expose the Fund to cash flow risk, whereas fixed interest rate instruments expose the Fund to fair value interest rate risk. The Fund has no direct exposure to interest rate risk for any financial liabilities but does note that changes in interest rates may affect the fair value of the Fund's financial assets which in turn affect the value of members' accounts.

The following table has been drawn up based on the expected maturities of the financial assets including interest that will be earned on those assets. The interest rate risk disclosures have been prepared on the basis of the Fund's direct investments and not on a look-through basis for investments held indirectly through unit trusts or other investment vehicles.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

13. FINANCIAL RISK MANAGEMENT (CONT.)

(d) Market risk (Cont.)

Interest rate risk (Cont.)

	Fixed interest rate					Non-interest bearing	Total
	Floating interest rate	3 months or less	3-12 months	1-5 years	Over 5 years		
	\$M	\$M	\$M	\$M	\$M		
30 June 2019							
Financial assets							
Investments							
-Australian shares	14	57	5	-	-	17,881	17,957
-International shares	60	-	-	-	-	16,113	16,173
-Private capital	72	-	-	-	-	4,224	4,296
-Property	38	-	-	-	-	6,562	6,600
-Infrastructure	171	-	-	129	-	4,545	4,845
-Fixed interest	1,835	412	325	2,135	3,510	325	8,542
-Hedge funds and alternative strategies	266	(7)	-	-	-	3,041	3,300
-Cash	535	1,865	2,695	-	-	1	5,096
-Diversified strategies	19	101	1	18	46	1,964	2,149
Cash and cash equivalents	856	-	-	-	-	-	856
Receivables and other assets	40	-	-	-	-	150	190
	3,906	2,428	3,026	2,282	3,556	54,806	70,004
Financial liabilities							
Payables						361	361
Net financial assets	3,906	2,428	3,026	2,282	3,556	54,445	69,643

	Fixed interest rate					Non-interest bearing	Total
	Floating interest rate	3 months or less	3-12 months	1-5 years	Over 5 years		
	\$M	\$M	\$M	\$M	\$M		
30 June 2018							
Financial assets							
Investments							
-Australian shares	29	40	-	-	-	14,801	14,870
-International shares	125	1	-	2	-	13,316	13,444
-Private capital	137	-	-	-	-	3,204	3,341
-Property	94	1	-	-	-	5,648	5,743
-Infrastructure	86	-	-	128	4	3,320	3,538
-Fixed interest	1,744	389	226	1,554	2,754	258	6,925
-Hedge funds and alternative strategies	212	1	-	-	-	2,652	2,865
-Cash	805	1,416	2,197	-	-	18	4,436
-Diversified strategies	35	17	-	42	72	1,798	1,964
Cash and cash equivalents	720	-	-	-	-	-	720
Receivables and other assets	41	-	-	-	-	198	239
	4,028	1,865	2,423	1,726	2,830	45,213	58,085
Financial liabilities							
Payables	-	-	-	-	-	478	478
Net financial assets	4,028	1,865	2,423	1,726	2,830	44,735	57,607

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

13. FINANCIAL RISK MANAGEMENT (CONT.)

(d) Market risk (Cont.)

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 68 basis points (2018: 75 bps) increase or decrease represents management's assessment of the possible change in interest rates.

The following table illustrates the effect on operating result after income tax and net assets available for member benefits from possible changes in market risk that were reasonably possible based on the risk the Fund was exposed to at reporting date. Liability for accrued benefits would also change by a similar amount as net assets available for member benefits.

	Effects on operating results after income tax / Net assets available for member benefits			
	2019		2018	
	+68 bps \$M	- 68 bps \$M	+75 bps \$M	-75 bps \$M
Effects on operating results after income tax / net assets available for member benefits	(218)	218	(185)	185

Currency risk

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in the Income Statement in the period in which they arise except exchange differences on transactions entered into in order to hedge certain foreign currency risks.

Currency risk is the risk that the fair value of a financial asset will fluctuate because of changes in foreign exchange rates.

The Fund undertakes certain transactions denominated in foreign currencies and is therefore exposed to the effects of exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters. This exchange rate exposure is managed in line with the Trustee's investment policies and the RMF. The Fund's overall strategy in foreign currency risk management remains unchanged from 2018.

It is the policy of the Trustee to enter into forward foreign exchange contracts and cross currency swaps to cover the change in asset values that may arise from currency translation. The contracts are entered into on a rolling basis throughout the year and, consequently, there is no specific cover for foreign currency payments and receipts. The Fund's exposure to foreign exchange rate movements on its investments was as follows:

	Investments denominated in foreign currency						
	USD A\$ M	EUR A\$ M	GBP A\$ M	JPY A\$ M	CAD A\$ M	CNY A\$ M	OTHER A\$ M
30 June 2019							
Gross investment amounts denominated in foreign currency	23,989	3,175	1,781	1,134	376	697	4,316
Less: Amount effectively hedged	16,920	1,747	519	(20)	(952)	2	2,245
Net exposure	7,069	1,428	1,262	1,154	1,328	695	2,071
30 June 2018							
Gross investment amounts denominated in foreign currency	14,897	2,256	1,558	963	355	710	3,597
Less: Amount effectively hedged	9,180	1,567	823	6	(66)	-	888
Net exposure	5,717	689	735	957	421	710	2,709

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

13. FINANCIAL RISK MANAGEMENT (CONT.)

(d) Market risk (Cont.)

Currency sensitivity

The following table details the Fund's sensitivity to a 9% (2018: 10%) increase and decrease in the Australian Dollar against the relevant foreign currencies. A 9% increase or decrease is management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 9% (2018: 10%) change in foreign currency rates. Liability for accrued benefits would also change by a similar amount as net assets available for member benefits.

	Effects on operating results after income tax / Net assets available for member benefits			
	2019		2018	
	+ 9%	- 9%	+10%	-10%
	\$M	\$M	\$M	\$M
USD impact	(496)	594	(442)	540
EUR impact	(100)	120	(53)	65
GBP impact	(89)	106	(57)	69
JPY impact	(81)	97	(74)	90
CAD impact	(93)	112	(33)	40
CNY impact	(49)	58	(55)	67
Other currencies impact	(145)	174	(209)	256

Price risk

Price risk is the risk that the total value of investments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Fund has investments in a variety of assets which are exposed to price risk. The Fund is exposed to equity price risk arising from market equity investments and other price risk arising from its investments in collective vehicles.

As the majority of the Fund's financial instruments are carried at fair value with changes in fair value recognised in the Income Statement, all changes in market conditions will directly affect net investment income.

Price risk is mitigated by the Fund's investment managers by constructing diversified portfolios of instruments traded on various markets.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

13. FINANCIAL RISK MANAGEMENT (CONT.)

(d) Market risk (Cont.)

Price risk sensitivity

The following table illustrates the effect on operating result after income tax and net assets available for member benefits from specified changes in market prices that were reasonably possible based on management's assessment of the risk the Fund was exposed to at the reporting date. For a negative change in the variable, there would be an equal and opposite impact on net assets available for member benefits, and the balances below would be negative. Liability for accrued benefits would also change by a similar amount as net assets available for member benefits.

	Change in variable		Effects on operating results after income tax / Net available for member benefits	
	2019	2018	2019	2018
	+/-	+/-	\$M	\$M
Australian shares	14%	16%	2,262	2,114
International shares	16%	19%	2,328	2,271
Private capital	11%	11%	447	329
Property	9%	9%	543	463
Infrastructure	12%	10%	471	316
Hedged funds	8%	8%	232	212
Diversified strategies	13%	13%	253	227

(e) Liquidity risk

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

The Fund's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities. The Fund allows members to withdraw benefits and it is therefore exposed to the liquidity risk of meeting members' withdrawals within the timeframes permitted under relevant law. In some circumstances, the Trustee has the discretion to delay redemptions. The value of the liabilities to members is determined by the value of the assets.

The Fund's liquidity risk is managed in accordance with the Fund's investment strategy and liquidity policy. The Fund principally manages liquidity risk by maintaining adequate banking facilities; continuous monitoring of forecast and actual cash flows, matching the maturity profiles of financial assets and liabilities and through regular scenario testing designed to control the minimum exposure to liquid asset classes at any one point in time. The Fund also has a high level of net inward cash flows (through new contributions) which provide additional capacity to manage liquidity risk.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

13. FINANCIAL RISK MANAGEMENT (CONT.)

(e) Liquidity risk (Cont.)

The following table summarises the maturity profile of the Fund's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Fund can be required to pay.

30 June 2019	3 months or less \$M	3-12 months \$M	1-5 years \$M	Over 5 years \$M	Total \$M
Member benefits					
Defined member contribution	66,101	-	-	-	66,101
Defined benefit contribution	1,330	-	-	-	1,330
Other:					
Payable	361	-	-	-	361
Other financial liabilities	465	-	-	-	465
Cash collateral repayable	1,386	-	-	-	1,386
Net derivative liabilities:					
Futures	32	1	-	-	33
Options	-	-	-	-	-
Forward foreign exchange contracts					
- Outflow	337	225	-	-	562
- Inflow	(37)	(8)	-	-	(45)
Cross - currency swaps					
- Outflow	5	360	4,734	5	5104
- Inflow	-	(352)	(4,638)	-	(4,990)
	69,980	226	96	5	70,307

30 June 2018	3 months or less \$M	3-12 months \$M	1-5 years \$M	Over 5 years \$M	Total \$M
Member benefits					
Defined member contribution	54,535	-	-	-	54,535
Defined benefit contribution	1,143	-	-	-	1,143
Other:					
Payable	478	-	-	-	478
Other financial liabilities	320	-	-	-	320
Cash collateral repayable	1,038	-	-	-	1,038
Net derivative liabilities:					-
Futures	77	-	-	-	77
Options	1	1	-	-	2
Forward foreign exchange contracts					-
- Outflow	321	283	48	-	652
- Inflow	(40)	(1)	-	-	(41)
Cross - currency swaps					-
- Outflow	-	1	3,544	1	3,546
- Inflow	-	-	(3,363)	-	(3,363)
	57,873	284	229	1	58,387

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

13. FINANCIAL RISK MANAGEMENT (CONT.)

(f) Securities lending arrangements

The Fund entered into securities lending arrangements with the State Street Bank and Trust Company (ARBN 062 819 630) from October 2014, under which legal title to certain assets of the Fund may be transferred to another entity, notwithstanding the fact that the risks and benefits of ownership of the assets remain with the Fund including the right to vote.

Loaned Assets and Collateral

The assets transferred to other entities under securities lending arrangements may include Australian and International shares and fixed income securities that are held discretely by the Fund's Custodian. The risks of ownership to which the Fund remains exposed are currency risk, interest rate risk, credit risk and price risk.

The carrying amount of securities that may be eligible for securities lending activities at reporting date amounted to \$35,033m (2018: \$27,878m). The carrying amount of securities on loan at reporting date was \$2,776m (2018: \$3,095m).

The terms and conditions associated with the use of collateral held as security in relation to the assets lent are governed by a Securities Lending Agreement that requires the borrower to provide the lender with collateral to the value equal to or greater than the loaned securities. The collateral held at reporting date as security had a fair value of \$2,938m (2018: \$3,308m). The cash collateral held amounted to \$1,386m (2018: \$1,037m) and is recognised as both a financial asset and a financial liability in the Statement of Financial Position. Non cash collateral held is not recognised in the Statement of Financial Position. The State Street Bank and Trust Company, as lending agent, indemnifies the Fund for replacement of any loaned securities (or, in certain circumstances, return of equivalent cash value) due to a Borrower default on a security loan.

Earnings and Fees

During the year the gross earnings were \$16m (2018: \$12m). These amounts were received on behalf of the Fund and have been recognised in the Income Statement. During the year ended 30 June 2019, the Fund paid fees to the State Street Bank and Trust Company in the amount of \$4m (2018: \$3m) for acting as lending agent and have been recognised in the Income Statement. Net benefits realised from the security lending arrangements are returned to members via an increase in unit prices.

**SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

14. RELATED PARTY TRANSACTIONS

The Fund has a number of related parties and a number of transactions have occurred during the year. All amounts advanced to or payable to related parties are unsecured and are subordinate to other liabilities. The amounts outstanding will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties. All transactions and balances are recorded in the financial statements of the Fund.

(a) Sunsuper Pty Ltd

Sunsuper Pty Ltd (the Trustee) acts as the Trustee of the Fund. All expenses incurred by the Trustee in relation to the Trustee and its directors, were paid by Sunsuper Pty Ltd and then charged to the Fund in the form of Trustee service fees. All other expenses incurred by the Trustee in relation to administration of the Fund are paid by the Fund.

The following is a summary of transactions between the Fund and the Trustee during the year:

	2019	2018
	\$ 000	\$ 000
• Fees paid by the Fund to Sunsuper Pty Ltd for the trustee services provided for the year	1,716	2,038
• Amounts charged by the Fund for expenses paid by the Fund on behalf of Sunsuper Pty Ltd. These charges were determined on the basis of the Trustee's direct share of expenses incurred by the Fund	47	97
• The Fund paid other expenses to Sunsuper Pty Ltd	144	23

The following balances are included in the Fund's Statement of Financial Position and related to the Trustee:

• Net receivable/(payable) due from/(to) Sunsuper Pty Ltd	218	154
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The Fund received superannuation contributions from Sunsuper Pty Ltd in relation to superannuation guarantee contributions and salary sacrifice contributions made in relation to Sunsuper Pty Ltd directors who are members of the Fund.

**SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

14. RELATED PARTY TRANSACTIONS (CONT.)

(b) Precision Administration Services Pty Ltd

Precision is a wholly owned subsidiary of the Fund and provides administration services to the Fund.

The following is a summary of transactions between the Fund and Precision during the year:

	2019	2018
	\$ 000	\$ 000
• Fees paid by the Fund for the employer and member administration services provided for the year	116,713	102,905
• Fees paid by the Fund for project related expenses	27,301	26,782
• Amounts reimbursed by the Fund for expenses paid by Precision on the Fund's behalf	318	301
• Amounts charged by the Fund for expenses paid by the Fund on behalf of Precision. These mainly included Office rental, operating losses and salaries. These charges were determined on the basis of the company's direct share of expenses incurred by the Fund	6,660	5,306
• Interest charged by the Fund on the loan facility to Precision	1,000	879

The following balances are included in the Fund's Statement of Financial Position and related to Precision:

• Estimated fair value of Precision	42,177	49,100
• Loan receivable	40,000	40,000
• Net payable to Precision	16,634	15,621
• Net payable to Precision on behalf of Kinetic Superannuation Fund	170	-

On 10 February 2016, a loan facility was agreed with Precision for a maximum of \$50m. As at 30 June 2019, \$40m had been drawn down (2018: \$40m). The repayment date per loan agreement is 30 June 2026.

The Fund received superannuation contributions from Precision in relation to superannuation guarantee contributions, salary sacrifice contributions and member voluntary contributions made in relation to subsidiary employees who are members of the Fund.

**SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

14. RELATED PARTY TRANSACTIONS (CONT.)

(c) Sunsuper Financial Services Pty Ltd

Sunsuper Financial Services is a wholly owned subsidiary of the Fund and provides actuarial consulting services to members of the Fund and sponsoring employers.

The following is a summary of transactions between the Fund and Sunsuper Financial Services during the year:

	2019	2018
	\$ 000	\$ 000
• Interest charged by the Fund on the loan facility to Sunsuper Financial Services	10	10
• Amounts charged by the Fund for expenses paid by the Fund on behalf of Sunsuper Financial Services. These mainly included actuarial consulting services and other operating expenses. These charges were determined on the basis of the company's direct share of expenses incurred by the Fund	161	123
• Other expenses paid by the Fund such as Professional Fees and Actuarial Consulting.	216	99

The following balances are included in the Fund's Statement of Financial Position and related to Sunsuper Financial Services:

• Estimated fair value of Sunsuper Financial Services	156	323
• Loan receivable	-	700
• Net receivable due from Sunsuper Financial Services	48	-
• Net payable due to Sunsuper Financial Services	-	8

(d) Sunsuper Pooled Superannuation Trust

Sunsuper Pooled Superannuation Trust (PST) is used as an investment vehicle supporting the overall investment strategy of the Fund. The following is a summary of transactions and balances between the Fund and PST:

	2019	2018
	\$ 000	\$ 000
• The Fund made a net purchase/(redemption) of units in PST	943,534	459,347
• Amounts charged by the Fund. These charges were determined on the basis of PST's direct share of expenses incurred by the Fund.	31	-
• The Fund made a payment to PST to compensate for the tax liability on assessable contributions transferred from the Fund to PST.	487,500	412,500
• The estimated fair value of PST. (The fair value is included in investments in the Fund's financial statements).	9,272,411	7,444,174

**SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

14. RELATED PARTY TRANSACTIONS (CONT.)

(e) Sunsuper Infrastructure Trust 3

Sunsuper Infrastructure Trust (SIT3) is used as an investment vehicle supporting the infrastructure investment strategy of the Fund. The following is a summary of transactions and balances between the Fund and SIT3:

	2019	2018
	\$ 000	\$ 000
• Return of capital received from SIT3		-
• Estimated fair value of SIT3 (the fair value is included in investments in the Fund's financial statements)	186,736	158,174

(f) Other related parties

The Board of Directors of Sunsuper Pty Ltd has equal numbers of employer nominated, employee nominated and independent directors. According to the Constitution of the Company, there are six shares on issue. With the exception of independent directors, each share has the right to nominate one director. Independent directors are appointed and removed by a unanimous directors' vote. The shares in the Company, and therefore the right to nominate certain directors are owned as follows:

Chamber of Commerce & Industry Queensland	3
Queensland Council of Unions	2
The Australian Workers' Union of Employees, Queensland	1

The Fund has entered into transactions with these bodies which include the receipt of superannuation contributions and other minor transactions such as membership subscriptions and seminar registrations. In addition to the items referred to, below is a summary of the significant transactions between the Fund/Trustee and these related entities.

	2019	2018
	\$	\$
Payments for marketing and advertising services		
Chamber of Commerce & Industry Queensland	41,433	44,069
Queensland Council of Unions	27,431	31,606
The Australian Workers' Union of Employees, Queensland	12,012	4,175
Director fees paid to employer of director (included in compensation of key management personnel (refer note 14(b)))		
Queensland Council of Unions	195,146	175,147
The Australian Workers' Union of Employees, Queensland	-	113,005

Director fees paid to the employers of certain directors were paid by the Trustee, Sunsuper Pty Ltd.

In addition to the employer and union bodies referred to above, the Fund has entered into transactions with other entities which share common directorship or key management personnel with the Fund. This includes the receipt of superannuation contributions from the other entities.

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14. RELATED PARTY TRANSACTIONS (CONT.)

As noted in the disclosures, no key management personnel (including directors) have entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving key management personnel (including directors) interests existing at year-end.

(g) Controlled Entities

Parent entity	Country of incorporation	Ownership interest	
		2019	2018
Sunsuper Superannuation Fund			
Controlled entities			
Sunsuper Financial Services Pty Ltd	Australia	100%	100%
Precision Administration Services Pty Ltd	Australia	100%	100%
Beston Accommodation Parks Trust	Australia	95%	95%
CCP Bidco Trust 2	Australia	76%	76%
Corporate Opportunity Fund 2A LP	Australia	83%	83%
Corporate Opportunity Fund 2A Trust	Australia	83%	83%
CWC Corporate Opportunity 1A Trust	Australia	100%	100%
CWC Corporate Opportunity 1B Trust	Australia	100%	100%
CWC Corporate Opportunity No 1 Limited Partnership LP	Australia	90%	90%
Discovery Parks Holdings Pty Ltd	Australia	95%	95%
Eveleigh Trust 2	Australia	100%	100%
Riversdale Investment Op Trust	Australia	100%	100%
Riversdale Investment Prop Trust	Australia	100%	100%
Sentient Global Resource Trust II	Cayman Islands	100%	100%
Sunsient Ltd	Cayman Islands	100%	100%
Sunsuper Holdings Pty Ltd	Australia	100%	100%
Sunsuper Infrastructure Trust 1	Australia	100%	100%
Sunsuper Infrastructure Trust 2	Australia	100%	100%
Sunsuper Infrastructure Trust 3	Australia	100%	100%
Sunsuper Infrastructure Trust 4	Australia	100%	100%
Sunsuper Infrastructure Trust 5	Australia	100%	100%
Sunsuper Investments A Pty Ltd	Australia	100%	100%
Sunsuper Pooled Superannuation Trust	Australia	100%	100%
SunVest LLC	USA	97%	97%
Sunkina Choice LP	Jersey	100%	100%
Sunrock Discretionary Co-Investment Fund, LLC	USA	100%	100%
Sunvard LP	USA	100%	100%
Sunman LLC	USA	54%	54%
Sunman II LLC	USA	44%	100%
Sunsuper AUD Collateral Trust	Australia	100%	100%
Sunsuper USD Collateral Trust	USA	100%	100%
SunVest II LLC	USA	99%	99%
Sunstone Real Estate LP	USA	99%	99%
Sunsuper Retail Property Trust 1	Australia	100%	100%
CorSun LLC	USA	100%	100%
SunRock Discretionary Co-Investment Fund II LLC	USA	100%	100%
Sunberg PE Opportunities Fund LLC	USA	99%	99%
PAG-S AR Co-Investment Fund LP	Cayman Islands	100%	100%
Sunstone PE Opportunities Fund LLC	USA	100%	100%
Manikay Sunsuper Co-Investment Fund LLC	USA	100%	100%
EIG Sunsuper Co-Investment LP	Cayman Islands	100%	100%
Sunbridge Investments LLC	USA	100%	100%

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14. RELATED PARTY TRANSACTIONS (CONT.)

(g) Controlled Entities (Cont.)

Controlled entities (cont.)	Country of incorporation	Ownership interest	
		2019	2018
SunSIRA Infrastructure Fund, LLC	USA	100%	0%
Australian Pub Fund	Australia	72%	0%
MHC Lambton Park Trust	Australia	88%	0%
Pacific Equity Partners Secure Assets Fund Coinvestment Trust A	Australia	100%	0%
Touchstone Co-Invest LP	Singapore	53%	0%
Sunsuper Asia Co-investment Pte. Ltd.	Singapore	100%	0%
Tanarra Capital Private Investment Fund 1	Australia	100%	0%
Two Sigma SunSigma Fund, LLC	USA	100%	0%
Carnegie Catalyst Healthcare Real Estate Trust	Australia	100%	0%

**SUNSUPER SUPERANNUATION FUND
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15. KEY MANAGEMENT PERSONNEL

(a) Key management personnel

The following is a list of the directors of Sunsuper Pty Ltd (Trustee of the Fund) at any time during the financial year and up to the date of this report along with key management personnel who had authority and responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly.

Name	Current Position Title	Date appointed as KMP	Date ceased
Andrew Fraser	Director - Independent (Chair)	16 Sep 2015	
Michael Clifford	Director - Member Nominated (Deputy Chair)	01 Feb 2016	
Mary Elizabeth Hallett	Director - Employer Nominated	27 Mar 2014	
Mark Harvey	Director - Employer Nominated	01 Jul 2016	
Jennifer Mack	Director - Independent	01 Jul 2015	
Roslyn McLennan	Director - Member Nominated	28 Oct 2015	8 Jul 2019
Benjamin Swan	Director - Member Nominated	05 Aug 2013	
Michael Traill	Director - Independent	16 Sep 2015	
Georgina Williams	Director - Employer Nominated	20 Jul 2018	
Scott Hartley (1)	Chief Executive Officer	28 Jan 2014	
Ian Patrick	Chief Investment Officer	23 Nov 2015	
Stevhan Davidson	Executive General Manager, Customer Engagement	01 Mar 2019	
Lachlan East	Chief Risk Officer	01 Nov 2016	
Teresa Hamilton (2)	Company Secretary	01 Jul 2014	
Katherine Kaspar	Chief Executive Officer, Kinetic Super Limited	14 May 2018	11 May 2019
Danielle Mair (3)	Executive General Manager, Enterprise Change	26 Mar 2018	
Michael Mulholland (4)	Executive General Manager, Growth, Advice and Marketing	28 May 2014	15 Mar 2019
Jason Sommer (3)	Chief Financial Officer	16 Jun 2014	
Steven Travis (4)	Executive General Manager, Member Growth and Marketing	24 Oct 2018	
Petrina Weston (3)	Executive General Manager, People and Culture	01 Mar 2019	
Teifi Whatley	Executive General Manager, Customer and Technology	19 Jun 2000	
David Woodall (4)	Executive General Manager, Corporate and Regional Growth	01 Mar 2019	

(1) On 29 May 2019 Scott Hartley announced his intention to resign as the CEO of Sunsuper within six months of this date.

(2) The General Counsel and Company Secretary functions were split, creating a new executive position of Company Secretary headed by Teresa Hamilton from 1 Nov 2018; previously Teresa Hamilton held the position of Executive General Manager, Customer Engagement.

(3) People Projects & Performance (PPP) was split into 3 divisions on 1 Mar 2019;

- Performance & Product headed by Jason Sommer as Chief Financial Officer, previously Jason Sommer headed PPP in the position of Executive General Manager, PPP;

- Enterprise Change headed by Danielle Mair, previously Danielle Mair held the seconded position of Acting Executive General Manager, Customer Engagement; and

- People & Culture headed by Petrina Weston.

(4) Advice, Marketing & Growth (AMG) was split into 2 divisions previously headed by Michael Mulholland on 1 Mar 2019;

- Corporate and Regional Growth headed by David Woodall;

- Member Growth and Marketing headed by Steven Travis, previously Steven Travis held the position of Executive General Manager; and

- Michael Mulholland ceased being a KMP on 15 Mar 2019 and has departed Sunsuper on 30 Jun 2019.

**SUNSUPER SUPERANNUATION FUND
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15. KEY MANAGEMENT PERSONNEL (CONT.)

(b) Compensation and evaluation of key management personnel

Remuneration of directors and key management personnel

Director remuneration consists of Board and committee fees and superannuation guarantee contributions. The fees reflect the demands on and responsibilities of those directors. Director remuneration was paid by Sunsuper Pty Ltd.

Key management personnel remuneration comprises salaries, superannuation contributions, and short-term incentive bonuses. The Chief Executive Officer (CEO), in conjunction with the Nominations and Remuneration Committee, is responsible for determining the remuneration of key management personnel. The Nominations and Remuneration Committee reviews the CEO's remuneration. The Committee makes recommendations to the Board for approval of the CEO's remuneration.

Director and key management personnel remuneration including the CEO's, is reviewed at least annually. Remuneration levels are benchmarked against independent external sources. The directors and key management personnel are paid in accordance with the Remuneration Policy. In the case of directors, fees may be paid to the director, paid to the employer of the director or salary sacrificed as superannuation contributions.

Short-term incentive bonuses plan

The short-term incentive bonus plan rewards individual executive officers for achievement of goals and attributes. Performance goals are set at the beginning of the financial year to which they relate and are measured over the course of each financial year (July to June). Performance goal results are assessed through the remuneration review process that occurs annually.

A comprehensive explanation of remuneration for key management personnel is disclosed on the Fund's public website and can be accessed via <https://www.sunsuper.com.au/governance-and-reporting/prescribed-information> under Executive Officer Remuneration.

Remuneration paid and payable

The following table sets out the total remuneration paid and payable to key management personnel attributed to the Fund.

	2019	2018
	\$	\$
Directors		
Short-term employee benefits	855,363	756,815
Post-employment benefits ⁽¹⁾	115,475	102,170
	<u>970,838</u>	<u>858,985</u>
Other key management personnel		
Short-term employee benefits	3,922,587	2,552,955
Post-employment benefits	564,863	341,971
Other long-term employee benefits ⁽²⁾	7,029	1,230
Termination	302,050	-
	<u>4,796,529</u>	<u>2,896,156</u>
	<u>5,767,367</u>	<u>3,755,141</u>

⁽¹⁾ For directors, post-employment benefits are contributions paid or payable to superannuation plans. These include salary sacrifice payments.

⁽²⁾ Other long-term employee benefits represent long service leave. Other key management personnel are entitled to long service leave when a 10 year service period has been reached. Only key management personnel with 10 or more years' service have remuneration reflected in other long term employee benefits. At 30 June following when 10 years' service has been reached, the full long service leave entitlement will be included in other long-term employee benefits. Subsequent reporting periods will include any increase in this entitlement as other long term employee benefits.

SUNSUPER SUPERANNUATION FUND
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15. KEY MANAGEMENT PERSONNEL (CONT.)

(b) Compensation and evaluation of key management personnel (Cont.)

The following table sets out the detailed remuneration paid and payable to each key management personnel:

	Base Director Fees and Salary including short- term leave (3)	Chair Fees, Board and Committee (4)	Incentive and other bonus	Non-monetary benefits - reportable fringe benefits	Superannuation contributions, (including salary sacrifice superannuation payments)	Long service leave	Termination benefits	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2019								
Andrew Fraser	116,904	25,775	-	-	19,262	-	-	161,941
Michael Clifford (1)	65,355	25,775	-	-	12,303	-	-	103,433
Mary Elizabeth Hallett	65,355	38,662	-	-	14,042	-	-	118,059
Mark Harvey	65,355	12,887	-	-	10,563	-	-	88,805
Jennifer Mack	65,355	38,662	-	-	14,042	-	-	118,059
Roslyn McLennan (1)	65,355	38,662	-	-	14,042	-	-	118,059
Benjamin Swan (2)	65,355	12,887	-	-	10,563	-	-	88,805
Michael Traill	65,355	25,775	-	-	12,303	-	-	103,433
Georgina Williams	61,889	-	-	-	8,355	-	-	70,244
Scott Hartley	611,274	-	159,650	-	102,287	-	-	873,211
Ian Patrick	496,971	-	392,007	-	111,083	-	-	1,000,061
Stevhan Davidson	228,329	-	33,643	-	34,712	-	-	296,684
Lachlan East	268,261	-	99,653	-	49,808	-	-	417,722
Teresa Hamilton	229,232	-	92,736	-	40,001	4,931	-	366,900
Katherine Kaspar	298,370	-	115,678	-	54,083	-	-	468,131
Danielle Mair	266,854	-	101,178	-	50,943	-	-	418,975
Michael Mulholland	491,008	-	109,250	-	108,444	-	317,947	1,026,649
Jason Sommer	416,432	-	190,464	-	80,776	-	-	687,672
Steven Travis	195,817	-	136,929	-	71,809	-	-	404,555
Petrina Weston	95,613	-	31,098	-	15,016	-	-	141,727
Teifi Whatley	343,955	-	126,735	-	60,072	8,391	-	539,153
David Woodall	103,616	-	42,878	-	20,414	-	-	166,908
Year ended 30 June 2018								
Andrew Fraser	63,761	46,101	-	-	14,831	-	-	124,693
Michael Clifford (1)	63,761	10,478	-	-	10,022	-	-	84,261
Mary Elizabeth Hallett	63,761	37,719	-	-	13,700	-	-	115,180
Mark Harvey	63,761	12,573	-	-	10,305	-	-	86,639
Jennifer Mack	63,761	30,385	-	-	12,710	-	-	106,856
Roslyn McLennan (1)	63,761	37,719	-	-	13,700	-	-	115,180
Benjamin Swan (2)	63,761	49,244	-	-	15,256	-	-	128,261
Michael Traill	63,761	10,478	-	-	10,022	-	-	84,261
Theresa Moltoni	37,193	14,669	-	-	7,001	-	-	58,863
Scott Hartley	557,741	-	262,163	-	114,061	-	-	933,965
Ian Patrick	431,089	-	443,415	-	112,617	-	-	987,121
Lachlan East	258,409	-	87,845	-	46,115	-	-	392,369
Teresa Hamilton	200,970	-	122,405	-	52,507	-	-	375,882
Katherine Kaspar	47,997	-	11,963	-	7,732	-	-	67,692
Danielle Mair	70,397	-	13,222	-	9,685	-	-	93,304
Michael Mulholland	402,521	-	183,753	-	79,245	-	-	665,519
Jason Sommer	372,705	-	179,155	-	74,244	-	-	626,104
Teifi Whatley	306,313	-	131,418	-	59,051	6,148	-	502,930

(1) Director fees were paid to the employer of the director, Queensland Council of Unions.

(2) Director fees were paid to the employer of the director, The Australian Workers' Union of Employees, Queensland in the 2018 financial year. From 1 Jul 2018, Benjamin Swan was paid personally by Sunsuper Pty Ltd.

(3) The figures exclude amounts that have been salary sacrificed as superannuation payments.

(4) Additional Board and Committee allowances are paid for the following positions: Chair of the Board, Deputy Chair, Investment Committee Chair, Audit Compliance and Risk Management Committee Chair, Nominations and Remuneration Committee Chair, and Claims Committee Chair. Director chairs who sit as a chair on one or more Committees are only entitled to one chair allowance. Directors who sit on two or more committees are also provided an additional committee allowance (and only one committee allowance is paid).

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15. KEY MANAGEMENT PERSONNEL (CONT.)

(b) Compensation and evaluation of key management personnel (Cont.)

The following table sets out information about the short-term incentive bonuses which were paid or payable to each key management personnel in the years ended 30 June 2019 and 30 June 2018. Terms and conditions covering the payment of short-term incentive bonuses are described above.

Name	Incentive bonus inclusive of superannuation payment	Financial year the bonus was paid/will be payable	Financial year the performance relates to	% of incentive bonus that was paid/will be payable	% of incentive bonus that was forfeited
Scott Hartley	301,918	2018 & 2019 (1)	2017	89%	11%
Ian Patrick	361,609	2018 & 2019 (2)	2017	73%	27%
Lachlan East	93,750	2018 & 2019 (1)	2017	83%	17%
Teresa Hamilton	101,250	2018 & 2019 (1)	2017	83%	17%
Michael Mulholland	197,671	2018 & 2019 (1)	2017	83%	17%
Jason Sommer	198,000	2018 & 2019 (1)	2017	92%	8%
Teifi Whatley	123,000	2018 & 2019 (1)	2017	91%	9%
Scott Hartley	297,556	2019 & 2020 (3)	2018	85%	15%
Ian Patrick	450,822	2019 & 2020 (4)	2018	89%	11%
Lachlan East	91,350	2019 & 2020 (3)	2018	80%	20%
Teresa Hamilton	123,930	2019 & 2020 (3)	2018	75%	25%
Katherine Kaspar	13,577	2019 & 2020 (3)	2018	67%	33%
Danielle Mair	15,073	2019 & 2020 (3)	2018	44%	56%
Michael Mulholland	193,560	2019 & 2020 (3)	2018	80%	20%
Jason Sommer	189,108	2019 & 2020 (3)	2018	85%	15%
Teifi Whatley	134,640	2019 & 2020 (3)	2018	73%	27%
Scott Hartley	181,203	2020	2019	50%	50%
Ian Patrick	444,928	2020 & 2021 (6)	2019	95%	5%
Stevhan Davidson	38,185	2020 & 2021 (5)	2019	75%	25%
Lachlan East	113,106	2020 & 2021 (5)	2019	93%	7%
Teresa Hamilton	105,255	2020 & 2021 (5)	2019	75%	25%
Katherine Kaspar	131,294	2019	2019	75%	25%
Danielle Mair	114,837	2020 & 2021 (5)	2019	75%	25%
Michael Mulholland	123,999	2020	2019	67%	33%
Jason Sommer	216,177	2020 & 2021 (5)	2019	88%	12%
Steven Travis	155,414	2020 & 2021 (5,7)	2019	54%	46%
Petrina Weston	35,296	2020 & 2021 (5)	2019	70%	30%
Teifi Whatley	143,844	2020 & 2021 (5)	2019	75%	25%
David Woodall	48,667	2020 & 2021 (5)	2019	75%	25%

(1) 3/4 of the total incentive payment was paid in FY 2018 and remaining 1/4 was paid in FY 2019

(2) 2/3 of the total incentive payment was paid in FY 2018 and remaining 1/3 was paid in FY 2019

(3) 3/4 of the total incentive payment was paid in FY 2019 and remaining 1/4 will be paid in FY 2020

(4) 2/3 of the total incentive payment will be paid in FY 2019 and remaining 1/3 will be paid in FY 2020

(5) 3/4 of the total incentive payment will be paid in FY 2020 and remaining 1/4 will be paid in FY 2021

(6) 2/3 of the total incentive payment will be paid in FY 2020 and remaining 1/3 will be paid in FY 2021

(7) Sign on bonus paid in 2019

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15. KEY MANAGEMENT PERSONNEL (CONT.)

(c) Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

	Board	Audit, Compliance and Risk Management Committee	Investment Committee	Nominations, Remuneration and Governance Committee	Claims Committee	Successor Fund Transfer Committee
Number of meetings held in the year	10	11	6	9	11	7
Directors	Number of meetings attended ⁽¹⁾					
Andrew Fraser	10	11	6	9	N/A	7
Michael Clifford	10	9	N/A	9	N/A	N/A
Mary Elizabeth Hallett	10	11	6	9	N/A	7
Mark Harvey	8	8	6	N/A	N/A	N/A
Jennifer Mack	9	N/A	N/A	7	11	7
Roslyn McLennan ⁽²⁾	10	N/A	6	8	9	7
Benjamin Swan	10	10	6	N/A	N/A	N/A
Michael Traill	9	N/A	5	N/A	N/A	N/A
Georgina Williams	8 (8)	N/A	N/A	N/A	N/A	N/A

(1) Where the total number of meetings the director was eligible to attend is less than the number of meetings held in the year, the number of meetings the director was eligible to attend is shown in brackets. Eligibility to attend meetings may be less than the number of meetings held in the year due to appointment and resignation of directors and rotation of committee membership.

(2) Roslyn McLennan resigned as a director effective 8 July 2019.

16. SUBSEQUENT EVENTS

The Trustee entered into an agreement for a successor fund transfer with the IAG & NRMA Superannuation Plan in January 2019. As at the date of this report, IAG & NRMA Superannuation Plan is expected to be transferred into the Fund in November 2019. At the date of signing, IAG & NRMA Superannuation Plan had approximately \$2.1 billion in net assets and 14,000 members.

On 20 September 2019 it was announced that Bernard Reilly will be appointed as the new Chief Executive Officer effective from 8 October 2019.

Except as disclosed above, there have been no other matters or circumstances since 30 June 2019 that have significantly affected or may significantly affect the Fund.