

NGS SUPER

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	Notes	2021 \$'000	2020 \$'000
ASSETS			
Cash and cash equivalents	16(b)	23,012	12,430
Receivables	13	134,171	59,713
Investments			
Investment portfolio	5	13,607,883	11,437,570
Derivative assets	3	9,392	108,651
NGS Self – Managed Portfolio		21,569	16,623
Gold bullion	3	188,434	-
Other Assets			
Prepayments		523	401
Fixed assets		3,754	4,532
TOTAL ASSETS		13,988,738	11,639,920
LIABILITIES			
Creditors and accruals	14	97,643	40,164
Employee entitlements	15	2,015	1,585
Lease liability		2,874	3,566
Derivative liabilities	3	66,181	20,275
Current tax liabilities	12(d)	60,013	28,988
Deferred tax liabilities	12(e)	210,171	83,349
TOTAL LIABILITIES EXCLUDING MEMBER BENEFITS		438,897	177,927
NET ASSETS AVAILABLE FOR MEMBER BENEFITS		13,549,841	11,461,993
MEMBERS BENEFITS			
Defined contribution member liabilities	7(a)	13,275,481	11,285,144
Defined benefit member liabilities	7(b)	79,703	77,525
TOTAL MEMBER BENEFITS		13,355,184	11,362,669
NET ASSETS		194,657	99,324
EQUITY			
Trustee operating reserve	8	36,254	33,042
Operational risk reserve (ORR)	8	39,092	32,559
Defined benefit surplus	7(b)	13,723	11,634
Unallocated surplus	8	105,588	22,089
TOTAL EQUITY		194,657	99,324

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INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$'000	2020 \$'000
REVENUE FROM SUPERANNUATION ACTIVITIES			
Interest		58	255
Investment income	6	322,152	454,562
Net gains/(losses) on investments held at fair value through profit or loss		1,895,370	(522,658)
Sundry income		1,820	1,720
		<hr/>	<hr/>
TOTAL SUPERANNUATION ACTIVITIES REVENUE		2,219,400	(66,121)
		<hr/>	<hr/>
EXPENSES			
Direct investment expenses	10	47,019	40,289
Indirect investment expenses		6,076	4,958
Administration expenses		28,172	27,358
Other expenses	11	1,324	1,223
		<hr/>	<hr/>
TOTAL EXPENSES		82,591	73,828
		<hr/>	<hr/>
RESULTS FROM SUPERANNUATION ACTIVITIES BEFORE INCOME TAX EXPENSE			
		2,136,809	(139,949)
Income tax expense/(benefit)	12(a)(b)	173,276	(46,004)
		<hr/>	<hr/>
RESULTS FROM SUPERANNUATION ACTIVITIES AFTER INCOME TAX			
		1,963,533	(93,945)
		<hr/>	<hr/>
ALLOCATION TO MEMBERS BENEFITS			
Net benefits allocated to defined contribution (DC) member accounts		(1,887,265)	52,345
Net benefits allocated to defined benefit (DB) member liabilities		(15,539)	6,127
		<hr/>	<hr/>
TOTAL ALLOCATION TO MEMBER BENEFITS		(1,902,804)	58,472
		<hr/>	<hr/>
NET OPERATING RESULT		60,729	(35,473)
		<hr/>	<hr/>

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STATEMENT OF CHANGES IN MEMBER BENEFITS FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$'000	2020 \$'000
Liability for accrued benefits beginning of period		11,362,669	11,326,160
CONTRIBUTION REVENUE			
Employer contributions		567,914	556,336
Member contributions		168,999	151,440
Government co-contributions		673	674
Transfers in		184,215	284,619
Total contributions before tax		921,801	993,069
Income tax on contributions	12(c)	92,065	81,307
Net after tax contributions		829,736	911,762
BENEFITS PAID			
Rollovers		(387,333)	(436,050)
Cash benefits paid		(180,870)	(198,518)
Pensions paid		(110,470)	(124,456)
Net benefits paid		(678,673)	(759,024)
INSURANCE			
Insurance premiums charged to members' accounts	9	(61,334)	(56,042)
Claims credited to members' accounts	9	25,416	25,210
Tax benefit on insurance premiums	12(c)	9,170	8,406
Net Insurance (cost)/benefit		(26,748)	(22,426)
INCOME AND EXPENSES			
Investment earnings/(losses) applied to members		1,887,265	(52,345)
Net change in defined benefit member accrued benefits		15,539	(6,127)
Fees paid by members		(34,604)	(35,331)
Net income/(expenses)		1,868,200	(93,803)
Liability for accrued benefits end of period		13,355,184	11,362,669

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STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 30 JUNE 2021

	Trustee Operating Reserve \$'000	ORR \$'000	Defined Benefit Surplus \$'000	Unallocated Surplus \$'000	Total Reserves \$'000
Year Ended 30 June 2021					
Opening Balance	33,042	32,559	11,634	22,089	99,324
Net income/(loss) applied	(30,595)	5,736	2,089	83,499	60,729
Fees paid by members	33,807	797	-	-	34,604
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Closing Balance	36,254	39,092	13,723	105,588	194,657
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Year Ended 30 June 2020					
Opening Balance	29,969	30,434	15,513	23,590	99,506
Adoption of AASB 16	(40)	-	-	-	(40)
Net income/(loss) applied	(29,878)	(215)	(3,879)	(1,501)	(35,473)
Fees paid by members	32,991	2,340	-	-	35,331
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Closing Balance	33,042	32,559	11,634	22,089	99,324
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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$'000	2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		58	255
Dividend and distributions received		296,233	479,177
Other investment income		1,820	1,720
General administration expenses		(28,590)	(30,845)
Indirect investment expenses		(6,076)	(4,958)
Investment expenses		(42,401)	(42,910)
Income tax received (paid)		169	(22,736)
		<hr/>	<hr/>
NET CASH FLOWS FROM OPERATING ACTIVITIES	16(a)	221,213	379,703
		<hr/>	<hr/>
CASH FLOWS IN INVESTING ACTIVITIES			
Net proceeds from (purchase)/sale of Investments		(318,887)	(537,830)
Payments for purchase of fixed assets		(215)	(359)
		<hr/>	<hr/>
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(319,102)	(538,189)
		<hr/>	<hr/>
CASH FLOWS FROM MEMBER ACTIVITIES			
Employer contributions		567,870	556,316
Member contributions		168,999	151,440
Government co-contribution		673	674
Transfers in		184,215	284,619
Rollovers, benefits and pensions paid		(678,673)	(759,024)
Insurance proceeds (inwards)		25,416	25,210
Insurance premiums (outwards)		(61,537)	(55,740)
Income tax on contributions received		(98,492)	(56,164)
		<hr/>	<hr/>
NET CASH FLOWS FROM MEMBER ACTIVITIES		108,471	147,331
		<hr/>	<hr/>
NET (DECREASE)/INCREASE IN CASH HELD		10,582	(11,155)
CASH AT THE BEGINNING OF PERIOD		12,430	23,585
		<hr/>	<hr/>
CASH AT THE END OF PERIOD	16(b)	23,012	12,430
		<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. GENERAL INFORMATION

NGS Super (the Fund) is a combination of a defined contribution and defined benefit superannuation fund domiciled in Australia. The address of the fund's office is:

Level 4
14 Martin Place
Sydney NSW 2000

The purpose of the Fund is to provide retirement benefits to its members. The Fund was constituted by an original Trust Deed dated 10 June 1988, as amended. The Fund holds a public offer licence primarily to provide superannuation benefits to employees in the education industry in Australia. The Fund has defined benefit members, accumulation members and pensioners.

The Trustee of the Fund is NGS Super Pty Limited (RSE No L0000567).

These financial statements cover the Fund as an individual entity. The financial statements were approved by the Board of the Trustee, NGS Super Pty Limited on 21 September 2021. The directors of the Trustee have the power to amend and re-issue these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless covered in other notes to the financial statements, the principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Basis of preparation

The financial statements are general purpose statements which have been drawn up in accordance with Australian accounting standards including AASB 1056 *Superannuation Entities*, other applicable Accounting Standards and the requirements of the *Superannuation Industry (Supervision) Act 1993* and Regulations ("SIS") and the provisions of the Trust Deed. The financial statements are presented in Australian dollars.

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

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

(b) New and amended standards adopted during the year

There are no new or amended accounting standards that applied during the financial year.

(c) New Standards and Interpretations not yet Adopted

Certain new accounting standards, amendments to standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Fund. None of these are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial Investments

Investments of the Fund are initially recognised using trade date or settlement date accounting, as appropriate. From the initial recognition any gains and losses arising from net remeasurement changes in the assets fair value are recorded in the income statement. Fair values have been determined as follows:

Market quoted investments

The fair value of an investment for which there is a readily available market quotation is determined as the last quoted sale price at the close of business on reporting date.

Non-market quoted investments

Investments for which market quotations are not readily available are valued at the fair value determined by the Trustee as follows:

- Unlisted securities – recorded with reference to recent arm's length transactions, current value of another instrument that is substantially the same or using discounted cash flows.
- Where discounted cash flow techniques are used, estimated future cash flows are based on Trustee's best estimates and the discount rate used is a market rate at the reporting date applicable for an instrument with similar terms, conditions, and risks.
- Where other pricing models are used, inputs are based on market data at the reporting date.
- Private equity investments are valued according to the most recent valuation obtained from the underlying manager at fair value adjusted for subsequent investments, redemptions, and significant changes in underlying market conditions through to balance date.
- Units in pooled superannuation trusts and unlisted managed investment schemes are valued at the redemption price at reporting date quoted by the investment managers which are based on the fair value of the underlying investments. Unit values denominated in foreign currency are translated to Australian dollars at the relevant exchange rates.

Derivative Financial Instruments

Derivative financial instruments including financial futures and forward exchange contracts, interest rate swaps, exchange traded and other options and forward rate agreements are recorded at mark to market basis at balance date using the most recent verifiable sources of market prices or generally accepted valuation principles.

(e) Financial Instruments

(a) Recognition/ derecognition

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

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

(b) Measurement

At initial recognition, the Fund measures financial assets and financial liabilities at their fair value. Transaction costs for financial assets and liabilities are recorded in the income statement.

After initial recognition, all financial assets and liabilities 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.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis or realise the asset and settle the liability at the same time.

(f) Gold

Gold is valued at fair value based on the market price of the gold bullion held at the reporting date. Gains and losses are presented in the income statement in the period in which they arise as net changes in fair value of investments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Cash and Cash Equivalents

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents held by the Fund. Cash and cash equivalents held for investing activities is reported separately in Note 5.

(h) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Net gains/(losses) on financial instruments held at fair value through profit or loss

Net gains and losses arise due to remeasurement changes in the fair value of investments are recognised as income in the income statement in the periods in which they occur. Net remeasurement changes in fair value are determined as the difference between the fair value at balance date or consideration received (if sold during the reporting period) and the fair value at the previous balance date or the cost (if the investment was acquired during the reporting period).

Interest income

Interest revenue from financial instruments that are held at fair value is determined based on the contractual coupon interest rate and includes interest from cash and cash equivalents.

Dividend income

Dividend income is recognised on the date the shares to which the dividend relates are quoted ex-dividend and if not received at reporting date, is reflected in the statement of financial position as a receivable at fair value.

Trust distribution income

Distributions from managed investment schemes are recognised on the date the Fund becomes entitled to or is attributed the distribution. If not received at reporting date, the distribution receivable is reflected in the statement of financial position as a receivable at fair value.

Contributions revenue and transfers in

Contributions revenue and transfers in are recognised when the control and the benefits from the revenue have transferred to the Fund and is recognised gross of any taxes in the period to which they relate.

(i) Foreign Currency

Transactions in foreign currencies are translated at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at balance date are translated to Australian dollars at the exchange rate at balance date. Foreign exchange differences are recognised in the income Statement.

(j) Income Tax

The Fund is a complying superannuation fund within the provisions of the Income Tax Assessment Act 1997 and accordingly the concessional tax rate of 15% has been applied on net investment earnings with deductions allowable for administrative and operational expenses. Financial investments held for less than 12 months are taxed at the Fund's rate of 15%. For financial investments held for more than 12 months, the Fund is entitled to a further discount on the tax rate leading to an effective tax rate of 10% on any gains/(losses) arising from the disposal of investments.

Current tax

Current tax is the expected tax payable on the estimated taxable income for the current year based on the applicable tax rate adjusted for instalment payments made to the ATO during the year and by changes in deferred tax assets and liabilities attributable to temporary differences.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the amounts used for taxation purposes. Deferred tax assets are recognised only when it is probable that future taxable amounts will be available to utilise temporary differences and losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(k) Receivables

Receivables may include amounts for dividends, interest and trust distributions and are measured at fair value. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment as set out in Note 2(g) above. Amounts are generally received within 30 days of being recorded as receivables.

(l) Financial Liabilities

The Fund recognises financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Other payables are payable on demand or over short periods of no more than 60 days.

The Fund recognises financial liabilities at fair value as at the reporting date with any change in fair values since the beginning of the reporting period included in the Income Statement.

(m) Use of Estimates and Judgements

The preparation of financial statements requires the use of certain critical accounting assumptions and estimates. It also requires the Trustee and management to exercise judgement in the process of applying the entity's accounting policies and reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. For most of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over the counter derivatives or unquoted securities, are fair valued using valuation techniques.

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 and in any future periods affected. There are no critical accounting estimates and judgements contained in these financial statements other than those used to determine the liability for accrued benefits (note 7(b)) and right-to-use assets and lease liabilities, which are brought to account in the statement of financial position.

(n) Structured Entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. This could be the case where voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The Fund invests in structured entities for the purpose of capital appreciation.

The investee funds' objectives range from achieving medium to long term capital growth. The investee funds invest in different financial instruments, including equities and debt instruments. The size of a related investee fund is indicated by the net asset value of the fund per the investee funds' balance sheet. For unrelated funds, size is indicated by the carrying value of the Fund's investment as recognised in the Fund's statement of financial position as at reporting date as there is no other exposure to the Fund other than the carrying value of its investments.

(o) Rounding of amounts

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

(p) Comparatives

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year information and other disclosures.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair Value Estimation

The carrying amounts of all the Fund's financial instruments at the balance date approximated their fair values. The major methods and assumptions used in determining fair value of financial instruments is disclosed in Note 2(d).

(b) Fair Value of Financial Instruments

The table on the following page analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Inputs to the valuation methodology are quoted prices (adjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), for substantially the full term of the financial instrument.
- Level 3: Inputs to the valuation methodology are valuation techniques using inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments. The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques (derivatives). The Fund uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives, and simple OTC derivatives such as interest rate swaps. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and reduces the uncertainty associated with the determination of fair market values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

The fair value of the Funds' indirectly held investments in unit trusts is measured at the value provided by the investment manager of the unit trust unless there is a specific and objectively verifiable reason to vary from the value provided by the manager. The Fund ensures that the valuation techniques used by managers are consistent with the Fund's valuation policy.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

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FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2021

3. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

30 June 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Investments at fair value through profit or loss				
<i>(i) Listed equities and managed investment schemes</i>				
- listed securities – domestic	3,417,681	-	-	3,417,681
- listed securities – foreign	3,609,325	-	-	3,609,325
- unlisted managed investment schemes	10,458	1,292,208	3,772,781	5,075,447
- cash held for investment purposes	317,970	-	-	317,970
<i>(ii) Interest bearing securities</i>				
- Term deposits	243,141	-	-	243,141
- Fixed interest securities	-	963,535	-	963,535
<i>(iii) Derivatives</i>				
- Forward currency contracts	-	2,501	-	2,501
- Futures	-	372	-	372
- Swaps	-	6,519	-	6,519
<i>(iv) Other Assets</i>				
- Gold Bullion	-	188,434	-	188,434
	7,598,575	2,453,569	3,772,781	13,825,925

30 June 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial liabilities at fair value through profit or loss				
<i>(i) Derivatives</i>				
- Forward currency contracts	-	57,030	-	57,030
- Futures	-	396	-	396
- Swaps	-	8,755	-	8,755
- Options	-	-	-	-
	-	66,181	-	66,181

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

30 June 2021	Unlisted managed investment schemes \$'000	Total \$'000
Opening balance	3,112,188	3,112,188
Transfers between level 2 and level 3	45,965	45,965
Total gains/(losses)	359,714	359,714
Purchases and transfers in	669,199	669,199
Sales	(414,285)	(414,285)
Closing balance	3,772,781	3,772,781

The amounts transferred from Level 2 to Level 3 were completed at the end of the reporting period.

Gains or losses included in the income statement are presented as net gains/(losses) on financial instruments held at fair value as follows:

	\$'000
Total gains included in income statement for the period	359,714
Total gains included in income statement for the period for assets held at the end of the reporting period	332,400

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FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2021

3. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

30 June 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Investments at fair value through profit or loss				
<i>(i) Listed equities and managed investment schemes</i>				
- listed securities – domestic	2,612,886	-	-	2,612,886
- listed securities – foreign	2,667,144	-	-	2,667,144
- unlisted managed investment schemes	-	1,554,516	3,112,188	4,666,704
- cash held for investment purposes	246,398	-	-	246,398
<i>(ii) Interest bearing securities</i>				
- Term deposits	393,092	-	-	393,092
- Fixed interest securities	-	865,223	-	865,223
<i>(iii) Derivatives</i>				
- Forward currency contracts	-	92,026	-	92,026
- Futures	-	1,131	-	1,131
- Swaps	-	1,237	-	1,237
- Options	-	14,257	-	14,257
	5,919,520	2,528,390	3,112,188	11,560,098

30 June 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial liabilities at fair value through profit or loss				
<i>(i) Derivatives</i>				
- Forward currency contracts	-	6,298	-	6,298
- Futures	-	194	-	194
- Swaps	-	4,097	-	4,097
- Options	-	9,686	-	9,686
	-	20,275	-	20,275

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

30 June 2020	Unlisted managed investment schemes \$'000	Total \$'000
Opening balance	1,580,200	1,580,200
Transfers between level 2 and level 3	1,714,927	1,714,927
Total gains/(losses)	(367,844)	(367,844)
Purchases and transfers in	231,254	231,254
Sales	(46,349)	(46,349)
Closing balance	3,112,188	3,112,188

The amounts transferred from Level 2 to Level 3 were completed at the end of the reporting period.

Gains or losses included in the income statement are presented as net gains/(losses) on financial instruments held at fair value as follows:

	\$'000
Total gains/(losses) included in income statement for the period	(367,844)
Total gains/(losses) included in income statement for the period for assets held at the end of the reporting period	(387,727)

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FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2021

3. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Valuation inputs and relationships to fair value

The Fund's level 3 investments predominantly comprise of interests in unlisted funds which hold illiquid investments such as unlisted property and private equity. These investments are managed by external investment managers and are not actively traded in public markets.

The Fund generally values these investments using the valuation provided by the external investment manager. As the underlying interests in these investments are not actively traded in a public market, the valuation provided by the external investment manager is considered unobservable and the interest are therefore classified as Level 3 investments.

The Fund reviews the valuation methodology adopted by the relevant investment manager and makes further enquiries, as appropriate, relating to valuation methodology and key inputs used to determine valuations.

In March 2020, the World Health Organisation declared COVID-19 as a pandemic. The pandemic has had, and continues to have, a significant impact on the general business environment and financial markets. The Trustee's evaluation of Level 3 investment valuations has included further consideration relating to the economic implications of the COVID-19 pandemic and the measures taken to contain it. For certain investments the Trustee acknowledges that current valuations are subject to 'material valuation uncertainty' as a consequence of this.

The valuation of the Fund's Level 3 investments is based on data available at the time of the relevant valuation, which may change as circumstances and events continue to unfold. The Fund's Level 3 investment valuations will be updated as and when new information becomes available and will be reflected in future accounting periods.

The following table summarises the quantitative information about the significant unobservable inputs used for the Fund in level 3 fair value measurements. The range of inputs shown below are provided by the underlying investment managers and are derived based on the nature of the underlying level 3 asset exposure.

30 June 2021

Description	Fair value at 30 June \$'000	Unobservable inputs	Range of inputs	Sensitivity of unobservable inputs to fair value
Australian and global managed funds				
Direct Property (Income)	871,517	Unit price Capitalisation rate Discounted cash flow Direct comparison Net asset value	Diverse ^(a) Cap rate (4 – 6%) Discount rate (6 – 7%)	Increased/(decreased) unit price (+/- 18%) would (decrease)/increase fair value by \$156,873,050
Direct Property (Growth)	200,912	Unit price Capitalisation Rate Discounted cash flow Direct comparison Net asset value Acquisition cost Net realisable value	Diverse ^(a) Cap rate (4 – 6%) Discount rate (6 – 7%)	Increased/(decreased) unit price (+/- 20%) would (decrease)/increase fair value by \$40,182,370
Private Equity	728,129	Unit price Discounted cash flows Market comparables Most recent round of equity financing	Diverse ^(a) Terminal value of DCF model (+/-25%) Market multiples (6x - 12x EBITDA; 5x – 10x revenue)	Higher(lower) unit price (+/- 20%) would increase/(decrease) fair value by +/- \$145,625,860
Infrastructure	1,214,257	Unit price Discounted cash flow Market comparables EV/EBITDA	Terminal value of DCF model (+/- 10%) EV/EBITDA 15 - 18% Discount rate (8 – 12%)	Higher(lower) unit price (+/- 18%) would increase/(decrease) fair value by +/- \$218,566,290

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FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2021

3. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Description	Fair value at 30 June \$'000	Unobservable inputs	Range of inputs	Sensitivity of unobservable inputs to fair value
Renewable Infrastructure	3,178	Unit price Discounted cash flow Market comparables EV/EBITDA	Terminal value of DCF model (+/- 10%) EV/EBITDA 15 - 18% Discount rate (8 - 12%)	Higher(lower) unit price (+/- 18%) would increase/(decrease) fair value by +/- \$571,970
Growth Alternative (illiquid)	52,919	Unit price Discounted cash flows Market comparables Most recent round of equity financing	Diverse ^(a) Terminal value of DCF model (+/- 25%) Market multiples (6x - 12x EBITDA; 5x - 10x revenue)	Higher(lower) unit price (+/- 20%) would increase/(decrease) fair value by +/- \$10,583,780
Bond Alternatives	701,869	Discounted cash flow	Discount/interest rate (1%-3%)	A favourable/unfavourable discount rate would increase/decrease fair value by +/- 10% \$70,186,950
Total	3,772,781			

(a) The range of inputs related to the Unit Price are not disclosed as the number of unlisted equities, private equity partnerships, unlisted property unit trusts and opportunistic growth alternatives results in a wide range of unrelated inputs.

30 June 2020

Description	Fair value at 30 June \$'000	Unobservable inputs	Range of inputs	Sensitivity of unobservable inputs to fair value
<u>Australian and global managed funds</u>				
Direct Property (Income)	934,602	Unit price Capitalisation rate Discounted cash flow Direct comparison Net asset value	Diverse ^(a) Cap rate (4 - 6%) Discount rate (6 - 7%)	Increased/(decreased) unit price (+/- 18%) would (decrease)/increase fair value by \$168,228,323
Direct Property (Growth)	177,186	Unit price Capitalisation Rate Discounted cash flow Direct comparison Net asset value Acquisition cost Net realisable value	Diverse ^(a) Cap rate (4 - 6%) Discount rate (6 - 7%)	Increased/(decreased) unit price (+/- 20%) would (decrease)/increase fair value by \$35,437,200
Private Equity	381,991	Unit price Discounted cash flows Market comparables Most recent round of equity financing	Diverse ^(a) Terminal value of DCF model (+/- 25%) Market multiples (6x - 12x EBITDA; 5x - 10x revenue)	Higher(lower) unit price (+/- 20%) would increase/(decrease) fair value by +/- \$76,398,200
Infrastructure	1,099,575	Unit price Discounted cash flow Market comparables EV/EBITDA	Terminal value of DCF model (+/- 10%) EV/EBITDA 15 - 18% Discount rate (8 - 12%)	Higher(lower) unit price (+/- 18%) would increase/(decrease) fair value by +/- \$197,923,500
Bond Alternatives	518,834	Discounted cash flow	Discount/interest rate (1%-3%)	A favourable/unfavourable discount rate would increase/decrease fair value by +/- 10% \$51,883,416
Total	3,112,188			

(a) The range of inputs related to the Unit Price are not disclosed as the number of unlisted equities, private equity partnerships, unlisted property unit trusts and opportunistic growth alternatives results in a wide range of unrelated inputs.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Valuation Process

The Trustee has established an investment committee that oversees the valuation of the Fund's investment portfolio and reports to the board of trustees, who have overall responsibility for fair value measurements. The portfolio valuation function is managed by the Chief Investment Officer in conjunction with the investment advisors. The investment committee receive a valuation policy review annually which looks at valuation methodologies applied across level 2 and level 3 investments against industry best practice and those methods disclosed by the manager in their valuation policy and control reports where they exist. In addition, manager reviews are conducted periodically whereby an assessment of the manager's organisation is reviewed and reported to the investment committee on an exceptions basis. Level 1 assets are monitored on a monthly basis and any breach in these investments is reported through to the risk audit and compliance committee. On an annual basis, compliance questionnaires are completed on investments above \$25 million and detailed exception reporting is provided to the risk audit and compliance committee.

(c) Offsetting financial assets and financial liabilities

Financial assets and liabilities offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Some derivative instruments settle on a net basis through the statement of financial position in accordance with this convention, rather than through an offsetting arrangement. Under the terms of the FFX contracts where certain credit events occur (such as default), the net position owing/receivable to a single counterparty will be taken as owing and all the relevant arrangements terminated. As the Fund does not presently have a legally enforceable right of off-set, these amounts have not been offset in the statement of financial position.

4. FINANCIAL RISK MANAGEMENT

The Fund's investment managers expose the Fund to derivatives as part of the investment portfolios they manage.

Custodian

State Street Australia Limited is the principal custodian and holds most of the assets, other than the Fund's operating bank account and gold bullion, as the custodian for the Fund. OneVue Wealth Services Limited is the custodian of the Direct Investment Portfolio.

Each investment manager is required to invest the assets managed by it in accordance with the terms of a written investment mandate.

The Trustee has determined that the appointment of these managers is appropriate for the Fund and is in accordance with the Fund's investment strategy.

The Trustee obtains regular reports from each investment manager and from the appointed asset consultant on the nature of the investments made on its behalf and the associated risks.

The Fund's assets principally consist of financial instruments which comprise units in unlisted trusts, listed and unlisted securities and derivative financial instruments. It holds these investment assets in accordance with the Trustee's published investment policy statement.

The allocation of assets between the various types of financial instruments is determined by the Trustee who manages the Fund's portfolio of assets to achieve the Fund's investment objectives. Divergence from target asset allocations and the composition of the portfolio is monitored by the Fund on at least a quarterly basis.

The Fund's investing activities expose it to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk

The nature and extent of the financial instruments employed by the Fund are discussed below. This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk.

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FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2021

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Trustee of the Fund has overall responsibility for the establishment and oversight of the Fund's risk management framework.

The Trustee is responsible for developing and monitoring the Fund's risk management policies, including those related to its investment activities. The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, including those risks managed by the Fund's investment managers, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Trustee receives periodical reports from the Fund's Asset Consultant and management to monitor compliance with the Fund's investment policy statement.

The Trustee's Risk, Audit & Compliance Committee oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund.

Categories of financial instruments

The assets and liabilities of the Fund are recognised at fair value as at reporting date. Changes in fair value are recognised through the income statement.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Fund is exposed to currency risk on financial instruments, receivables and liabilities that are denominated in a currency other than the respective functional currency (Australian Dollars) of the Fund. The Fund also invests in Australian domiciled unit trusts where the underlying investments are in overseas assets.

The Fund's strategy on the management of currency risk is driven by the Fund's investment objectives. The Fund's currency risk is managed on a regular basis by the Fund's internal investment function with advice from the external asset consultant.

The Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than the Australian Dollar.

The Fund's major exposure to fluctuations in foreign currency exchange rates through its monetary assets and derivative positions at the balance date was as follows:

	Notional Value 2021 \$'000	Notional Value 2020 \$'000
Assets		
USD	21,445	64,143
EUR	21,794	24,880
GBP	4,069	13,669
JPY	35,058	42,429
Other	108,045	181,940
Liabilities		
USD	2,432,243	1,646,351
EUR	567,576	402,938
GBP	106,754	92,049
JPY	154,123	156,424
Other	436,201	396,699

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FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2021

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity analysis

The Trustee has determined that the reasonably possible change for all currencies is 16.8% (2020: 16.8%).

An appreciation of foreign currencies of 16.8% (2020: 16.8%) against the AUD would decrease the Fund's net assets available for member benefits by \$589 million (2020: \$398 million) and a depreciation of 16.8% (2020: 16.8%) would increase the assets of the Fund by \$589 million (2020: \$398 million).

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis for 2021 was performed on the same basis as 2020.

Cash flow and fair value interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed interest rates expose the Fund to fair value interest rate risk.

The majority of the Fund's financial assets comprise non-interest-bearing and interest rate financial instruments. Interest-bearing financial assets and interest-bearing financial liabilities mature or re-price due to market changes. As a result, the Fund is subject to exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates. The Fund has some direct interest rate risk through its investments in bond and bank bill futures contracts. The Fund also invests in Australian domiciled unit trusts where the underlying investments are in fixed interest securities.

The table below summarises the Fund's direct exposure to interest rate risk including the Fund's use of interest rate swap contracts which are used to manage exposure to interest rate risk.

	Floating Interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2021			
Financial assets			
Cash & cash equivalents	23,012	-	23,012
Due from brokers – Receivables for securities sold	-	59,010	59,010
Other financial assets	1,232,041	-	1,232,041
Financial liabilities			
Due to brokers – Payables for securities purchased	-	(75,831)	(75,831)
Net exposure interest rate risk	1,255,053	(16,821)	1,238,232
30 June 2020			
Financial assets			
Cash & cash equivalents	12,430	-	12,430
Due from brokers – Receivables for securities sold	-	10,503	10,503
Other financial assets	1,257,528	-	1,257,528
Financial liabilities			
Due to brokers – Payables for securities purchased	-	(23,051)	(23,051)
Net exposure interest rate risk	1,269,958	(12,548)	1,257,410

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FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2021

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity analysis (continued)

The Trustee has determined that a reasonably possible change in variable interest rates for the coming year is -5 basis points to +150 basis points (2020: -21 to +110 basis points).

30 June 2021

Interest Rate Exposure	Volatility Minimum Risk Factor	Volatility Maximum Risk Factor	Min net income superannuation activities after tax \$'000	Max net income superannuation activities after tax \$'000
Floating Interest Rate	(0.05%)	1.50%	(121)	3,637
Fixed Interest Rate	(1.50%)	1.50%	(14,453)	14,453

30 June 2020

Interest Rate Exposure	Volatility Minimum Risk Factor	Volatility Maximum Risk Factor	Min net income superannuation activities after tax \$'000	Max net income superannuation activities after tax \$'000
Floating Interest Rate	(0.21%)	1.10%	(824)	6,865
Fixed Interest Rate	(0.75%)	1.10%	(6,489)	15,141

As the interest rate on the Fund's bank account is a floating rate and varies with market interest rates, any change in interest rates will have no impact on the valuation of the account. The amount of interest the Fund receives after interest rate changes is dependent on the Fund's bank balance in the future. As any increase or decrease in interest likely to be received is immaterial, a sensitivity analysis was not performed in relation to changes in bank account interest.

Other market price risk

Other market price risk is the risk that the value of the instrument 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.

As the Fund's financial instruments are valued at fair value with changes in fair value recognised in the income statement, all changes in market conditions will directly affect investment revenue.

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FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2021

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity analysis (continued)

The Trustee determined after advice from the Fund's investment adviser, Frontier Advisors, to use volatility risk factors which reflect a reasonably possible change for the Fund's return on investments. The following tables illustrate the effect on change in net assets after tax and net assets available to pay benefits from possible changes in the volatility factors. Volatility risk factors are only applied to the investments whose market value will be affected by market and economic conditions. The reasonably possible change for fixed interest securities is detailed in the interest rate risk section.

30 June 2021

Asset Class	Benchmark	Volatility Minimum Risk Factor	Volatility Maximum Risk Factor	Min net income from superannuation activities after tax \$'000	Max net income from superannuation after tax \$'000
Growth Assets					
Australian shares	Outperform ASX 300 Accum Index + 1% p.a. (net of fees) over rolling 5 year periods	(17.4%)	33.5%	(613,772)	1,181,687
International shares	Outperform MSCI All Countries World Index (ACWI) in \$A (net dividends) + 1% p.a. (unhedged and net of fees) over rolling 5 year periods	(16.7%)	28.4%	(613,452)	1,043,237
Growth Alternatives	Cash + 5.0% p.a. net return	(3.0%)	17.5%	(56,068)	327,062
Infrastructure	Medium term: 50% Bloomberg 10Yr+Bond Index/ 50% S & P/ASX300 Accum Index + 3% Long term: Absolute return of 9.0% p.a. after tax and fees	(6.5%)	22.4%	(79,079)	272,517
Direct property	Outperform MSCI/IPD Australian Pooled Property Fund Index, after fees over rolling 5 year periods	(3.9%)	17.4%	(43,283)	193,110
Defensive Assets					
Fixed interest	Bloomberg Ausbond Bank Bill Index 0+Yr + 2%	(2.9%)	6.2%	(30,833)	58,776
Cash & Term Deposits	Bloomberg Ausbond Bank Bill Index	0.0%	0.8%	-	11,074

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FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2021

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

30 June 2020

Asset Class	Benchmark	Volatility Minimum Risk Factor	Volatility Maximum Risk Factor	Min net income from superannuation activities after tax \$'000	Max net income from superannuation after tax \$'000
Growth Assets					
Australian shares	Outperform ASX 300 Accum Index + 1% p.a. (net of fees) over rolling 5 year periods	(17.4%)	33.5%	(458,339)	882,434
International shares	Outperform MSCI All Countries World Index (ACWI) in \$A (net dividends) + 1% p.a. (unhedged and net of fees) over rolling 5 year periods	(13.6%)	28.4%	(369,922)	772,483
Growth Alternatives	Cash + 5.0% p.a. net return	(4.8%)	21.0%	(41,178)	180,154
Infrastructure	Medium term: 50% Bloomberg 10Yr+Bond Index/ 50% S & P/ASX300 Accum Index + 3% Long term: Absolute return of 9.0% p.a. after tax and fees	(6.5%)	22.4	(77,372)	266,634
Listed property	FTSE EPRA/NAREIT Developed (ex-Aust) index (hedged), after fees over rolling 5 year periods	(4.8%)	21.0%	(459)	2,009
Direct property	Outperform MSCI/IPD Australian Pooled Property Fund Index, after fees over rolling 5 year periods	(3.9%)	17.4%	(44,880)	200,235
Defensive Assets					
Fixed interest - duration	50% Bloomberg AusBond Composite 0+Yr + 50% Barclays Global Aggregate (\$A hedged)	(4.8%)	21.0%	(37,545)	164,259
Fixed interest – yield	Bloomberg Ausbond Bank Bill Index 0+Yr + 2%	(4.0%)	5.2%	(22,307)	28,999
Cash & Term Deposits	Bloomberg Ausbond Bank Bill Index	(0.0%)	8.0%	-	124,132

Unusually large market shocks may result from changes in the performance of the economies, markets and securities in which the underlying trusts invest. As a result, historic variations in rates of return are not a definitive indicator of future variations in rates of return.

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FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2021

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

The fair value of financial assets included in the statement of financial position represents the Fund's maximum exposure to credit risk in relation to those assets. The Fund does not have any significant exposure to any individual counter party or industry. The credit risk is monitored by the Trustee by quarterly reporting from its asset consultant.

The Fund does not have any assets which are past due or impaired.

The Fund's direct investments in fixed interest securities are subject to counterparty credit risk. The Fund's fixed interest managers: SSGA, Global Evolution, Standard Life and Kapstream Capital, provided the following credit ratings for their fixed interest portfolios. The table below does not include investments in unit trusts.

30 June 2021

Portfolio	AAA \$'000	AA \$'000	A to B \$'000	Unrated \$'000
Cash	-	26,015	-	-
Fixed Interest Securities	394,733	139,816	271,800	-
Term Deposits	67,169	175,323	-	-

30 June 2020

Portfolio	AAA \$'000	AA \$'000	A to B \$'000	Unrated \$'000
Cash	-	15,963	-	-
Fixed Interest Securities	404,220	129,082	331,921	-
Term Deposits	158,838	233,467	-	-

Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its payment of benefits to members and liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's liquidity position is monitored on a weekly basis. The Fund's cash and liquidity policy is to have sufficient cash balances to meet anticipated weekly benefit payments, Fund expenses plus investing activities.

The following tables summarise the expected maturity profile of the Fund's financial liabilities based on the earliest date on which the Fund can be required to pay. The table includes gross settled derivative financial liabilities (i.e. foreign exchange contracts) into relevant maturity groupings based on the remaining period to the contractual maturity date at balance date. The amounts in the table are the contractual undiscounted cash flows.

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FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2021

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

30 June 2021	Less than 3 months \$'000	3 Months to 1 year \$'000	Total Contractual Cash Flows \$'000	Carrying Amount (Asset)/Liabilities \$'000
Futures & swaps	9,151	-	9,151	9,151
Creditors & accruals	97,643	-	97,643	97,643
Current tax liabilities	5,701	54,312	60,013	60,013
Member benefits	13,353,892	-	13,353,892	13,353,892
Total	13,466,387	54,312	13,520,699	13,520,699

30 June 2020	Less than 3 months \$'000	3 Months to 1 year \$'000	Total Contractual Cash Flows \$'000	Carrying Amount (Asset)/Liabilities \$'000
Futures & swaps	1,923	-	1,923	1,923
Creditors & accruals	40,164	-	40,164	40,164
Current tax liabilities	9,722	19,266	28,988	28,988
Member benefits	11,359,820	-	11,359,820	11,359,820
Total	11,411,629	19,266	11,430,895	11,430,895

Vested benefits have been included in the less than 3 months column, as this is the amount that members could call upon as at year-end. This is the earliest date on which the Fund can be required to pay members' vested benefits, however, members may not necessarily call upon amounts vested to them during this time.

Use of derivative financial instruments

The Fund's investment managers may use derivative financial instruments to reduce risks in the share, bond and currency markets and to increase or decrease the Fund's exposure to particular investment classes or markets.

Securities lending

The Fund has entered into securities lending arrangements with State Street Bank & Trust under which legal title to some of the Fund's assets may be transferred to another entity. The securities are loaned by State Street Bank & Trust, as agent, to certain brokers and other financial institutions (the 'Borrowers'). The Borrowers provide cash, securities, or letters of credit as collateral against loans in an amount between 100.1% and 108% of the fair value of the loaned securities. Cash collateral provided by the Borrowers may be held at call or deposited into a short term investment account.

	Securities Lending \$'000	Collateral \$'000
30 June 2021	153,373	164,310
30 June 2020	126,602	135,050

During the year ended 30 June 2021, the net earnings on securities lent were \$268,604 (2020: \$379,398). These amounts were received on behalf of the Fund and have been recognised in profit or loss.

Risks and Indemnification

The risks and benefits of ownership of the loaned assets remain with the Fund. Consistent with the accounting policy note for recognition/derecognition of financial instruments, because the Fund continues to enjoy the risks and benefits of ownership, assets that have been loaned have not been derecognised (i.e. treated as having been sold). State Street Bank & Trust, as lending agent, indemnifies the Fund for shortfalls in non-cash collateral due to a Borrower default on a security loan.

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FINANCIAL INSTRUMENTS FOR THE YEAR ENDED 30 JUNE 2021

5. STATE STREET INVESTMENT PORTFOLIO BY INVESTMENT TYPE

	2021 \$'000	2020 \$'000
Listed securities	7,008,439	5,266,940
Units in unit trusts	5,075,447	4,666,704
Fixed interest securities	963,535	865,223
Term deposits	242,491	392,305
Cash held for investing activities	317,970	246,398
	<hr/>	<hr/>
TOTAL INVESTMENT PORTFOLIO	13,607,883	11,437,570
	<hr/>	<hr/>

6. INVESTMENT INCOME BY TYPE

	2021 \$'000	2020 \$'000
Dividends and trust distributions	285,506	406,571
Interest	33,502	44,876
Fee rebates	2,433	2,448
Other investment income	711	667
	<hr/>	<hr/>
	322,152	454,562
	<hr/>	<hr/>

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MEMBER LIABILITIES, RESERVES, AND INSURANCE FOR THE YEAR ENDED 30 JUNE 2021

7. MEMBER LIABILITIES

The entitlements of members to benefit payments are recognised as liabilities. They are measured at the amount of the accrued benefits as at the reporting date, being the benefits that the Fund is presently obliged to transfer to members or their beneficiaries in the future as a result of the membership up to the end of the reporting period. The Fund has two sections, comprising the defined benefit liabilities and defined contribution liabilities. The defined benefit section is closed to new members with new members joining the defined contribution section. Note that a defined benefit member will have both a defined benefit and a defined contribution benefit.

(a) 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 reporting date.

Vested benefits are benefits that are not conditional upon continued membership of the Fund (or any factor other than resignation from the Fund) and include benefits which members were entitled to receive had they terminated their Fund membership as at the reporting date. At the end of the period the defined contribution member liabilities which represent the vested benefits for those members are as follows:

	2021 \$'000	2020 \$'000
Vested Benefits	13,275,481	11,285,114
Net assets available	13,381,068	11,307,233

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

Contributions for defined contribution members were paid at the rate or rates agreed.

	2021 %	2020 %
Employer contributions	Various	Various
Member contributions	Voluntary	Voluntary

(b) Defined benefit member liabilities

The liability for accrued benefits for defined benefit members has been determined on the basis of the present value of the expected future payments that arise from membership of the Fund up to the measurement date. The figure reported has been determined by reference to the expected future salary levels and by application of the market-based, risk-adjusted discount rate and relevant actuarial assumptions. The valuation of accrued benefits was undertaken by the actuary at 30 June 2021. Accrued benefits were previously valued at 30 June 2020.

The actuarial value of the accrued benefits at 30 June is as follows:

	2021 \$'000	2020 \$'000
Accrued benefits	79,703	77,525
Vested benefits	78,411	74,706
Net assets available	93,439	89,159

The excess of net assets available over accrued benefits is recorded as the defined benefit surplus in the statement of financial position.

The Fund has three sub-plans for defined benefit members and the financial position and recommended contributions for each are summarised as follows:

Catholic Church Staff Superannuation Plan (South Australia):

At 30 June 2021, the sub-plan's assets fully covered vested benefits. The sub-plan was therefore in a satisfactory financial position. The financing objective of the sub-plan is to have defined benefit coverage of 110% of Leaving Service Benefits. The sub-plan met both of these objectives at 30 June 2021.

The actuary recommended that the contribution rate be 6.5% from 30 June 2018. The 3% productivity contributions continued to be paid in addition to these rates.

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MEMBER LIABILITIES, RESERVES, AND INSURANCE FOR THE YEAR ENDED 30 JUNE 2021

7. MEMBER LIABILITIES (CONTINUED)

Penleigh and Essendon Grammar School Superannuation Plan:

The sub-plan was in a satisfactory financial position at 30 June 2021. The financing objective of the Plan is to have defined benefit asset coverage of between 100% and 110% of defined benefit vested benefits. The Plan exceed this objective as at 30 June 2021.

Based on the actuarial report at 1 July 2020 the sub-plan's actuary recommended that the employer be on a contribution holiday until the next full actuarial investigation due on 1 July 2024.

CueSuper Defined Benefit Plan:

Overall, the sub-plan as a whole was in a satisfactory financial position as at 30 June 2021. The financing objectives of the sub-plan are to maintain the value of the assets at least equal to 100% of Discounted Accrued Retirement Benefit (DARB). At 30 June 2021 the DARB was 107.3% (2020: 101.0%).

The financial position is split into two sub-groups.

The Cue (Schedule 1B) sub-group vested benefit coverage was in a satisfactory financial position as at 30 June 2021.

The CUNA sub-group continued to exceed its financing objective. CUNA Mutual Australia Limited ceased to be a Participating Employer of the sub-plan with effect from 20 July 2012.

The sub-plan's actuary recommended that the employers continue to contribute at the rate of 8% of salary plus a top-up to 9.5% of OTE for Schedule 1B members. Additional lump sum contributions were also recommended to meet the cost of sub-plan expenses, as advised by the Trustee.

Key Actuarial Assumptions

The assumptions used in calculating the Actuarial Value of Accrued Benefits are as follows:

- Investment earnings 5.30% per annum for Catholic Church Staff Superannuation Plan (2020: 5.30%), 4.0% (2020: 5.0%) for Penleigh & Essendon Grammar School Superannuation Plan and 5.5% (2020: 5.7%) for CueSuper
- Salary inflation increase 3.0% per annum for the next three financial years, for CueSuper these are forecast at 2.25%
- Longer term salary increase rate assumption is 4.0% per annum

The eventual costs of the benefits will depend on the Fund experience rather than on the assumptions.

The actuary considers that the material risks to the funding of the Fund are as follows:

- Investment returns being lower than expected;
- Salary increases being higher than expected; and
- The employer being unable to make the recommended contributions.

The Trustee monitors the financial position of all the sub-plans on a quarterly or six-monthly basis and as such would identify if the funding position is deteriorating as a result of adverse experience, including adverse investment returns, salary increases and exits.

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

- The future rate of investment return $\pm 1\%$ (2020: $\pm 1\%$)
- The future rate of salary increases $\pm 1\%$ (2020: $\pm 1\%$)

	2021	2020
	\$'000	\$'000
Reasonably possible change in key assumptions		
Increase in future rate of investment return and no change in other assumptions	1,022	1,022
Decrease in future rate of investment return and no change in other assumptions	(1,053)	(1,066)
Increase in future rate of salary increase and no change in other assumptions	651	663
Decrease in future rate of salary increase and no change in other assumptions	(638)	(640)

NGS SUPER

MEMBER LIABILITIES, RESERVES, AND INSURANCE FOR THE YEAR ENDED 30 JUNE 2021

8. RESERVES

(a) Trustee Operating Reserve

The trustee operating reserve is maintained in accordance with the trust deed and is used as a contingency reserve. The target level of this reserve is 0.20% to 0.40% of net assets of the Fund.

(b) Operational Risk Reserve (ORR)

Under APRA prudential Standard SPS 114: *Operational Risk Financial Requirements*, the Fund is required to maintain a reserve of at least 0.25% of the fund's net assets for operational risk events. The ORR is part of the financial management of the Fund and is operated in accordance with the Reserving Policy. The ORR may be used in certain circumstances to address operational risk events or claims against the Fund arising from operational risk.

(c) Unallocated Surpluses (DC)

The unallocated surpluses represent investment earnings that have been recorded for accounting purposes that have not been credited to members at the balance date. An unallocated balance generally arises due to timing differences for asset values at the time the final unit price is struck, and the values recorded for accounting purposes. The unallocated balance does not include unallocated contributions that are disclosed as a liability in note 15.

9. INSURANCE ARRANGEMENTS

The Trustee has policies in place with a third-party insurer to provide Life and Disablement and Income Protection insurance for its members.

The Fund collects premiums from members in accordance with the premium rates agreed in the insurance policies plus an insurance fee (currently 3% of the premiums collected). The insurance fee is used to pay the operating expenses of the Fund relating to insurance and is therefore recognised as an inflow to the Trustee Operating Reserve.

Insurance claims are recognised as payable only when the insurer has agreed to pay the claim. Insurance proceeds are not revenues and premiums are not expenses of the Fund and do not give rise to insurance contract liabilities or reinsurance assets. Insurance premiums charged to member accounts and insurance proceeds recovered (claims paid) are recognised as member transactions in the statement of changes in members benefits.

The Trustee determined that the Fund is not exposed to material insurance risk because:

- members (or their beneficiaries) will only receive insurance benefits if the external insurer approves and pays the claim;
- insurance premiums are set by the external insurer; and
- insurance premiums are collected and paid through the Fund for administrative reasons only.

NGS SUPER

OTHER DETAILED DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2021

10. DIRECT INVESTMENT EXPENSES

	2021	2020
	\$'000	\$'000
Custodian fees	3,782	3,556
Management expenses	36,103	27,999
Brokerage	7,134	8,734
	<hr/>	<hr/>
	47,019	40,289
	<hr/>	<hr/>

11. OTHER EXPENSES

	2021	2020
	\$'000	\$'000
Advertising expenses	704	706
Sponsorship expenses	620	517
	<hr/>	<hr/>
	1,324	1,223
	<hr/>	<hr/>

12. TAXATION

	2021	2020
	\$'000	\$'000
(a) Recognised in the income statement		
Current tax expense		
- Current tax charge	47,195	11,486
- Adjustment to current tax for prior period	(742)	4,758
Deferred tax expense		
- Movement in temporary differences	126,823	(62,248)
	<hr/>	<hr/>
Income tax expense/(benefit)	173,276	(46,004)
	<hr/>	<hr/>

NGS SUPER

OTHER DETAILED DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2021

12. TAXATION (CONTINUED)

	2021 \$'000	2020 \$'000
(b) Numerical reconciliation between tax expense and profit before income tax		
Net income superannuation activities	2,136,809	(139,949)
Tax applicable at the rate of 15% (2020 15%)	320,521	(20,992)
Tax effect of income/(losses) not assessable or (deductible) in determining taxable income		
- Non assessable income from investments	(230,292)	82,492
- Discount in capital gains/losses	127,170	(55,307)
Tax effect of other adjustments		
- Imputation & foreign tax credits	(28,351)	(38,749)
- Exempt pension income	(15,027)	(10,843)
- Expenses	(2)	(6)
- Under provision prior period	(743)	(2,599)
Income tax expense/(benefit)	173,276	(46,004)
(c) Recognised in the statement of changes in members benefits		
Contributions and transfers in recognised in the statement of changes in members benefits	921,801	993,069
Tax applicable at the rate of 15% (2020 15%)	138,270	148,961
Tax effect of income/(losses) not assessable or (deductible) in determining taxable income		
- Member contributions	(48,468)	(63,759)
- Insurance premiums	(9,170)	(8,406)
Tax effect of other adjustments		
- No TFN tax liability	-	(12)
- Over provision prior periods	2,263	(3,883)
Income tax expense	82,895	72,901
Split in changes in members benefits as follows:		
Contributions tax	92,065	81,307
Insurance premiums	(9,170)	(8,406)

NGS SUPER

OTHER DETAILED DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2021

12. TAXATION (CONTINUED)

	2021	2020
	\$'000	\$'000
(d) Current tax liabilities		
Balance at beginning of year	28,988	18,742
Income tax paid – current period	(67,771)	(59,237)
Income tax paid – prior period	(30,553)	(18,895)
Current year income tax provision	127,828	88,271
Under provision prior period	1,521	1,844
QIEC Super – current tax payable (movements)	-	(1,737)
	<hr/>	<hr/>
	60,013	28,988
(e) Deferred tax assets and liabilities		
Deferred tax assets		
Accrued expenses	3,643	2,827
	<hr/>	<hr/>
Deferred tax liabilities		
Unrealised gains on fixed income securities	(602)	2,303
Unrealised loss on futures contracts	(8,426)	7,943
Unrealised capital losses/(gains) (discounted)	222,900	76,247
Accrued Income	(58)	(317)
	<hr/>	<hr/>
	213,814	86,176
	<hr/>	<hr/>
	210,171	83,349
	<hr/>	<hr/>

13. RECEIVABLES

	2021	2020
	\$'000	\$'000
GST receivable	387	337
Investment income receivable	74,739	48,820
Unsettled investment sales	59,010	10,503
Other receivables	35	53
	<hr/>	<hr/>
TOTAL RECEIVABLES	134,171	59,713
	<hr/>	<hr/>

NGS SUPER

OTHER DETAILED DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2021

14. CREDITORS AND ACCRUALS

	2021	2020
	\$'000	\$'000
Administration fees	1,427	1,252
APRA levy	921	677
Direct investment fees	13,925	9,307
FBT & payroll tax	100	168
Group life and salary continuance premiums	4,883	5,086
Other payables	12	-
Payable for securities purchased	75,831	23,052
Payable to related entities	57	55
Professional services	250	286
Unallocated contributions	237	281
	<hr/>	<hr/>
TOTAL CREDITORS AND ACCRUALS	97,643	40,164
	<hr/>	<hr/>

15. EMPLOYEE ENTITLEMENTS

	2021	2020
	\$'000	\$'000
Provision for annual leave	877	732
Provision for long service leave	1,138	853
	<hr/>	<hr/>
TOTAL EMPLOYEE ENTITLEMENTS	2,015	1,585
	<hr/>	<hr/>

NGS SUPER

CASH FLOW INFORMATION FOR THE YEAR ENDED 30 JUNE 2021

16. CASH FLOW INFORMATION

	2021 \$'000	2020 \$'000
(a) Reconciliation of Net Cash provided by Superannuation Activities to Net Profit After Tax		
Operating result after income tax	1,963,533	(93,945)
Changes in fair value of assets	(1,895,370)	522,658
Distributions receivable	(25,919)	24,615
Depreciation	193	167
(Increase)/Decrease in receivables	(32)	158
(Increase)/Decrease in ROU lease asset	800	(3,494)
(Increase)/Decrease in prepayments	(122)	(31)
Increase/(Decrease) in creditors and accruals	4,947	(5,538)
Increase/(Decrease) in employee benefits	430	327
Increase/(Decrease) in lease liabilities	(692)	3,566
Increase/(Decrease) in current tax liabilities	46,623	(6,531)
Increase/(Decrease) in deferred tax liabilities	126,822	(62,249)
NET CASH FLOWS PROVIDED BY/(USED IN) SUPERANNUATION ACTIVITIES	221,213	379,703
(b) Reconciliation of Cash		
Cash at bank	23,012	12,430
TOTAL CASH AND CASH EQUIVALENTS	23,012	12,430

NGS SUPER

OTHER INFORMATION FOR THE YEAR ENDED 30 JUNE 2021

17. AUDITOR'S REMUNERATION

	2021 \$	2020 \$
Amounts paid or due and payable to Auditors of the Fund:		
• Audit services	208,932	173,867
• Taxation services	26,648	28,359
	<hr/>	<hr/>
TOTAL AUDITOR'S REMUNERATION	235,580	202,226
	<hr/>	<hr/>

18. RELATED PARTIES

(a) Trustee

The Trustee of the Fund is NGS Super Pty Limited. The following people were directors of the Trustee during and since the end of the financial year:

Directors
Richard Shearman (Chair)
Glen Seidel (resigned 30 June 2021)
David Buley (resigned 30 June 2021)
Cathryn Hickey
Christine Wilkinson
Geoffrey Newcombe
Margaret Sansom
Georgina Smith
Kathy Dickson
Wendy Viola Wills
Terence Patrick Burke
Patrick Joseph Ponting
Michelene Collopy
John Quessy

The Directors of the trustee company who are members of the Fund contribute on the same terms and conditions as other members.

Expenses incurred by NGS Super Pty Limited are paid by the Fund.

(b) Key Management Personnel Remuneration

The following key management personnel had authority and responsibility for planning, directing, and controlling the activities of the Fund.

Laura Wright	Chief Executive Officer
Ben Facer	Chief Strategy and Risk Officer
Ben Squires	Chief Investment Officer
Melissa Adam	Head of Brand and Marketing
Lynn Monk	Head of People and Culture
Chris McManamon	Senior Manager, Business Operations

The remuneration of directors and other key management personnel are reviewed on an annual basis and approved by the Board. Remuneration is reviewed and determined with regard to current market rates and is benchmarked against comparable industry data. In the case of directors, fees are either paid to the directors or to the employer of the director. Key management personnel compensation (including Directors) in relation to services to the Fund was as follows:

NGS SUPER

OTHER INFORMATION FOR THE YEAR ENDED 30 JUNE 2021

18. RELATED PARTIES (CONTINUED)

	2021 \$'000	2020 \$'000
Short-term benefits	2,812	2,822
Long service leave entitlements	54	59
Post-employment benefits	243	256
Termination benefits	-	197
	<hr/>	<hr/>
	3,109	3,334
	<hr/>	<hr/>

(c) Investment Related Entities

The Fund holds 10 sole purpose investment vehicles which are recorded at fair value:

	Interest	2021 \$'000	2020 \$'000
Select American Credit Trust	100%	149,209	155,917
Select European Credit Trust	100%	78,418	64,275
QIC Holding Trust	100%	210,867	151,036
NGS Property Growth Trust	100%	78,956	68,391
Select Industrial Fund	100%	310,886	336,047
Select Office Fund	100%	126,247	155,567
Select Infrastructure Trust No 1	100%	27,921	24,458
Select Alceon Co-investment No 1 Trust	100%	8,000	6,750
Select Growth Alternatives Trust	100%	-	-
Select Growth Alternatives Trust No 2	100%	-	-
		<hr/>	<hr/>
Total direct holdings and associates		990,504	962,441
		<hr/>	<hr/>

The above tables list the fair value and the percentage interest of each investment asset at year-end. The maximum exposure to loss is limited to the fair value of each investment asset. The fair value will potentially change on a daily basis throughout the period and in subsequent periods and will cease once the investments are disposed. The investments of the Fund are managed in accordance with the investment mandates with the respective underlying investment managers. The investment decisions of the Fund are made by the investment managers based on their analysis and the investment guidelines provided to them by the Fund. The return of the Fund is exposed to the variability of the performance of the underlying investment assets. The underlying investment managers receive a management fee for undertaking the management of these investments.

(d) Other Related Entities - transactions

NGS Super Pty Limited is the Trustee of the Fund and it owns shares in NGS Financial Planning Pty Ltd. These entities were established for the purpose of providing financial advice to members of the Fund.

NGS Super Pty Limited charges the Fund for premiums associated with trustee indemnity insurance it holds. The cost paid by the Fund for the year was \$158,230 (2020: \$134,547). These transactions gave rise to an inter entity payable of \$1,912 at 30 June 2021 (2020: payable \$1,320).

In addition to financial advice provided direct to members of the Fund, NGS Financial Planning Pty Ltd provides intra-fund advice for NGS Super. The cost of intra-fund advice provided by NGS Financial Planning Pty Ltd to the Fund for the year was \$2,158,417 (2020: \$2,204,226). These transactions gave rise to an inter entity payable of \$56,023 at 30 June 2021 (2020: payable \$51,023).

NGS SUPER

OTHER INFORMATION FOR THE YEAR ENDED 30 JUNE 2021

19. CAPITAL COMMITMENTS

The Fund has capital commitments for uncalled capital for various investments of \$942.8 million (2020: \$557.28 million).

The uncalled amounts will be called at the discretion of each investment manager.

20. SUBSEQUENT EVENTS

In August 2021, the Trustee terminated discussions with Australian Catholic Superannuation and Retirement Fund in relation to a potential merger of the entities. Following extensive due diligence, it was determined that the financial interests of NGS Super members were not expected to be promoted through the progression of the merger.

Other than the matters outlined above, there have been no other events subsequent to balance date which would have a material effect on the Fund's financial statements at 30 June 2021.

NGS SUPER

STATEMENT BY TRUSTEE

In the opinion of the Trustee

- (a) the accompanying financial statements and notes set out on pages 2 to 35:
 - (i) are in accordance with Australian Accounting Standards and other mandatory professional reporting requirements; and
 - (ii) present fairly the Fund's financial position as at 30 June 2021 and its performance for the year ended on that date; and
- (b) the Fund has been conducted in accordance with the provisions of the Trust Deed and in compliance with the requirements of the Superannuation Industry (Supervision) Act 1993, and Regulations, the Corporations Act 2001, Regulations and Guidelines and Section 13 of the Financial Sector (Collection of Data) Act 2001 during the year ended 30 June 2021; and
- (c) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Trustee

Dick Shearman

.....
Director

Michelle Colby

.....
Director

Signed at Sydney this 21st day of September 2021.



Independent Auditor's report on financial statements

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

*Report by the RSE Auditor to the trustee and members of NGS Super
[ABN: 73 549 180 515]*

Opinion

I have audited the financial statements of NGS Super (the "Fund") for the year ended 30 June 2021 comprising the statement of financial position, income statement, statement of changes in member benefits, statement of changes in reserves, statement of cash flows, notes to the financial statements, and the statement by trustee.

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of NGS Super as at 30 June 2021 and the results of its operations, cash flows, changes in reserves and changes in members' benefits for the year ended 30 June 2021.

Basis for Opinion

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

Responsibilities of the trustee for the Financial Statements

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

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

PricewaterhouseCoopers, ABN 52 780 433 757

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RSE's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Concluded on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the RSE's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my audit opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 I identified during my audit.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'BSS Tompsett'.

BSS Tompsett
Partner

Sydney
21 September 2021