



# Annual Financial Report

**FOR THE YEAR ENDED  
30 JUNE 2022**



# Contents

Corporate Directory	4
Directors' Report	5
Auditor's Independence Declaration	20
Corporate Governance Statement	21
Financial Statements - UniSuper and Controlled Entities	22
Notes to the Financial Statements	29
Trustee's declaration to the members of UniSuper	69
Independent Audit Report to the members	70

# Corporate Directory

## **CURRENT DIRECTORS**

Ian Martin AM (Chair)  
Mark Armour  
Professor Peter Dawkins AO  
Nicole Gower  
Professor Lelia Green  
Amy Griffiths  
Emeritus Professor Sandra Harding AO  
Grahame McCulloch  
Sarah Roberts  
Nicolette Rubinsztein  
Stephen Somogyi

## **CHIEF EXECUTIVE OFFICER**

Peter Chun

## **COMPANY SECRETARIES**

Jane Panton  
Cynthia Costante

## **BUSINESS UNIT EXECUTIVE MANAGERS**

### **Chief Member and Advice Officer**

Danielle Mair

### **Chief Financial Officer**

Anastasia Crisafi

### **Chief Marketing and Growth Officer**

Dani Murrrie

### **Chief Information Officer**

Steve McGregor

### **Chief Investment Officer**

John Pearce

### **Chief People Officer**

Julie Watkins

### **Chief Risk Officer**

Andrew Raftis

### **Strategic Adviser to the CEO**

Siva Sivakumaran

## **PRINCIPAL REGISTERED OFFICE IN AUSTRALIA**

Level 1  
385 Bourke Street  
Melbourne VIC 3000

## **ACTUARY**

Travis Dickinson, FIAA  
Willis Towers Watson Level 4  
555 Bourke Street  
Melbourne VIC 3000

## **AUDITOR**

### **Ernst & Young (EY)**

8 Exhibition Street  
Melbourne VIC 3000

## **WEBSITE ADDRESS**

[www.unisuper.com.au](http://www.unisuper.com.au)

# Directors' Report

The Directors present their report on the Company together with the accounts of the Company for the year ended 30 June 2022 and the auditor's report thereon.

## Directors

The directors of the Company (the Directors) during or since the end of the financial year ended 30 June 2022 and up to the date of this report were:

- Ian Martin, AM (Chair)
- Mark Armour
- Professor Peter Dawkins, AO
- Nicole Gower
- Professor Lelia Green
- Amy Griffiths
- Emeritus Professor Sandra Harding, AO (appointed 25 October 2021)
- Grahame McCulloch
- Sarah Roberts
- Nicolette Rubinsztein
- Stephen Somogyi
- Dr Jane Den Hollander, AO Professor Emerita (ceased 25 October 2021)

## Principal activities

During the financial year the principal continuing activities of the Group consisted of providing superannuation, retirement benefits and financial planning services to employees and former employees of Australian universities and related organisations. The Fund is now open to new members outside the higher education and research sector.

## Definitions

For the purposes of this Directors' Report and the attached Annual Report including the Financial Report, the identity of the relevant entities is detailed below:

**UniSuper** is the superannuation fund and is referred to as "UniSuper" or "the Fund".

**UniSuper Limited** is the corporate trustee of the Fund and is referred to as "UniSuper Limited", "USL" or "the Trustee".

**UniSuper Management Pty Ltd** is the administrator of the Fund and is referred to as "USM" or "the Administrator". USM is a controlled entity of UniSuper Limited. In addition, USM provides investment management services to UniSuper and financial planning services to UniSuper's members.

The "**Group**" includes: UniSuper, USL and the controlled entities as detailed in Note 21 to the Financial Statements. The directors of UniSuper Limited are referred to as the "**Board**".

## Review of operations

### UNISUPER OPENED TO ALL AUSTRALIANS FROM 5 JULY 2021

In one of the biggest changes in the Fund's 40-year history, UniSuper was opened to new members from outside the higher education and research sectors on 5 July 2021. Since then, there have been more than 28,000 new members join the Fund. This increasing growth and scale will ensure ongoing benefits for current and future members.

The higher education sector and the superannuation industry are undergoing significant disruption. Legislative changes, industry consolidation and market volatility are just some of the factors making it more important than ever for superannuation funds like UniSuper to evolve. By welcoming a broader audience, UniSuper will be able to continue to act in the best financial interests of all members, new and old, and enable members to benefit from even greater scale in the future. This has been a momentous and exciting time for UniSuper, its members and prospective members, and there's more to come. Ultimately, UniSuper's members will be the winners from this change.

### NEW CHIEF EXECUTIVE OFFICER COMMENCED SEPTEMBER 2021

Peter Chun joined UniSuper as Chief Executive Officer on 6 September 2021. Peter brings almost 30 years' experience in financial services across both the retail and industry fund sectors, particularly in roles spanning business development, marketing, product development, digitisation, client services and business transformation.

Most recently, Peter was Group Executive, Member Growth at Aware Super, with responsibility for leading the Brand, Marketing, Digital, Product and Business Development functions. Prior to Aware, he spent over a decade at Colonial First State in roles spanning product, distribution, and investments. His deep superannuation knowledge, skill and respect in the industry are an asset to the Fund. UniSuper welcomes Peter to the role.

The Board extends its gratitude to Kevin O'Sullivan for his distinguished service to UniSuper over the eight years he led the Fund.

### AWARD RECOGNITION

UniSuper has been formally recognised as a leader in delivering greater retirement outcomes for members. Australia's top ratings and research agencies have awarded UniSuper with a trifecta of Fund of the Year awards: the 2022 Chant West Super Fund of the Year; Money Magazine's Best Fund of the Year 2022; and SuperRatings Fund of the Year 2022.

It is an honour to be recognised within the industry and these awards and accolades confirm UniSuper's leadership position in the superannuation sector.

Additionally, the Fund was also awarded Best Fund Advice Services 2022 and was a finalist for Pension Fund of the Year, Best Fund Investments, Best Fund Insurance, Best Fund Responsible Investment and Best Fund Longevity at the Chant West Awards 2022.

At the Money Magazine awards for 2022, UniSuper also took out top spot in another five categories – the most any super fund has ever won in a year: Best Super Fund, Best Growth Pension Fund, Best Equities ESG Super Product, Best Growth Super Product and Best International Share Super product. The Fund's Sustainable High Growth investment option also won Money Magazine's Best Growth Super Product 2021.

UniSuper was awarded five stars for 'Outstanding Value' by Australia's biggest financial comparison site, Canstar at their 2022 Superannuation Awards and 2021 Account Based Pension Awards. The Fund continues to hold a AAA rating from Rainmaker's quality assessment and has received Rainmakers ESG Leader rating. UniSuper has also taken out a suite of Mozo Peoples' Choice Awards, including Most Recommended, Outstanding Customer Satisfaction, Competitive Fees, Investment Choices, Insurance Cover and Highly Trusted.

As a fund that prioritises the retirement outcomes of its members, UniSuper is dedicated to providing the best financial advice and guidance to Australians. These awards demonstrate the important recognition the Fund has within the industry.

### INVESTMENT PERFORMANCE

2022 was a challenging year for members with significant market falls impacting superannuation account balances and most of the Fund's accumulation investment options suffering negative 12 month returns.

The performance of UniSuper's investment options was impacted by rising inflation and interest rates which led to extreme volatility in financial markets – both for equities and bonds. Inflation was higher than expected due primarily to global factors such as the situation in Ukraine, and supply issues as a result of COVID-19 lockdowns, leading to aggressive rate increases by central banks.

**DIRECTORS' REPORT**

Against this backdrop, the Balanced option recorded a return of -4.2% for the financial year, its first negative return in the 13 years since the Global Financial Crisis. This return was also below the median of the SuperRatings survey. An overweight to the technology sector and bonds which both performed poorly, and an underweight to the strongly performing energy sector and unlisted assets were key contributors to the under-performance.

Longer term performance, however, remains sound. Over the 10 years to 30 June 2022, the Balanced option has returned a healthy 8.9% per annum, placing it in the top quartile against industry peers. It has also ranked in the top quartile over 5 and 7 years, and in the second quartile over 3 years in the SuperRatings survey.

In contrast to the Fund's more growth-oriented options, UniSuper's Conservative options achieved positive returns for the financial year and ranked in the top quartile in the SuperRatings survey over the period. These are lower risk options designed to preserve capital for members in their retirement phase and they've performed as expected in a falling market. In addition, the Defined Benefit Division continued to maintain its strong position and members' accrued benefits are well funded.

Surging inflation, which is now at near 30-year highs, has meant that it has been a challenging period for some options in respect of performance versus their objectives, which are directly linked to the CPI inflation rate. As a consequence, the Listed Property, Diversified Credit Income and Conservative options all did not meet their respective objectives for the year ending 30 June 2022.

**Responsible and sustainable investing**

We believe that environmental, social and governance (ESG) practices are an important driver of earnings sustainability, and that good companies with good corporate behaviour make better investments because they typically manage other aspects of their business well.

Our ESG approach applies across our portfolios and is embedded in our investment process. We look at a range of factors including environmental risks, climate, modern slavery, occupational health and safety, remuneration structure and the overall governance of companies.

We also manage three discrete sustainable and environmental themed investment options which had approximately \$12 billion in funds at 30 June 2022.

During the year we continued to engage with company CEOs, senior executives, directors and chairs of the

major Australian companies in which we invest on ESG-related and broader commercial matters. We exercised all proxy votes for listed Australian and international share holdings. We disclose how our members' super is exposed to the risks and opportunities of climate change in our annual Climate Risks and Investments report. Our next report will be released in September 2022.

**UNISUPER'S COMMITMENT TO CARBON NEUTRAL OPERATIONS AND SUSTAINABILITY**

UniSuper is committed to carbon neutral operations and continues to make progress through several emission reduction initiatives. The following initiatives have been incorporated into everyday practices:

- Purchase of Green Energy to supply office spaces where lease agreements allow.
- Environmentally conscious decision-making with office spaces that are leased and occupied, favouring those with NABERS' ratings to measure a buildings energy efficiency. UniSuper's Head Office in Melbourne at 385 Bourke Street maintained its 5\* NABERS rating.
- Air travel and transport-related emissions continued to stay low with ongoing facility investment to support video and teleconference meetings.
- Ongoing support for flexible working arrangements, which allowed employees to work remotely and reduce office space and energy usage.
- Prioritising sustainable sourcing via updates to the Procurement Policy. For example, considering the sustainability of materials, lighting systems and furniture in UniSuper's office fit outs and refurbishments.
- Continued reduction of paper usage with paperless Board and Committee meetings, default member statements via email rather than post, and a reduction in physical printers at head office.
- Implementation of e-waste collection and battery recycling to ensure the sustainable recycling and disposal of electrical equipment.
- Ongoing exploration for options to purchase more EarthSaver office supplies.
- Reviewed opportunities to reduce electricity consumption by moving some technology services to the cloud.

UniSuper recognises there is more to do and is committed to pursuing additional strategies to reduce its emissions footprint further. This includes increasing the amount of energy procured from renewable energy sources, a key lever in decarbonising operations, as well as greater internal engagement and training on UniSuper's sustainability performance and priorities, including actions that can be taken as a group and by individual employees to reduce our transport and office-related emissions.

\* NABERS (stands for the National Australian Built Environment Rating System) and can be used to measure a building's energy efficiency, carbon emissions, as well as the water consumed, the waste produced and compare it to similar buildings.

### ANNUAL MEMBERS' MEETING

The 2020-21 Annual Members' Meeting was held on Tuesday, 8 March 2022 as a livestream event. UniSuper's Chief Marketing & Growth Officer hosted the meeting where the Chair and Chief Executive Officer provided an overview of the Fund's performance over the past 12 months. The Chief Investment Officer provided an investment update to members, speaking to market conditions and movements motivated by COVID-19 and other factors. More than 1,500 members tuned into the virtual event.

The Annual Members' Meeting minutes and recording are available on the [Annual Members' Meeting webpage](#).

### CONSULTATIVE COMMITTEE MEETING

The Consultative Committee (CC) meeting was held virtually on Friday, 19 November 2021 with 99 Committee members in attendance. It was Chief Executive Officer, Peter Chun's first CC meeting. In addition to providing an update, Peter also shared his reflections on his professional background before joining the Fund, as well as his strategic vision for UniSuper. There were no Trust Deed amendments presented to this meeting.

In a session held the day before the CC meeting, senior leaders from across UniSuper provided strategic and operational updates. John Pearce, Chief Investment Officer, delivered an investment market update and Governance and Sustainability Manager, Sybil Dixon gave an update on UniSuper's progress towards its climate and emissions goals. Both John and Sybil also reaffirmed the Fund's commitment to align with Paris targets of net zero by 2050.

Brendan Donoghue, Head of Digital and Customer Experience, shared an update on the UniSuper Mobile App. Natalie Sneddon, Head of Marketing, provided an update on marketing the Fund and the progress made to re-launch the UniSuper brand. Finally, Peter Chun and Company Secretary Jane Panton then hosted a session to welcome the new CC members to their roles.

### MEMBER OUTCOMES ASSESSMENT

All superannuation funds must annually assess their performance based on data from the Australian Prudential Regulation Authority (APRA) as well as other internal and external performance measures.

The Member Outcomes Assessment is an obligation where all funds are required to complete and notify members whether the Fund is promoting the financial interest of members. UniSuper's performance was measured across investment performance, fees and costs, and other member benefits.

The results from the latest 2021-22 assessment confidently confirms that UniSuper members have benefited from both low fees and strong investment returns, outperforming peers across the Fund's product range as well as enjoying a range of benefits on offer.

The most recent Members Outcomes Assessment results are published on the [UniSuper website](#).

### DIGITAL UPDATE

Digital continued to be a strong focus for UniSuper during the year. There were several key improvements delivered which made it easier for new members to join and existing members to self-serve. Building on a strong foundation of customer research, the Fund was able to maintain the excellent experiences for members, and overcome the challenges posed by the introduction of stapling legislation and the opening of the Fund.

#### Mobile App

In June 2022, the UniSuper Mobile App was launched to the Apple App Store and Google Play Store. Prior to the launch, extensive market and customer research was undertaken to guide the design, features and usability. Pre-launch activities included a significant beta phase with 500+ members participating. This work culminated in an app that is engaging, and easy to use.

The UniSuper App will enable a greater member connection with their super and pension. The first release includes biometric authentication, investment and transaction overviews, the ability to download and view statements and a daily account balance. We have planned for additional features and functions to be rolled out, including comprehensive self-service options, the ability to seamlessly engage with support, and the ability to manage investments and insurance.

#### Opening the Fund

To support the opening of UniSuper, there were significant improvements made to the digital join process for new Personal Account members. Automatic Member Online registration at the time of onboarding has simplified the registration process, leading to greater digital uptake. Enabling tax file numbers to be optional at the time of onboarding and a simplified roll-in experience saw a decrease in abandon rates and a significant uplift in application completions.

#### Digital Choice Form

Introduced on 1 November 2021, the Digital Choice Form (DCF) was a co-designed solution between UniSuper and its university partners. Built in response to the Your Future, Your Super legislation, the DCF lessened the workload for university payroll staff, by asking new staff to select a super fund during their onboarding. Adopted by 27 universities, the DCF has been completed more than 33,000 times with an average of 67% of users choosing UniSuper.



**DIRECTORS' REPORT****Website**

The UniSuper website was further enhanced over the last 12 months, with a particular focus on building capability to drive search engine optimisation. Focusing on key user interactions there were improvements in site speed and user bounce rates as well as a significant uplift in search engine ranking for key superannuation search terms. Over the year, UniSuper moved from 11th to 4th amongst its key industry peers. This increased ranking and the improved user experience has led directly to excellent end of year results for new member acquisition.

**ADVICE TO MEMBERS**

In the 2021-22 financial year, member demand for Select Advice (intra-fund advice) was the strongest it has ever been, with a 43% increase in the volume of advice provided compared to the previous financial year. This was due to a significant reduction in Select Advice fees in October 2021.

On the other hand, demand for Comprehensive Advice was down just over 9% compared with the previous financial year. This was partly due to the impact of COVID-19, and because the previous year was the strongest year to date because of significant workforce planning in the higher education and research sector. Demand for Comprehensive Advice returned to normal levels toward the end of the financial year.

Activity at university campuses decreased by 5% for super consultants, partly due to the impact of COVID-19, but also due to stapling legislation which commenced on 1 November 2021.

Pleasingly, high member satisfaction levels were either maintained or improved across all UniSuper Advice services, the largest improvement being Select Advice with the Net Promoter Score increasing 5 points to +84.

**MEMBER SERVICES**

UniSuper's contact centre supports and educates existing and prospective members through a variety of communication channels: in-bound calls, email, live chat on UniSuper's website and Member Online.

During the financial year, the overall volume of member interactions with UniSuper was slightly higher (+13%) than during the previous year. Voice remained the preferred channel for contacting UniSuper, with 75.5% of member enquiries coming from phone calls, 17% via email, and 7.5% via web chat.

Voice channel achieved 86% in Customer Satisfaction and 86% in first contact resolution, and Net Promoter Score average of +49 for the year.

Web chat channel achieved 86% in Customer Satisfaction, 78% in first contact resolution, and Net Promoter Score average of +57 for the year.

Averages for Voice of the Customer are only available up to May 2022 due to system changes.

**Service delivery**

The Operations team provides great service to UniSuper members through efficient and effective fund administration, from joining the Fund in accumulation phase, through to pension phase and exiting the Fund. During the financial year, operations service remained strong, improving on the previous year with 98.3% of transactions completed within three days and 99.4% within five days across 342,000 member transactions.

Over the past year, the Operations team has continued to drive process improvements and expand digital self-services to increase convenience and automation.

The claims and insurance administration service remained steady this year, with 98% of all activities being actioned within three days and 100% of actions completed within 5 days.

Over 1,800 claims were managed throughout the financial year, which is an increase of over 600 claims on the previous year.

UniSuper's continued focus on insurance and claims innovation has seen service remain steady, while the number of claims has increased over the course of the year.

The increased electronic distribution of member benefit statements saw 99.5% of statements made available on Member Online in less than seven weeks from the end of the reporting period.

Electronic statements are sent for 65% of superannuation members, and 25% of pension members. Continued activity to increase these numbers is ongoing.

**EMPLOYER PARTNERSHIPS**

UniSuper's Employer Partnerships team continued their strong partnership with employers during 2021-22. Overall employer satisfaction reached 8.8 in October 2021, up from 8.7 the previous year. Net Promoter Score was also higher at +62, up from +58 the previous year. Employers were particularly complimentary regarding the support and services provided by the Employer Partnerships team including their availability, responsiveness and the level of care, ease, and professionalism.

Wider support provided by UniSuper also showed increased overall satisfaction, particularly superannuation consultant services and the online portal.

The *Your Future, Your Super* legislation was implemented on 1 November 2021. Throughout this time, UniSuper provided extensive support specific to each employers' needs, working through the required process changes and ensuring all requirements under the new legislation were considered. Training and workshops were also held for all employers to provide guidance on the changes, potential impacts, and new legislative requirements from a university perspective. On campus support was also available for those employers who had more specific training needs, as well as larger groups needing to be trained in these changes.

UniSuper's responsiveness and dedication to supporting employers and members through early engagement continued to provide reassurance, despite the ongoing uncertainty and disruption caused by COVID-19. Support for employers included assistance with decision making, fact sheets with case studies, and FAQs for process and system changes as well as overall improvements to increase university efficiencies.

During this financial year, employers were returning to campus with various flexible working models adopted. Exact timing for each university was dependent on their state's restrictions easing with UniSuper providing flexible support models tailored for each university's return to campus approach. This included ongoing education webcasts to cater for flexible working, with some employers returning to on-campus seminars where there was high interest and engagement. Superannuation consultants and advisers also returned to campus to provide local support, while virtual appointments remained available for those members who were more comfortable with this approach.

UniSuper's on-campus presence continues to provide local support as well as a more informed understanding of the needs and requirements of members. The Employer Partnerships and Financial Advice teams like to be part of the employer community, regularly engaging with employer representatives and members on campus, and sponsoring and attending on-campus events and activities.

This was evident in UniSuper's response to the Lismore Flood Emergency in March 2022 which impacted Southern Cross University and the wider Lismore community. UniSuper's connection with the local area and the extensive impacts felt by the local community, saw UniSuper staff and management proudly supporting the Flood Emergency Appeal 2022 in Lismore.

UniSuper also provided support to affected members with an extended advice offering on-campus at Southern Cross University, answering some of the more pressing questions due to the issues the members were facing. The Employer Partnerships team also provided additional support to the university payroll teams to ensure superannuation continued to be paid despite the disruptions.

### **MANAGING MEMBERS' COMPLAINTS**

Throughout the 2021-22 financial year, the Customer Care team sensitively and professionally managed responses to approximately 2,300 member complaints.

This was an increase on previous years due to a range of changes implemented in October 2021. The changes saw a reclassification of complaints to include issues that were previously considered 'first contact resolution'. This approach allowed the team to dive deeper into the member experience and produce richer insights based on feedback provided.

The complaints received ranged from straightforward customer service failures to complex issues that required significant investigation and input from Legal and Product teams to arrive at fair and reasonable outcomes for members.

62% of complaints were resolved on the spot, 20% were resolved within the first 5 days, and the remaining complex issues, not exceeding 45 days.

### **KEY SUPERANNUATION MEASURES PASSED IN 2021-22**

The following is a summary of some of the legislative changes passed during the 2021-22 financial year. UniSuper is keeping abreast of these changes and working closely with employer partners to ensure members' interests are well considered and represented.

#### **Your Future, Your Super**

The *Your Future, Your Super* legislation, announced in the 2020 Federal Budget, was passed in June 2021. This legislation introduced several changes, key of these being:

- From 1 July 2021, super funds are subject to an annual performance test by APRA.
- From 1 July 2021, a new interactive ATO YourSuper Comparison Tool.
- From 1 July 2021, the introduction of best financial interests' duty on trustees including new requirements around record keeping and changes to the evidential burden of proof on trustees.
- From 1 November 2021, stapling of members' superannuation accounts took effect, which means that members' superannuation account follows them when they change jobs.

**DIRECTORS' REPORT****More flexible superannuation**

These measures give improved flexibility for older Australians to make contributions to superannuation. Under the changes, individuals aged 65 and 66 can make up to three years of non-concessional contributions under the bring forward rule, starting from the 2020-21 financial year. It also allows, from 1 July 2021, for COVID-19 early release payments to be recontributed (without being able to claim a tax deduction) and the excess concessional contributions charge was removed for financial years starting on or after 1 July 2021.

Note, there was a separate announcement in the 2021 Budget to repeal the work test from 1 July 2022 (see below).

**Enhancing superannuation outcomes**

Giving effect to key superannuation announcements in the 2021 Budget, legislation was passed in February 2022 that repealed the work test from 1 July 2022 and allows members aged between 67 and 75 to make non-concessional superannuation contributions under the bring-forward rule.

The legislation also lowered the eligibility age to 60 to make downsizer contributions and from 1 July 2022 members may be able to release up to \$50,000 in eligible super contributions, plus associated earnings using a deemed rate of return based on the 90-day Bank Bill plus 3 percentage points, to help buy their first home with the First Home Super Saver scheme.

From 1 July 2021, the \$450 per month minimum income threshold for superannuation guarantee (SG) payments has been removed. Previously, members had to be earning a minimum \$450 in pre-tax income per month to be eligible for the SG payments.

**Visibility of superannuation in family law proceedings**

Legislation was passed that aims to make super more visible during family law proceedings. The new rules allow parties to family law proceedings to apply to the court to request a former partner's super information from the ATO. It applies to married and de facto couples, both heterosexual and same-sex – except in Western Australia where de facto couples are not yet covered.

**Retirement Income Covenant legislation**

Legislation introduced a new obligation for superannuation funds to have a retirement income strategy that outlines how they plan to assist their members in retirement. The strategy must consider how the trustee will assist their members to balance maximising their retirement income, managing risks, and have some flexible access to savings.

Since the government's introduction of the Retirement Income Covenant, UniSuper is required to outline a summary of its Retirement Income Strategy to improve retirement outcomes for members. This is an opportunity to showcase UniSuper's range of products and services to help members achieve greater retirement outcomes. A summary of the strategy has been published on the [website](#).

**SMSF legislation**

From 1 July 2021, legislation was passed that increases the maximum number of members for self-managed superannuation funds (SMSF) and small Australian Prudential Regulation Authority (APRA) funds from four to six members.

**Superannuation changes from 1 July 2022**

Several other changes are effective from 1 July 2022 and details of these can be found on the UniSuper website under super and policy news. These include:

- The SG rate increase to 10.5%.
- The reduced pension minimum drawdown rates for Flexi Pensions and Term Allocated Pensions extended for the 2022-23 financial year.

**FEE LEADERSHIP**

At a time when cost pressures on many super funds are increasing, UniSuper maintained some of the lowest fees across the industry. UniSuper continued to uphold its fee leadership position as one of the lowest fee providers for its super and pension products.

UniSuper's investment fees disclosed during the 2022 financial year were lower than the 2021 financial year for all its investment options. This reflects the significant scale and the cost efficiencies delivered through the significant proportion of assets being managed in-house, insourced administration, and because UniSuper is an industry super fund that does not pay profits to shareholders or commissions to advisers.

From 1 October 2020, UniSuper commenced disclosing fees and costs under the revised Regulatory Guideline 97 (RG97) fee disclosure regime introduced by the Australian Securities and Investment Commission. The revised RG97 changes how superannuation funds disclose fees and costs to members, seeking to provide greater transparency and comparability across products.

The Fund is proud to have been an early adopter of disclosing fees and costs under the revised RG97 requirements, as many large funds were yet to move to this new regime by 30 June 2022.

**INSURANCE CHANGES**

To facilitate the opening of the Fund to the public from the start of July 2021, Personal Account insurance premiums were updated and based on the member's occupation. All existing Personal Account members with insurance on 3 July 2021 experienced no change in premium as they were defaulted into the lowest risk occupation group. Approximately 80% of Personal Account members belong to this lowest risk group.

**DEFINED BENEFIT DIVISION FUNDING UPDATE**

There are two key actuarial measures used by the Trustee to monitor the financial position of the Defined Benefit Division (the DBD), namely the Vested Benefits Index and Accrued Benefits Index. Both measures were maintained at healthy levels during the financial year.

**VESTED BENEFITS INDEX (VBI)**

A VBI of greater than 100% means that the value of the assets supporting the DBD are more than sufficient to cover the vested benefit liabilities at that date. The vested benefit liability of the DBD is equal to the value of the total benefits that would be payable by the DBD if all the members voluntarily terminated their service with their employer at that date.

As at 30 June 2022, the provisional VBI was 121.0% (compared to 121.3% as at 30 June 2021). As a result, the DBD assets were more than adequate to cover the vested benefit liabilities as at 30 June 2022.

**ACCRUED BENEFITS INDEX (ABI)**

UniSuper's DBD is a multi-employer defined benefit product for the higher education sector, with low risk of having to pay all members' benefits at any one time. Hence, the ABI is the measure that the Trustee believes is the most relevant in determining the ability of the DBD to pay, over the long term, all defined benefits that have accrued to the date that the measure is calculated.

An ABI of greater than 100% means the assets supporting the DBD are expected to be more than sufficient to meet future payments in respect of benefits accrued up to that date.

As at 30 June 2022, the provisional ABI was 135.7% (compared to 134.2% as at 30 June 2021). As a result, the DBD assets were more than adequate to meet future payments in respect of benefits accrued up to 30 June 2022.

These VBI and ABI figures as at 30 June 2022 are provisional results and are subject to final confirmation within the 30 June 2022 actuarial investigation report.

**DIRECTORS' REPORT****Information on Directors****IAN MARTIN AM, BEC (HON); ADV DIPLOMA, AICD; FAICD - CHAIR**

Appointed to the Board as an independent director on 18 April 2013 and elected Chair on 1 July 2017.

**Experience and expertise**

A former CEO and CIO of BT Financial Group and Global Head of Investment Management of Bankers Trust Corporation. Former Chair of Argo Investments Ltd, Argo Global Listed Infrastructure Limited, and Vice Chairman, Asia Pacific of Berkshire Capital.

Mr Martin was also a Panel Member of the Superannuation System Review, the Cooper Review and Chairman of the Wayside Chapel Foundation, a position he held from February 2005 until November 2020.

**Current directorships**

QIC Limited (Chair) (appointed 1 April 2019)  
QIC Private Capital Ltd (QPC) (Chair) (appointed 27 June 2019)

**Special responsibilities**

Member, Investment Committee (appointed 1 August 2013) (*previously Chair from 1 August 2013 until 30 September 2017*)  
Member, People and Remuneration Committee (appointed 26 July 2013)

**GREGORY MARK ARMOUR BEC (HONS) - DIRECTOR**

Appointed to the Board as an independent director on 1 July 2017.

**Experience and expertise**

Mr Armour has considerable experience in global funds management and broader financial services, both globally and in Australia having spent time living and working in the UK, USA and Hong Kong as well as Australia. Some key executive roles included Head of Invesco's European and Middle Eastern business, their global Institutional business and CEO of Australia, as well as CEO of funds management of AXA Australia. Mr Armour has held numerous Board and Chair roles with Invesco, AXA, National Mutual and other groups, most recently Chair of Invesco UK, Director of Invesco Mortgage Capital (NYSE listed) and Director of the Investment Association (UK), the UK's peak investment industry body.

**Current directorships**

Lab 35 Pty Ltd (Chair) (appointed 5 November 2020 and Chair from 10 November 2020)

**Other position:**

Blue Sky IP Ltd (Adviser) (appointed 24 November 2021)

**Special responsibilities**

Chair, Investment Committee (appointed 1 October 2017)  
Chair, Technology & Projects Committee (appointed 15 June 2018)

**PROFESSOR PETER DAWKINS AO, BSC (HONS) (LOUGH), MSC (LON), PHD (LOUGH), FASSA, FIPAA, FACEL - DIRECTOR**

Nominated by the Shareholder Universities and appointed by the Board on 4 November 2015.

**Experience and expertise**

Professor Dawkins was Vice-Chancellor and President of Victoria University from 2011 until he retired in December 2020. Professor Dawkins has also held senior roles in the Victorian Public Service, Deputy Secretary of the Victorian Department of Treasury and Finance (2005-2006) and Secretary of the Victorian Department of Education and Early Childhood Development (2006-2010). Professor Dawkins was Professor of Economics at Curtin University (1990-1995) and the Ronald Henderson Professor and Director of the Melbourne Institute of Applied Economic and Social Research at the University of Melbourne (1996-2005).

Between 2011 and 2015, Professor Dawkins was a Board Member of the Victorian Education and Research Network (VERNet), an Executive Committee Member of the Australian Higher Education Industrial Association (AHEIA), and the Board of the Business-Higher Education Roundtable (B-HERT), positions he ceased to hold in November 2015 when he joined the UniSuper Board. Professor Dawkins was a director on the UniSport Board until May 2019.

Professor Dawkins chairs the West of Melbourne Economic Development Alliance (WoMEDA) and is also a member of the Western Metropolitan Partnership, an advisory group established by the Victorian Government. In 2021, Professor Dawkins was appointed Emeritus Professor of Economics at the Mitchell Institute for Education and Health Policy, Victoria University and to the Council of the University of Tasmania. At the request of the Federal Minister for Education during 2021 Professor Dawkins co-led a review of university-industry collaboration in teaching and learning.

**Current directorships**

Nil

**Special responsibilities**

Member, Investment Committee (appointed 24 February 2016)

**NICOLE GOWER, BA LLB (HONS) - DIRECTOR**

Elected by members of the Consultative Committee representing employers and appointed to the Board on 30 October 2017.



**Experience and expertise**

Currently Vice-President, Professional Services at Macquarie University having executive responsibility for people strategies and culture, information technology, marketing and communications, global and domestic student recruitment, and the provision of shared services. Previously worked as an employment law specialist in private practice and in HR leadership roles at the University of New South Wales (UNSW). Ms Gower is a member of the Macquarie University Executive Group and Executive Group sponsor for several strategic initiatives including Gender Equity Strategy, UniForum benchmarking and several streams of the University's Operating Plan. Re-appointed as Chair and Director of U@MQ Ltd in November 2019. Ms Gower is also an accredited mediator and nationally accredited workplace trainer and assessor.

**Current directorships/other positions**

U@MQ Ltd (appointed 20 November 2019)

**Special responsibilities**

Chair, People and Remuneration Committee (previously Member from 1 January 2021 to 30 June 2022)  
Member, Technology & Projects Committee (ceased 31 December 2021)

**PROFESSOR LELIA GREEN, BA (HONS), MA, MA (COMMUNICATIONS), PHD, M.ED, MA (CREATIVE WRITING), GAIST - DIRECTOR**

Elected by members of the Consultative Committee representing academic staff and appointed to the Board on 4 November 2015.

**Experience and expertise**

Professor of Communications at Edith Cowan University (ECU), in the School of Arts and Humanities. Prior to joining ECU, Professor Green worked as a researcher, director and producer with British Broadcasting Corporation (BBC) Television in London, UK. As an academic researcher, Professor Green focuses on communications, media, cultural studies, and the construction of communities including communities that are marginalised, disadvantaged or challenged by social factors. Through her involvement in promoting and developing research at ECU, Professor Green has taken on mentoring and facilitation roles, supporting the submission of high-quality Australian Research Council (ARC) grants, with over \$6+ million funding flowing to her university via her Chief Investigator roles on two ECU nodes in ARC Centres of Excellence, six Discovery grants (plus a mentored Discovery Early Career Researcher Award (DECRA)) and seven Linkage projects.

At ECU, Professor Green served on the Academic Board, the Vice-Chancellor's University Promotions Advisory Committee, and the University Research and Higher Degrees Executive and Committee. In recognition of her work in research supervision and active mentoring

of her 27 graduated PhD students, including Adjunct Professor Anne Aly (MP), Professor Green was awarded a national Office of Learning and Teaching Citation for Outstanding Contribution to Student Learning – for leadership, commitment and success in learning and teaching through PhD supervision.

Among Professor Green's long-term international collaborations, her work on the United Nations biennial review of Asia Pacific from 2003 to 2010 is particularly noteworthy. That supported, in part, her participation in United Nations Educational, Scientific and Cultural Organization's (UNESCO) Regional Consultation on 'Policies and initiatives to promote children's safe, effective and responsible use of ICT' [Information and Communication Technologies] (Bangkok, 2015), and her 2019 consultancy contribution to the UNESCO -supported report Digital Kids Asia Pacific: Regional findings and policy recommendations.

Professor Green was a member of the Consultative Committee from 2000 until September 2020 choosing not to recontest the election and bringing her 20-year tenure on the Consultative Committee to a close. In 2016, Professor Green graduated from the Australian Institute of Superannuation Trustees, having completed the Trustee Director Course.

**Current directorships**

Nil

**Special responsibilities**

Member, Insurance Committee (appointed 16 February 2017)

**AMY GRIFFITHS, BA, AAICD - DIRECTOR**

Elected by members of the Consultative Committee representing professional staff and appointed to the Board on 11 November 2019.

**Experience and expertise**

Effective 10 January 2022, Ms Griffiths took up the role of School Manager, Languages and Cultures, in the Faculty of Arts and Social Sciences (FASS) at the University of Sydney.

Prior to joining FASS, Ms Griffiths was Interim Operations Manager for the NSW Space Research Network, and a Project Officer to the Sydney Partnership for Health, Education, Research and Entrepreneurship (SPHERE) – supporting academics at the University of New South Wales (UNSW), Western Sydney University (WSU), and the University of Technology Sydney (UTS). Ms Griffiths has worked extensively at UTS, holding positions in curriculum management, governance and most recently faculty operations – as School Manager for Biomedical Engineering in the Faculty of Engineering and IT.

**DIRECTORS' REPORT**

Ms Griffiths brings more than 20 years' experience from across the university sector, in departments across school, faculty and central levels of multiple universities. Her experience and expertise encompass higher education management, governance, curriculum, marketing, and policy.

Ms Griffiths was a member of the Consultative Committee from 2016 until the conclusion of her term in April 2020 and was appointed to the Board in November 2019.

**Current directorships**

Nil

**Special responsibilities**

Member, Technology and Projects Committee (appointed 1 December 2020)

**EMERITUS PROFESSOR SANDRA HARDING AO, BSC (HONS) ANU, MPUBADMIN UQ, PHD NCSU, HON DOC JIU, FACE, FQA, FAICD**

Nominated by the Shareholder Universities and appointed to the Board on 25 October 2021.

**Experience and expertise**

Professor Harding was the Vice Chancellor and President of James Cook University Australia, a position held from January 2007 until her retirement in February 2022. As Vice Chancellor, Professor Harding was responsible for the leadership and management of the University across campuses in Cairns, Singapore and Townsville. Professor Harding held recent past directorships with Advance Cairns Limited, Foundation for Australian Literary Studies Limited, Townsville Enterprise Limited, Australian Institute of Marine Science and Education Australia Limited.

Educated at the Australian National University, The University of Queensland and North Carolina State University (USA), Professor Harding has extensive academic and academic leadership experience. An economic sociologist by training areas of enduring academic interest includes work, organisation and markets and how they operate. She also has a keen interest in public policy in the areas of, education policy and the global Tropics, northern Australia and economic development. Professor Harding has also held a wide variety of senior university-aligned roles and was a member and director of a variety of local, national and international Boards and Councils. Professor Harding was appointed a Life Governor of the Foundation for Australian Literary Studies Limited, a member of the Queensland Community Foundation Board of Governors. In 2021, the Australian Bureau of Statistics (ABS) established a Statistical Independent Assurance Panel (SIAP) to provide an independent view on the quality of statistical information arising from the 2021 Census of Population and Housing, Professor Harding chaired

this panel in 2021 and previously in 2016 as its inaugural Chair.

**Current directorships**

North Queensland Cowboys Rugby League Football Limited (appointed 30 March 2011)

**Special responsibilities**

Member, Insurance Committee (Appointed on 1 January 2022)

**GRAHAME MCCULLOCH - DEPUTY CHAIR**

Nominated by the national unions and appointed by the Board on 14 February 2013, and appointed Deputy Chair on 1 July 2022.

**Experience and expertise**

General Secretary of National Tertiary Education Union (1993 -2018), General Secretary of Union of Australian College Academics (1984 - 1993). Australian Council of Trade Unions (ACTU) Executive (1996 - 2018), Education International (EI) Executive Board (2004 - 2015), Commonwealth National Council on Export of Education and Training Services (1989-1993), Commonwealth Trade Development Council (1988 - 1992), Director of Federation of Education Unions (FEU) Ltd (1992 -2018) and independent Director of the Superannuation Scheme for Australian Universities (1987 - 1991).

**Current directorships**

Nil

**Special responsibilities**

Member, People and Remuneration Committee (appointed 1 July 2017 and served as Chair from 26 October 2021 to 30 June 2022)

Member, Audit, Risk and Compliance Committee (appointed 21 February 2019)

**SARAH ROBERTS, BA LLB (HONS), MASTER OF PUBLIC POLICY, GRAD DIP - LABOUR RELATIONS LAW, GAIST, GAICD - DIRECTOR**

Nominated by the national unions and appointed by the Board on 18 May 2020.

**Experience and expertise**

Currently, Assistant Secretary of the National Tertiary Education Union (NTEU) (Victoria), having executive responsibility for industrial strategy, member outcomes and communications. Ms Roberts sits on the NTEU National Executive and has previously held employment law leadership and advocacy positions at the NTEU and RMIT University. Former roles include Presidency of the University of Melbourne Postgraduate Association and member of the University of Melbourne Council (1999).

Ms Roberts has over 20 years' experience in strategy, governance, higher education policy and industrial

relations, regularly contributes to Australian and international Industrial Relations (IR) publications and is a graduate of the Australian Institute of Company Directors and Australian Institute of Superannuation Trustees.

#### **Current directorships**

Nil

#### **Special responsibilities**

Member, Technology & Projects Committee (appointed 1 January 2022)

#### **NICOLETTE RUBINSZTEIN B BUS (HONS), EMBA (AGSM), GAICD, FIAA - DIRECTOR**

Appointed to the Board as an independent director on 1 December 2015.

#### **Experience and expertise**

Ms Rubinsztein, a highly respected leader and author in the fields of retirement and gender diversity, currently holds non-executive directorships in the finance industry and Greenpeace, a pro bono role on the Conexus Institute Advisory Board and a membership role on the Allianz Retire+ advisory panel. Up until February 2022, Ms Rubinsztein held directorships with the Class Group of Companies and in July 2022 resigned from SuperEd. Formerly a senior executive in the wealth management industry, having held three general manager roles at Commonwealth Bank of Australia/Colonial First State over a period of 14 years as well as senior roles at BT as the Vice President and Head of Product Management and a consulting actuary role at Towers Perrin. President of the Actuaries Institute in 2019 and previously on the Board of ASFA from 2007 to 2015 and Chair of its Super System Design Council. Ms Rubinsztein was recognised for her work in superannuation policy and was awarded ASFA Lifetime Membership, ASFA Distinguished Service Award and the inaugural Financial Services Council Industry Excellence Award. Ms Rubinsztein is also a UNSW Alumni Leader, a member of Macquarie University's Faculty of Business and Economics Industry Advisory Board and author of the book "Not Guilty".

#### **Current directorships**

Zurich Group

- OnePath Life Limited (appointed 1 April 2017)
- OnePath General Insurance Pty Ltd (appointed 1 April 2017)
- Zurich Australia Limited (appointed 31 May 2019)
- Zurich Financial Services Australia Limited (appointed 1 January 2020)
- Zurich Investment Management Limited (appointed 1 January 2020)

CBHS Health Fund (appointed 22 March 2018)  
Greenpeace Australia Pacific Limited (appointed 29 August 2020)

#### **Special responsibilities**

Member, Audit, Risk & Compliance Committee (appointed 24 February 2016)

Chair, Insurance Committee (appointed Member from 24 February 2016 and Chair from 1 November 2017)

#### **STEPHEN SOMOGYI, MSC (MELBOURNE) SM (MIT), FAICD, FIAA, F FIN - DIRECTOR**

Elected by members of the Consultative Committee representing employers and appointed to the Board on 27 October 2014.

#### **Experience and expertise**

Mr Somogyi was the Chief Operating Officer at RMIT University from July 2006 to July 2016. Mr Somogyi is currently a Commissioner of the Tertiary Education Quality and Standards Agency and was made an Honorary Fellow at Monash University from 1 January 2022.

Mr Somogyi's past roles include Director of the ANZ Wealth companies, Chair of Guild Group companies, Director of Spatial Vision Innovations Pty Ltd, Financial Adviser Standards and Ethics Authority (FASEA), Executive Member of the Australian Prudential Regulation Authority (APRA), Chief Executive Officer of CPI Group Ltd, Strategic Advisor at Energy Trade and member of the Expert Assessment Panel of the Australian Universities Job Protection Framework. Mr Somogyi also held various executive roles at National Mutual, including Chief Manager for New Zealand, Associate Director – Operations and Chief Finance Executive. He is currently Strategic Adviser to Siemens and Built Environment Optimisation.

Steve is a Fellow of the Institute of Actuaries of Australia, of the Australian Institute of Company Directors and of the Financial Services Institute of Australia.

#### **Current directorships/other positions**

Chair, CourseLoop Pty Ltd (appointed 25 October 2018)

ZeeFi Pty Ltd (appointed April 2021)

Commissioner, Safety, Rehabilitation and Compensation Commission (appointed May 1999)

Commissioner of the Tertiary Education Quality and Standards Agency (appointed 1 November 2021)

#### **Special responsibilities**

Chair, Audit, Risk & Compliance Committee (appointed Member from 27 October 2014 and Chair from 1 January 2015)

#### **DR JANE DEN HOLLANDER AO, PROFESSOR EMERITA, HON DOC (DEAKIN), HON DOC (CARDIFF), MSC, BSC HONS (WITS) (CEASED 25 OCTOBER 2021)**

Nominated by the Shareholder Universities and appointed by the Board on 1 May 2012 and ceased on 25 October 2021.



**DIRECTORS' REPORT****Experience and expertise**

Former Vice-Chancellor of Deakin University, Victoria from July 2010 until her retirement in June 2019.

Following her retirement, Dr Den Hollander was granted Professor Emerita by Deakin University and awarded honorary doctorates by Deakin and Cardiff Universities.

During her career, Dr Den Hollander was employed at Curtin University from 2000 - 2010, firstly as Pro Vice Chancellor, Academic Services and then as Deputy Vice-Chancellor (Academic). From March 2020 to July 2020, was the interim Vice-Chancellor of the University of Western Australia. Dr Den Hollander was on the Board of Universities Australia from May 2011 to May 2016 and a director of VerNet Pty Ltd until she resigned in March 2019.

During Dr Jane Den Hollander's tenure on the Board, she served as the Chair of the People and Remuneration Committee (appointed Member from 24 February and Chair from 1 November 2017) and Member of the Insurance Committee (appointed 1 May 2020).

**Company Secretaries**

The Company Secretaries are Jane Panton and Cynthia Costante.

Ms Panton was appointed Company Secretary on 12 March 2014.

Jane Panton (BBus, BSoc.Sci, DipSM, GAICD, FASFA, AGIA ACG) is a holder of the Graduate Diploma of Applied Corporate Governance and has extensive experience in the governance, risk and compliance area of the superannuation and financial services industry.

Ms Costante was appointed Company Secretary on 6 September 2021.

Cynthia Costante (AGIA) is a holder of the Graduate Diploma of Applied Corporate Governance and has extensive experience in the governance, risk and compliance area of the superannuation and financial services industry.

## Meetings of directors

The number of meetings of the Board of directors and of each Board Committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	MEETINGS OF COMMITTEES											
	Full meetings of directors		Investment		Audit, Risk & Compliance		People & Remuneration		Insurance		Technology & Projects	
	A	B	A	B	A	B	A	B	A	B	A	B
Ian Martin AM	12	12	4	4			4	4				
Mark Armour	12	12	4	4							5	5
Peter Dawkins AO	12	11	4	4								
Jane Den Hollander AO	4	4					1	1	3	2		
Nicole Gower	12	11					3	3			2	1
Lelia Green	12	12							8	8		
Amy Griffiths	12	12									5	5
Sandra Harding AO	8	8							4	4		
Grahame McCulloch	12	12			7	7	4	4				
Sarah Roberts	12	12									3	3
Nicolette Rubinsztein	12	12			7	7			8	8		
Stephen Somogyi	12	12			7	7						

A = Total number of scheduled meetings held during the time the director held office or was a member of the Committee during the year.  
B = Number of meetings attended.

## Insurance of directors and officers

During the financial year, UniSuper Limited maintained insurance policies to insure itself, the directors and officers of UniSuper Limited, the Fund and the Group. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as directors and officers of entities in the Group, and any other payments arising from liabilities incurred by the directors and officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the directors and officers or the improper use of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group.

## Significant changes in the state of affairs

From 5 July 2021, UniSuper opened to new members from outside the higher education and research sector, while maintaining its strong affinity with and deep knowledge of the sector. UniSuper's decision to open the fund to all Australians, was very significant and has not only reshaped the Fund's profile but the future direction of the Fund. No other significant changes in the Group's state of affairs occurred during the financial year. Apart from what has been reported in the Financial Statements (refer note 23: Events occurring after the balance date), there has not arisen between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years. Refer to Note 3 d) for further information in relation to COVID-19.

## Likely developments

There are no likely developments to report except as may be stated elsewhere in this report or in the financial statements. Further information on likely developments in the operations of the Group and the expected results of operations have not been included in the Directors' Report because the Board believes it would be likely to result in unreasonable prejudice to the Group.

## Non-audit services

There is currently segregation between external audit, internal audit and the taxation advice service providers. In the current financial year the internal auditor (PwC) conducted a GS007 audit for the second time. IT system services have traditionally been provided from non-audit providers although the internal auditor undertakes reviews of systems as part of the ongoing internal audit program. The external auditor (EY) provided non-audit services during the current financial year in relation to the establishment of the Best Financial Interests Duty (BFID) Framework and the CPS 234 tripartite review. In selecting EY to perform this work, there was no perceived or actual conflict and the Board is satisfied that the services provided did not impair the auditor's independence.

## Auditor's Independence Declaration

A copy of the auditor's independence declaration is set out on page 20

This report is made in accordance with a resolution of Directors.




---

Chair,  
Melbourne, 31 August 2022



**Building a better  
working world**

Ernst & Young  
8 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000  
Fax: +61 3 8650 7777  
ey.com/au

## **Auditor's Independence Declaration to the Directors of UniSuper Limited**

As lead auditor for the audit of UniSuper Limited for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and

This declaration is in respect of UniSuper Limited and the entities it controlled during the financial year.

A handwritten signature in black ink that reads "Ernst &amp; Young".

Ernst & Young

A handwritten signature in black ink that reads "Maree Pallisco".

Maree Pallisco  
Partner  
Melbourne

31 August 2022

# Corporate Governance Statement

Corporate Governance is "the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations". The corporate governance of an organisation can influence how objectives are set and achieved, how risk is monitored and assessed, and how performance is optimised.

The corporate governance model adopted by UniSuper includes compliance with UniSuper Limited's and UniSuper Management Pty Ltd's respective Constitutions, the *Corporations Act 2001*, the *Superannuation Industry (Supervision) Act 1993* and additional components to address the fiduciary duties unique to a superannuation trustee.

The corporate governance model operates to enable UniSuper Limited's and UniSuper Management Pty Ltd's Boards to deliver outcomes in the best interests of the members of the Fund.

The Statement of Governance Practice is found on the Fund's website at [unisuper.com.au](https://unisuper.com.au) and provides an overview of UniSuper's governance practices.

The website contains a range of information which also relates to UniSuper's corporate governance model such as:

- the current members of each of the Boards' Committees
- the Report to the Workplace Gender Equality Agency
- the Report on the AIST Governance Code
- UniSuper's Tax Transparency Report
- UniSuper's Climate Risk Report
- UniSuper's Modern Slavery Statement, and
- the remuneration of directors and executive officers.

# Financial Report

Statement of financial position	23	<b>Tax information</b>	<b>53</b>
Income statement	24	12 Income tax expense	53
Statement of changes in member benefits	25	13 Deferred tax liabilities	53
Statement of changes in equity	27	<b>Remuneration</b>	<b>54</b>
Statement of cash flows	28	14 Key management personnel disclosures	54
<b>Notes to the Financial Statements</b>	<b>29</b>	15 Remuneration of auditors	61
1 Operation of the Fund	29	<b>Other notes to the Financial Statements</b>	<b>62</b>
2 Summary of significant accounting policies	29	16 Administration expenses	62
3 Significant accounting estimates and judgements	33	17 Related party transactions	62
<b>Member benefits</b>	<b>34</b>	<b>Additional disclosures</b>	<b>64</b>
4 Member liabilities	34	18 Segment information	64
5 Defined contribution member liabilities	36	19 Contingencies	64
6 Defined benefit member liabilities	36	20 Commitments	64
<b>Investments</b>	<b>40</b>	21 Controlled entities	65
7 Movement in fair value of assets	40	22 Economic dependency	65
8 Financial risk management	41	23 Events occurring after the balance date	65
<b>Reserves information</b>	<b>51</b>	24 Administration expenses	66
9 Reserves	51	25 Property, plant and equipment	67
<b>Cash flow information</b>	<b>52</b>	26 Non-current assets - Intangible assets	68
10 Cash and cash equivalents	52	27 Provision for employee entitlements	68
11 Reconciliation of profit after income tax to net cash inflow from operating activities	52	<b>Trustee's declaration to the members of UniSuper</b>	<b>69</b>
		<b>Independent Audit Report to the members</b>	<b>70</b>

## Statement of financial position

AS AT 30 JUNE 2022

ASSETS	NOTES	2022 \$'M	2021 \$'M
<b>Cash and receivables</b>			
Cash assets	10	183	277
Sundry debtors and prepayments		10	3
Income tax receivable		200	-
<b>Total cash and receivables</b>		<b>393</b>	<b>280</b>
<b>Investments – financial assets</b>			
Equities - local		36,515	39,036
Equities - overseas		26,476	30,022
Interest bearing securities - local		15,154	13,639
Interest bearing securities - overseas		2,470	2,560
Others, including short term deposits		7,787	7,330
Derivative assets	8	130	78
<b>Total investments – financial assets</b>		<b>88,532</b>	<b>92,665</b>
<b>Non-financial assets</b>			
Direct property		6,296	5,033
Infrastructure		7,947	4,206
<b>Total non-financial assets</b>		<b>14,243</b>	<b>9,239</b>
<b>Total assets</b>		<b>103,168</b>	<b>102,184</b>
<b>LIABILITIES</b>			
Benefits payable		15	2
Sundry creditors		114	74
Derivative liabilities	8	455	252
Income tax payable		-	340
Deferred tax liabilities	13	1,515	2,303
<b>Total liabilities excluding member benefits</b>		<b>2,099</b>	<b>2,971</b>
<b>Net assets available to pay benefits</b>		<b>101,069</b>	<b>99,213</b>
<b>Member benefits</b>			
Defined contribution member liabilities	4	70,142	69,587
Defined benefit member liabilities	4	22,110	21,485
<b>Total member liabilities</b>	<b>4</b>	<b>92,252</b>	<b>91,072</b>
<b>Total net assets</b>		<b>8,817</b>	<b>8,141</b>
<b>EQUITY</b>			
Reserves	9	618	520
Defined benefits that are over or (under) funded	4	8,199	7,621
<b>Total equity</b>		<b>8,817</b>	<b>8,141</b>

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 29 to 68.

## Income statement

FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	2022 \$'M	2021 \$'M
<b>Investment revenue</b>			
Interest		285	298
Dividends and distributions		2,894	1,811
Other income		57	53
Movement in net market value of assets	7	(6,649)	12,075
<b>Total investment revenue/(loss)</b>		<b>(3,413)</b>	<b>14,237</b>
<b>Expenses</b>			
Direct investment expense		419	360
Administration expenses	16	80	70
<b>Total expenditure</b>		<b>499</b>	<b>430</b>
<b>Net operating result before income tax expense</b>		<b>(3,912)</b>	<b>13,807</b>
Less Income tax expense/(benefit)	12	(1,020)	866
<b>Net operating result after income tax expense</b>		<b>(2,892)</b>	<b>12,941</b>
Net losses/(benefits) allocated to defined contribution member accounts		4,240	(10,243)
Net change in defined benefit member benefits		(756)	(584)
<b>Net profit after income tax expense</b>		<b>592</b>	<b>2,114</b>

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 29 to 68.



## Statement of changes in member benefits

FOR THE YEAR ENDED 30 JUNE 2022

	DEFINED CONTRIBUTION \$'M	DEFINED BENEFITS \$'M	TOTAL \$'M
<b>Opening Balance 1 July 2021</b>	<b>69,587</b>	<b>21,485</b>	<b>91,072</b>
Employer contributions	2,496	1,538	4,034
Member contributions	1,116	221	1,337
Rollovers/Transfers in	3,475	-	3,475
Rollovers/Transfers out	(863)	(38)	(901)
Income tax on contributions	(374)	(226)	(600)
<b>Net after tax on contributions</b>	<b>5,850</b>	<b>1,495</b>	<b>7,345</b>
Benefits paid	(2,021)	(533)	(2,554)
Transfers from defined benefit to defined contribution	1,060	(1,060)	-
Death/ disability benefits credited	23	-	23
Insurance premiums charged to members net tax	(66)	-	(66)
<b>Reserve transfers to/(from) members:</b>			
Operational Risk reserve	(6)	(1)	(7)
Administration reserve	(41)	(32)	(73)
Investment reserve	-	-	-
Self Insurance	-	-	-
Optional Insurance	(4)	-	(4)
<b>Net benefits allocated to members' accounts, comprising:</b>			
Net investment income/(loss)	(4,240)	-	(4,240)
Net change in DB members benefits	-	756	756
<b>Closing Balance 30 June 2022</b>	<b>70,142</b>	<b>22,110</b>	<b>92,252</b>

	DEFINED CONTRIBUTION \$'M	DEFINED BENEFITS \$'M	TOTAL \$'M
<b>Opening Balance 1 July 2020</b>	<b>55,982</b>	<b>21,288</b>	<b>77,270</b>
Employer contributions	2,044	1,592	3,636
Member contributions	1,053	223	1,276
Rollovers/Transfers in	1,925	-	1,925
Rollovers/Transfers out	(728)	(44)	(772)
Income tax on contributions	(307)	(231)	(538)
<b>Net after tax on contributions</b>	<b>3,987</b>	<b>1,540</b>	<b>5,527</b>
Benefits paid	(1,920)	(508)	(2,428)
Transfers from Defined Benefit to Defined Contribution	1,388	(1,388)	-
Death/ Disability benefits credited	11	-	11
Insurance premiums charged to members net tax	(60)	-	(60)
<b><i>Reserve transfers (to)/ from members:</i></b>			
Operational Risk reserve	(5)	1	(4)
Administration reserve	(35)	(32)	(67)
Investment reserve	-	-	-
Self Insurance	-	-	-
Optional Insurance	(4)	-	(4)
<b><i>Net benefits allocated to members' accounts:</i></b>			
Net investment income/(loss)	10,243	-	10,243
Net change in DB members benefits	-	584	584
<b>Closing Balance 30 June 2021</b>	<b>69,587</b>	<b>21,485</b>	<b>91,072</b>

The statement of changes in member benefits is to be read in conjunction with the notes to the financial statements set out on pages 29 to 68.

## Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2022

	RESERVES					DEFINED BENEFIT SURPLUS/ (DEFICIT) \$'M	TOTAL EQUITY \$'M
	OR <sup>1</sup> \$'M	ADMIN <sup>2</sup> \$'M	INV <sup>3</sup> \$'M	SELF INS <sup>4</sup> \$'M	EX INS <sup>5</sup> \$'M		
<b>Opening Balance 1 July 2021</b>	<b>267</b>	<b>231</b>	<b>-</b>	<b>3</b>	<b>19</b>	<b>7,621</b>	<b>8,141</b>
Net transfers (to)/from DC member accounts	6	41	-	-	4	-	51
Net transfers (to)/from DB member accounts	1	32	-	-	-	-	33
Net transfers between reserves	-	-	-	-	-	-	-
Operating Result	14	(51)	50	-	1	578	592
<b>Closing Balance 30 June 2022</b>	<b>288</b>	<b>253</b>	<b>50</b>	<b>3</b>	<b>24</b>	<b>8,199</b>	<b>8,817</b>
<b>Opening Balance 1 July 2020</b>	<b>239</b>	<b>187</b>	<b>-</b>	<b>3</b>	<b>18</b>	<b>5,505</b>	<b>5,952</b>
Net transfers (to)/from DC member accounts	5	35	-	-	4	-	44
Net transfers (to)/from DB member accounts	(1)	32	-	-	-	-	31
Net transfers between reserves	-	-	-	-	-	-	-
Operating Result	24	(23)	-	-	(3)	2,116	2,114
<b>Closing Balance 30 June 2021</b>	<b>267</b>	<b>231</b>	<b>-</b>	<b>3</b>	<b>19</b>	<b>7,621</b>	<b>8,141</b>

<sup>1</sup> Operational Risk reserve

<sup>2</sup> Administration reserve

<sup>3</sup> Investment fee reserve

<sup>4</sup> Self-Insurance reserve

<sup>5</sup> External Insurance reserve

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 29 to 68.

## Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	2022 \$'M	2021 \$'M
<b><i>Cash flows from operating activities</i></b>			
Dividends received		2,894	1,811
Interest received		285	298
Other revenue		50	63
Direct investment expenses		(379)	(324)
Administration expenses		(80)	(70)
Income taxes paid		(308)	22
<b>Net cash (outflow) inflow from operating activities</b>	11	<b>2,462</b>	<b>1,800</b>
<b><i>Cash flows from investing activities</i></b>			
Net payments for investments		(7,317)	(4,822)
<b>Net cash (outflow) inflow from investing activities</b>		<b>(7,317)</b>	<b>(4,822)</b>
<b><i>Cash flows from financing activities</i></b>			
Employer contributions		4,034	3,636
Member contributions		1,337	1,276
Transfers from other superannuation plans		3,498	1,936
Transfers to other superannuation plans		(901)	(772)
Benefit payments		(2,541)	(2,441)
Group life insurance premiums		(78)	(71)
Contribution tax paid		(588)	(527)
<b>Net cash (outflow) inflow from financing activities</b>		<b>4,761</b>	<b>3,037</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(94)</b>	<b>15</b>
Cash and cash equivalents at the beginning of year		277	262
<b>Cash and cash equivalents at end of year</b>	10	<b>183</b>	<b>277</b>

The statement of cash flow is to be read in conjunction with the notes to the financial statements set out on pages 29 to 68.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

## 1 Operation of the Fund

UniSuper (the Fund) has operated in accordance with the provisions of the Trust Deed dated 24 December 1982 and in compliance with the requirements of the *Superannuation Industry (Supervision) Act 1993* during the year ended 30 June 2022.

The Fund consists of a defined benefit division and a defined contribution plan which are accessible to all permanent employees working in Australia's higher education and research sector. Members who leave this sector can retain their superannuation membership through the defined contribution plan. The defined contribution plan is also open to former UniSuper members and relatives of existing members. All employer contributions to both the defined benefit division and the defined contribution plan are made in accordance with the Trust Deed.

Superannuation benefits of members in the defined benefit division are calculated by way of a formula as defined in the Trust Deed, whereas benefits of members in the defined contribution section are equal to the members' account balance, consisting of contributions and their proportionate share of the net investment income, expenses and income tax expense of the Fund.

The Fund also provides three pension products to members: flexi pensions and two indexed pension products being, Commercial Rate Indexed Pensions (CRIPs) and Defined Benefit Indexed Pensions (closed to new members). Flexi pensions enable members to drawdown on their account balance until the balance reaches zero. CRIPs and Defined Benefit Indexed Pensions provide members with monthly payments for the rest of their life, and certain reversionary benefits depending on the type of pension acquired.

## 2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### A STATEMENT OF COMPLIANCE

This general purpose financial report has been prepared in accordance with Australian Accounting Standard

AASB 1056 *Superannuation Entities*, other applicable Accounting Standards, the provisions of the Trust Deed and the requirements of the *Superannuation Industry (Supervision) Act 1993*. The Fund is a not-for-profit entity for the purposes of preparing the financial report.

### B BASIS OF PREPARATION

#### i. AASB 1056 Superannuation Entities (AASB 1056)

The financial report has been prepared in accordance with AASB 1056.

#### ii. Rounding of amounts

Consistent with Class Order 2016/191, issued by the Australian Securities and Investments Commission relating to the 'rounding off' of amounts in the financial statements, amounts in the financial statements have been rounded off to the nearest million dollars, or in certain cases, the nearest thousand dollars.

#### iii. Consolidation

For the purposes of accounting standards, the Fund controls an entity when the Fund is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

In accordance with AASB 10 Consolidated Financial Statements (AASB 10), the Fund has determined that it meets the definition of an investment entity. As a result, the Fund is only required to consolidate controlled entities which provide services to the Fund; that is, UniSuper Management Pty Ltd (USM), the Fund's Administrator. The impact of consolidating USM has been deemed immaterial and therefore consolidated accounts have not been prepared. Refer to notes 24-27 for selected USM disclosures.

All controlled entities are accounted for at fair value through the income statement. Refer to note 21 for a list of controlled entities.

### C REVENUE RECOGNITION

#### i. Interest revenue

Revenue on money market and fixed interest securities is recognised on an accruals basis and if not received at balance date, is reflected in the statement of financial position.

#### ii. Dividend revenue

Revenue from dividends is recognised on the date the shares are quoted ex-dividend and if not received

at balance date, is reflected in the statement of financial position.

### iii. Changes in fair values

Changes in the fair value of investments and derivatives are calculated as the difference between the fair value at sale, or at balance date, and the fair value at the previous valuation point. All changes are recognised in the income statement.

### iv. Distributions

Distributions from managed investment schemes and infrastructure assets are recognised as at the date the unit value is quoted ex-distribution.

## D GOODS AND SERVICES TAX

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 Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the assets or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO, are classified as operating cash flows.

## E INVESTMENT ASSETS

### i. Classification

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

#### *Financial assets and liabilities held for trading:*

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

#### *Financial instruments designated at fair value through profit or loss upon initial recognition:*

These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategies of the Fund.

#### *Loans and receivables:*

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

#### *Other financial liabilities:*

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

### ii. Recognition

The Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Fund commits to purchase or sell the asset.

### iii. Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- i. The rights to receive cash flows from the asset have expired; or
- ii. The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- iii. Either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

### iv. Initial recognition

Financial assets and financial liabilities at fair value through profit and loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in the income statement.

Loans and receivables and financial liabilities (other than those classified at fair value through profit or loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

**FINANCIAL STATEMENTS - UNISUPER AND CONTROLLED ENTITIES**

For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, the Fund recognises the difference in the income statement, unless specified otherwise.

**v. Subsequent measurement**

After initial measurement, the Fund measures investments and derivatives at fair value through profit or loss. Subsequent changes in the fair value of those investments are recorded as 'changes in assets measured at fair value' through the income statement. Interest earned is recorded in 'interest revenue' according to the terms of the contract. Dividend revenue is recorded in 'dividend revenue'.

**vi. Fair value measurement**

Investment assets are included in the statement of financial position at fair value as at the reporting date and movements in the fair value of assets are recognised in the income statement in the periods in which they occur.

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

Estimated costs of disposal are not taken into account in the determination of fair value.

Refer to note 8 for details of the determination of fair values of investments.

**F DERIVATIVES**

The Fund uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from investment activities, to adjust exposures to asset classes and sectors as part of the Fund's investment strategy and for equitisation purposes. The Fund does not hold or issue derivative financial instruments for leveraging purposes. Derivatives are recorded at fair value using quoted prices or option valuation formula. Movements in the fair value of derivatives are recognised in the income statement in the periods in which they occur.

Derivative assets and liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**G CASH AND CASH EQUIVALENTS**

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-

term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**H INCOME TAX**

Income tax expense for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years. Deferred tax is provided for using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

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.

For UniSuper, income tax has been provided in the current year at the rate of 15% (2021: 15%) as it is the expectation of the Trustee that UniSuper will be treated as a complying superannuation fund. If UniSuper is subsequently deemed to be a non-complying fund for the current year, then income tax would be payable at a rate of 45% (2021: 45%) on UniSuper's taxable income.

Assessable contributions received during the year to 30 June 2022 are subject to 15% contributions tax. Where the member has not quoted their tax file number (TFN) to the Fund, a further amount of no-TFN contributions tax of 32.0% (2021: 32.0%) may apply in respect to the contributions received.

**I CONTRIBUTIONS**

Contributions from employers and members and rollovers/transfers in are recognised on receipt by the Fund.

**J SUNDRY CREDITORS****i. Investments**

Outstanding settlements at year end on investment purchases are recorded as a liability.

**ii. Other**

Payables are carried at nominal amounts which approximate fair value. They represent liabilities for goods and services provided to the Fund prior to the end of the financial year that are unpaid when the Fund becomes obliged to make future payments in respect of the purchase of these goods or services. Payables are normally settled on 30 day terms.

**K BENEFITS PAYABLE**

Benefits payable are accrued in the financial statements based on members who have lodged a benefit payment request with the Fund prior to balance date and remain unpaid as at balance date. Benefit payables are normally settled within 30 days.

**L FOREIGN CURRENCY**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates applicable at the dates the fair value was determined.

**M RESERVES**

The Trustee maintains an operational risk reserve, administration reserve, investment fee reserve, self-insurance reserve and an external insurance reserve to provide the Trustee with access to funds to protect members' interests and mitigate the impact of an adverse event. All reserves are operated in accordance with the Fund's Reserve Policy and are held at a Fund level. Refer to note 9 for further details on the Fund's reserves.

**N MEMBER LIABILITIES**

Member liabilities are measured at the amount of accrued benefits.

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

Defined contribution member liabilities are measured as the amount of member account balances as at the reporting date.

Refer to note 4 for further details on Member liabilities.

**O SEGMENT REPORTING**

An operating segment is a component of the Fund that engages in business activities from which it may earn revenues and incur expenses. The only information that is regularly reported internally in relation to operating segments is at a liability level relative to the member benefit components. These are disclosed in note 5 at an accrued and vested benefit level. Information in relation to segment revenue, expenses and assets is not reported for internal management purposes due to the pooled nature of the Fund's investment process.

**P COMPARATIVES**

Where applicable, comparatives have been reclassified to reflect current year disclosures.

**Q CHANGES TO ACCOUNTING STANDARDS**

Certain new accounting standards and interpretations have been published which are mandatory for 30 June 2022 reporting periods. The assessment of the impact of these new standards and interpretations is set out below.

- i. Interest Rate Benchmark Reform Phase 2 (AASB 2020-8) (*effective 1 January 2021*)  
In September 2020, the AASB made amendments to AASB 9 *Financial Instruments*, AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 7 *Financial Instruments: Disclosures*, AASB 4 *Insurance Contracts* and AASB 16 *Leases* to address issues that arise during the reform of an interest rate benchmark (IBOR), including the replacement of one benchmark with an alternative one. These amendments had no impact on the entity in the current financial year, and are not expected to have an impact in future reporting periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods. The assessment of the impact of these new standards and interpretations is set out below.

- i. AASB 2020-1, AASB 2020-6 *Classification of liabilities as current or non-current (effective 1 January 2023)*  
The AASB issued a narrow scope amendment to AASB 101 *Presentation of Financial Statements* to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period.
- ii. AASB 2021-2 *Disclosure of accounting policies and definition of accounting estimate (effective 1 January 2023)*  
AASB 2021-2 amends a number of accounting



standards to improve accounting policy disclosures and clarify the distinction between accounting policies and accounting estimates.

There are no other standards that are not yet effective that are expected to have a material impact on the entity in the current or future reporting periods, and are not expected to have an impact in future reporting periods.

### 3 Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### A LIABILITY FOR ACCRUED AND VESTED BENEFITS

The amount of member liabilities in relation to defined benefits has been determined using actuarial valuation techniques and assumptions. An actuarial valuation involves making various assumptions about the future. Actual developments in the future may differ from these assumptions. The assumptions include member turnover, future investment returns, pension indexation rates, mortality rates and future salary increases. Due to the complexities involved in the valuation and its long term nature, defined benefit member liabilities are highly sensitive to changes in these assumptions. Assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, the actuary considers an investment portfolio that reflects the opportunities reasonably available to the Fund in the investment markets, and also reflects the Fund's actual investments and investment strategy in respect of defined benefit member liabilities.

The mortality assumption is based on publicly available mortality tables. Future salary increases are based on the Wage Price Index produced by the Australian Bureau of Statistics and in consultation with the employer-sponsors.

Refer to note 6 for details.

#### B VALUATION OF INVESTMENTS

When the fair values of the investments recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including a discounted cash flow model (DCF model). The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required to establish fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of these investments.

#### C DETERMINATION THAT THE FUND IS AN INVESTMENT ENTITY

As detailed in note 2(b)(iii), it has been determined that the Fund meets the definition of an investment entity. This determination is a key judgement as it impacts the accounting treatment of the Fund's controlled entities.

#### D IMPACTS OF COVID-19

COVID-19 is a respiratory illness caused by a new virus strain which was declared a world wide pandemic by the World Health Organisation in March 2020. COVID-19 and the measures implemented to slow the spread of the virus have had a significant impact on global economies and equity, debt and commodity markets.

In preparing these financial statements, the resulting impacts of COVID-19 have been considered and processes applied accordingly. Management has considered impacts on investment valuations, defined benefit liabilities valuation and the Fund's risk profile. Management has determined COVID-19 had no impact on the Fund in the current financial year, however, continue to closely manage and assess the impact of any significant market uncertainty due to COVID-19. The values reviewed herein may fluctuate over a relatively short period of time as daily market conditions continue to change.

#### E RUSSIA-UKRAINE WAR

In preparing these financial statements, the resulting impacts of the Russia-Ukraine war have been considered. UniSuper did have a small indirect exposure to Russian companies, however on the 2 March 2022, UniSuper exited its position via the normal process of an on-market trade. The holdings were sold at market price, with no write-offs or impairments applied.

# Member benefits

## 4 Member liabilities

Accrued benefits for each defined benefit member are the present value of expected future payments of benefits to the member which arise from membership of the Fund up to the reporting date. This is determined using the Fund's Actuary current expectations of earnings on the Fund's assets, future inflation and salary levels and other relevant assumptions. Accrued benefits are calculated using best estimate assumptions.

Vested benefits for defined benefit members are benefits which are not conditional upon continued membership (or any factor other than leaving the service of a participating institution), which members were entitled to receive, had their Fund membership been voluntarily terminated as at the reporting date. Vested benefits are calculated using funding assumptions.

Accrued and vested benefits for defined contribution members are the members' account balances at the reporting date.

	ACCRUED BENEFITS	VESTED BENEFITS
	\$M	\$M
<b>30 JUNE 2022</b>		
<b><i>Member liabilities – defined contribution accounts:</i></b>		
Accumulation accounts	53,963	53,963
Allocated pension	16,179	16,179
<b>Total member liabilities – defined contribution accounts</b>	<b>70,142</b>	<b>70,142</b>
<b><i>Member liabilities – defined benefit accounts:</i></b>		
Defined benefits	15,458	17,483
Pension benefits	6,652	7,308
<b>Total member liabilities – defined benefit accounts:</b>	<b>22,110</b>	<b>24,791</b>
<b>Total member liabilities</b>	<b>92,252</b>	<b>94,933</b>
<b>Net assets available for member benefits (including reserves)</b>	<b>101,069</b>	<b>101,069</b>
Less reserves	(618)	(618)
<b>Net assets for member benefits</b>	<b>100,451</b>	<b>100,451</b>
Less defined contribution accounts (member liabilities)	(70,142)	(70,142)
<b>Net assets for defined benefit member benefits</b>	<b>30,309</b>	<b>30,309</b>
Less defined benefit accounts (member liabilities)	(22,110)	(24,791)
<b>Defined benefit surplus<sup>1</sup></b>	<b>8,199</b>	<b>5,518</b>

<sup>1</sup> In accordance with Australian accounting standards, the surplus has been calculated with reference to assets at fair value rather than net market value. In contrast, the defined contribution account balances are calculated with reference to net market value of assets. As a result of this inconsistency, the defined benefit surplus calculated above is inflated as it reflects the disposal costs attributable to all the Fund's assets. Refer to note 6 for a re-calculation of the defined benefit surplus using net market value, in accordance with actuarial professional standards.

## FINANCIAL STATEMENTS - UNISUPER AND CONTROLLED ENTITIES

30 JUNE 2021	ACCRUED BENEFITS \$M	VESTED BENEFITS \$M
<b>Member liabilities – defined contribution accounts:</b>		
Accumulation accounts	53,840	53,840
Allocated pension	15,747	15,747
<b>Total member liabilities – defined contribution accounts</b>	<b>69,587</b>	<b>69,587</b>
<b>Member liabilities – defined benefit accounts:</b>		
Defined benefits	15,249	16,737
Pension benefits	6,236	7,017
<b>Total member liabilities – defined benefit accounts:</b>	<b>21,485</b>	<b>23,754</b>
<b>Total member liabilities</b>	<b>91,072</b>	<b>93,341</b>
Net assets available for member benefits (including reserves)	99,213	99,213
Less reserves	(520)	(520)
<b>Net assets for member benefits</b>	<b>98,693</b>	<b>98,693</b>
Less defined contribution accounts (member liabilities)	(69,587)	(69,587)
<b>Net assets for defined benefit member benefits</b>	<b>29,106</b>	<b>29,106</b>
Less defined benefit accounts (member liabilities)	(21,485)	(23,754)
<b>Defined benefit surplus</b>	<b>7,621</b>	<b>5,352</b>

The difference between the defined benefit assets and defined benefit member liabilities has arisen as a consequence of:

- The fixed employer and member contributions being more than adequate to provide for the members accruing benefits. This in part reflects that UniSuper assesses the ongoing adequacy of its fixed contribution rates on a more conservative “funding” basis – which is appropriate noting the fixed nature of the employer contributions. These funding assumptions are generally more conservative than the best estimate assumptions used to measure defined benefit member liabilities for recognition in the financial statements under AASB 1056; and
- The actual investment and membership experience over time differing to the expected experience.

To the extent a surplus or deficit may arise in relation to the defined benefit member liabilities determined on the more conservative funding basis, UniSuper’s Trust Deed and Regulations contain provisions that enable benefits to be adjusted or a surplus to be distributed to members if certain conditions are met. Employers are not entitled to a share of surplus distribution.

To the best of the Trustee’s knowledge, no guarantees have been made in respect of any part of the liability for benefits, by either participating institutions or any other party.

## 5 Defined contribution member liabilities

Defined contribution member account balances are determined by crediting rates based on the underlying investment movements.

Defined contribution members bear the investment risk relating to the underlying assets and crediting rates used to measure the member liabilities. Crediting rates are updated on a daily basis. Refer to note 8 for the Fund's management of the investment risks.

At 30 June 2022, all net assets attributable to defined contribution members have been allocated to those members (2021: nil unallocated). Defined contribution member liabilities are fully vested.

## 6 Defined benefit member liabilities

### I. FUNDING ARRANGEMENTS

The Defined Benefit Division (DBD) provides lump sum and pension benefits to members, defined in terms of salary close to retirement and the period of membership. The assets supporting Commercial Rate Indexed Pensions (which can be purchased by members of all Divisions) are also pooled within the DBD. To the best of the Trustee's knowledge, no guarantees have been made in respect of any part of the liability for benefits, by either participating institutions or any other party.

The participating institutions' contribution rates are fixed under the Trust Deed. Members also contribute to UniSuper but are entitled to exercise 'contribution flexibility' in order to pay lower contributions than would normally be required. Where members exercise contribution flexibility, their benefits are reduced commensurately.

The Trustee adopts a funding policy ("Monitoring and Managing the Financial Health of the Defined Benefit

Division") with the aim of fully funding the benefits accruing to DBD members and beneficiaries at the date they fall due.

The Trust Deed requires an actuarial investigation of the Fund at least once every three years. Under relevant legislation, an actuarial investigation is required annually. As part of such investigations, the Actuary assesses the coverage of vested benefits (Vested Benefits Index, VBI) and the value of accrued benefits (Accrued Benefits Index, ABI) against the assets of the Fund. The Actuary also considers whether the DBD assets, together with future contributions by members and participating institutions, are expected to be sufficient to meet the cost of Defined Benefits under the Fund as they fall due. In making the assessment, the Actuary considers expected long term trends in such factors as salary and inflation levels, earnings on the Fund's assets and relevant demographic experience.

Clause 34 of the Trust Deed provides a mechanism for reducing defined benefits if required. Under Clause 34, if the Actuary's report to the Board following the actuarial investigation indicates that the ABI is less than 100%, the VBI is less than 95% or the Actuary expects the ABI or VBI to decline to below these levels, the Trustee must advise members and employers and a four year monitoring period is commenced. If the Actuary advises in the report of the first actuarial investigation carried out after the expiration of four years that the ABI is less than 100%, the VBI is less than 95% or the Actuary expects the ABI or VBI to decline to below these levels, the Board must consider, within a period of six months from the receipt of the report, whether it is in the interests of DBD members as a whole to reduce benefits payable.

In addition to providing figures for financial reporting purposes as at 30 June 2022, the Fund's Actuary is currently performing an actuarial investigation of the Fund as at 30 June 2022. In performing the actuarial investigation, the Actuary has applied the following financial assumptions.

## FINANCIAL STATEMENTS - UNISUPER AND CONTROLLED ENTITIES

BEST ESTIMATE ASSUMPTION	BEST ESTIMATE ASSUMPTIONS (% P.A.)		FUNDING ASSUMPTIONS (% P.A.)	
	2022	2021	2022	2021
Investment returns for active members and pensioners:				
- Net of Tax	6.5	5.7	5.6	4.6
- Gross	7.4	6.5	6.4	5.3
- Commercial rated indexed pensioners	3.1	2.4	3.1	2.4
Salary inflation	2.75 for 2 years, 3.25 thereafter	2.25 for 3 years, 2.75 thereafter	2.75 for 2 years, 3.25 thereafter	2.25 for 3 years, 2.75 thereafter
Price inflation (CPI)	4.0 for 2 years, 2.5 thereafter	2.0	4.0 for 2 years, 2.5 thereafter	2.0

The demographic assumptions have been reviewed as part of the actuary's 2022 investigation. Last year the valuation included a short-term increase in the rates of retirement and withdrawal to reflect the expected reduction in the number of employees in the university sector due to COVID-19 economic impacts. As the sector has started to move back towards a pre-COVID normality, a similar adjustment has not been made this year. All other demographic assumptions used for actuarial tasks at 30 June 2022 were unchanged from those adopted as at 30 June 2021.

At the time of completion of the financial report, the preliminary estimates of the VBI and the ABI for the DBD of the Fund as at 30 June 2022 were 121.0% (FY21 121.3%) and 135.7% (FY21 134.2%) respectively.

The most recently completed actuarial investigation of the Fund was undertaken as at 30 June 2022 by Travis Dickson and Andrew West, Fellow of the Institute of Actuaries of Australia and employees of Willis Towers Watson.

The Trustee continues to monitor the DBD's financial position at least quarterly.

**II. NET CHANGE IN DEFINED BENEFIT MEMBER LIABILITIES**

The net change in defined benefit member liabilities resulted from the following:

	2022 \$'M	2021 \$'M
Interest cost <sup>1</sup>	1,226	1,154
Impact of changes in financial assumptions	(461)	(310)
Impact of the difference between contributions received and service cost <sup>2</sup>	(510)	(464)
Impact of changes in demographic assumptions	-	(143)
Other	501	347
<b>Total net change in defined benefit member liabilities</b>	<b>756</b>	<b>584</b>

<sup>1</sup> Interest cost is the increase in the defined benefit liabilities from the start of the financial year to the end of the financial year resulting from having one less year of discounting in the present value calculation.

<sup>2</sup> Service cost is the expected cost of one year's benefit accrual for the current membership, based on the adopted assumptions - effectively it represents the value of the increase in members' benefits for one year

The largest contributor to the net change in defined benefit member liabilities was the interest cost component. Based on the best estimate investment returns at the start of the period, the interest cost associated with the liability for defined benefit members amounted to \$1,226 million.

Changes in financial assumptions from 30 June 2021 to 30 June 2022 were made in-line with changes in the economic conditions during the period. The difference or the "gap" between the expected return and long-term salary and price inflation, resulted in a \$461 million decrease in defined benefit member liabilities.

Service cost was \$510 million lower than contributions received during the year. Differences are expected to

arise between the service cost each year and the contributions in that year due to the membership and liability profile of the DBD, compared to the long term employer contribution rate.

'Other' changes include the effect of various items resulting from changes in the membership and differences between actual experience and that assumed at 30 June 2022 (such as actual salary increases and pension take-up).

**III. SENSITIVITY ANALYSIS**

The following are sensitivity calculations on a univariate basis for the investment return, rate of salary and price inflation adjustment, and pension take-up assumptions used at 30 June 2022.

BEST ESTIMATE ASSUMPTION	ASSUMED RATE AT REPORTING DATE %	REASONABLY POSSIBLE CHANGE %	AMOUNT OF INCREASE/ (DECREASE) IN MEMBER ACCRUED BENEFIT LIABILITIES \$M
Investment returns for active members and pensioners:			
- Net of tax / Gross of tax	6.5/7.4	+ 1	(1,617)
		- 1	1,892
Salary Inflation:			
- Short term (3 yrs) / Long term (after 3 yrs)	2.75/3.25	+ 0.5	330
		- 0.5	(313)
Pension take-up	65	+ 10	40
		- 10	(40)

**FINANCIAL STATEMENTS - UNISUPER AND CONTROLLED ENTITIES****IV. ACCRUED BENEFIT INDEX AND VESTED BENEFIT INDEX**

The ratio of net market value of assets to accrued benefits is called the Accrued Benefit Index (ABI). The ratio of net market value of assets to vested benefits is called the Vested Benefits Index (VBI).

	<b>ACCRUED BENEFITS</b>	<b>VESTED BENEFITS</b>
	<b>\$M</b>	<b>\$M</b>
<b>30 JUNE 2022</b>		
<b>Net assets for defined benefit member benefits (Note 4)</b>	<b>30,309</b>	<b>30,309</b>
Less disposal costs	(304)	(304)
<b>Net assets for defined benefit member benefits (Net Market Value)<sup>1</sup></b>	<b>30,005</b>	<b>30,005</b>
Less defined benefit accounts	(22,110)	(24,791)
Defined benefit surplus	7,895	5,214
<b>Benefit index</b>	<b>135.7%</b>	<b>121.0%</b>
<b>30 JUNE 2021</b>		
<b>Net assets for defined benefit member benefits (Note 4)</b>	<b>29,106</b>	<b>29,106</b>
Less disposal costs	(283)	(283)
<b>Net assets for defined benefit member benefits (Net Market Value)</b>	<b>28,823</b>	<b>28,823</b>
Less defined benefit accounts	(21,485)	(23,754)
<b>Defined benefit surplus</b>	<b>7,338</b>	<b>5,069</b>
<b>Benefit index</b>	<b>134.2%</b>	<b>121.3%</b>

<sup>1</sup> Consistent with the method used by the Fund's actuary to calculate the ABI and VBI (mandated by actuarial professional standards), the net market value of assets available for defined benefit member benefits has been used in the calculation. Net market value is determined by deducting estimated disposal costs from the assets' fair value.

# Investments

## 7 Movement in fair value of assets

	2022 \$'M	2021 \$'M
<b>(A) MOVEMENTS IN NET MARKET VALUE OF INVESTMENTS</b>		
<i>Unrealised gains/(losses)</i>		
Equities - local	(2,530)	4,999
Equities - overseas	(3,581)	4,986
Interest bearing securities - local	(1,080)	(160)
Interest bearing securities - overseas	(241)	(101)
Others, including short term deposits	1	1
<b>Total unrealised gains/(losses)</b>	<b>(7,431)</b>	<b>9,725</b>
<i>Realised gains/(losses)</i>		
Equities - local	(219)	181
Equities - overseas	(1,350)	1,727
Interest bearing securities - local	(67)	(37)
Interest bearing securities - overseas	38	191
Others, including short term deposits	1	-
<b>Total realised gains/(losses)</b>	<b>(1,597)</b>	<b>2,062</b>
<b>Total</b>	<b>(9,028)</b>	<b>11,787</b>
<b>(B) MOVEMENTS IN NET MARKET VALUE OF OTHER ASSETS</b>		
<i>Unrealised gains/(losses)</i>		
Property investments	452	239
Infrastructure investments	505	100
<b>Total unrealised gains/(losses)</b>	<b>957</b>	<b>339</b>
<i>Realised gains/(losses)</i>		
Property investments	2	-
Infrastructure investments	1,420	(51)
<b>Total realised gains/(losses)</b>	<b>1,422</b>	<b>(51)</b>
<b>Total</b>	<b>2,379</b>	<b>288</b>
<b>Grand Total</b>	<b>(6,649)</b>	<b>12,075</b>



## 8 Financial risk management

### A OBJECTIVES, STRATEGIES, POLICIES AND PROCESSES

The Trustee's activities expose it and the Fund to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Trustee's overall risk management program focuses on ensuring compliance with the Trustee's Investment Policy Statement (the Policy) and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. Financial risk management is carried out by USM under policies approved by the Board.

The Trustee appoints internal and external investment managers to manage a portfolio of investments within a specific asset sector, subject to an agreed mandate. The Trustee also invests directly in various entities. The Trustee diversifies its investments to minimise the impact of any single capital loss and limits its exposure to high risk assets through both strategic asset allocation and diversification within each asset sector. Appropriate diversification limits at an individual portfolio/investment level are stipulated in Investment Management Agreements executed between the Trustee and its appointed investment managers.

The Trustee uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ratings analysis for credit risk.

Financial risk management is carried out by the Board through the Investment Committee, with advice from external investment advisers and internal Management.

As part of its risk management strategy, the Trustee uses derivatives and other instruments, including share price and bond futures, interest rate swaps and forward currency contracts, to manage exposures resulting from changes in interest rates, foreign currencies, equity price risks, and exposures arising from forecast transactions.

### B MARKET RISK

#### i. Price Risk

Equity price risk exposure arises from the Fund's investment portfolio. The investments are recognised in the statement of financial position at fair value.

The Trustee mitigates this price risk through diversification to avoid an undue concentration of risk and selection of mandates with investment managers and direct investments within specified limits set by the Board.

The Fund's overall market position is monitored on a daily basis by Management and is reviewed on a quarterly basis by the Board via the Investment Committee.

Net assets available to pay benefits include investments in debt and equity securities and related derivatives.

#### Sensitivity analysis

Following analysis of historical data and investment rate movements during the 2022 financial year, Management considers the following movements in price risk are reasonably possible for the 2022/23 reporting period:

	2022	2021
Listed equities	24.0%	18.0%
Private equity	35.0%	28.0%
Interest bearing securities	6.0%	5.0%
Direct property	12.0%	8.0%
Infrastructure	10.0%	7.0%

The above sensitivity percentages reflect Management's view that markets are still experiencing heightened levels of volatility. The increase/(decrease) in the market price against the investments in the Fund at 30 June would have increased/(decreased) the Net assets available to pay benefits by the amounts shown below. This analysis assumes that all other variables, in particular interest rates and foreign exchange rates, remain constant and are uncorrelated. The analysis is performed on the same basis as for 2021 and is illustrative of the Fund's exposure to price risks.

30 JUNE 2022	%	CARRYING AMOUNT <sup>1</sup> \$'M	NET ASSETS AVAILABLE TO PAY BENEFITS	
			INCREASE \$'M	DECREASE \$'M
Listed equities	24	62,351	14,964	(14,964)
Private equity	35	409	143	(143)
Interest bearing securities	6	17,548	1,053	(1,053)
Direct property	12	6,296	756	(756)
Infrastructure	10	7,929	793	(793)
<b>Total</b>		<b>94,533</b>	<b>17,709</b>	<b>(17,709)</b>
30 JUNE 2021				
Listed equities	18	66,708	12,007	(12,007)
Private equity	28	307	86	(86)
Interest bearing securities	5	16,142	807	(807)
Direct property	8	5,033	403	(403)
Infrastructure	7	6,132	429	(429)
<b>Total<sup>2</sup></b>		<b>94,322</b>	<b>13,732</b>	<b>(13,732)</b>

<sup>1</sup> Carrying amount is inclusive of derivative values.

<sup>2</sup> FY21 balances have been restated to correct a classification inconsistency between listed equities, private equity and infrastructure.

## ii. Foreign exchange risk

The Fund holds assets denominated in currencies other than the Australian dollar, the functional currency. It is therefore exposed to foreign exchange risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. The risk is measured using sensitivity analysis.

In accordance with the Policy, Management, via its currency overlay managers, monitors the Fund's currency position on a daily basis, and the Investment Committee reviews it on a quarterly basis.

The foreign exchange risk disclosures have been prepared on the basis of the Fund's direct investment and not on a look-through basis for investments held indirectly through unit trusts. Consequently, the foreign exchange exposure disclosed below may not represent the true foreign exchange risk profile of the Fund, where the Fund has significant investments in feeder trusts which also have exposure to foreign markets.

The table to the right summarises UniSuper's exposure to foreign exchange risk (net of foreign exchange hedges) at reporting date:

ASSETS	2022 \$'M	2021 \$'M
US Dollar	10,533	12,744
Euro	1,464	1,308
Swiss Franc	463	446
British Pounds	611	523
Hong Kong Dollar	600	785
Indian Rupee	24	610
Japanese Yen	915	1,147
Other currencies	2,055	2,379
<b>Total</b>	<b>16,665</b>	<b>19,942</b>

This represents 16.29% of total investment assets as at 30 June 2022 (2021: 19.6%).

**FINANCIAL STATEMENTS - UNISUPER AND CONTROLLED ENTITIES****Sensitivity analysis**

Following analysis of historical data and currency rate fluctuations during the 2022 financial year, Management expects a 19% (2021: 18%) movement in the Australian dollar is reasonably possible for the 2021/22 reporting period. The Australian dollar volatility has been extreme over recent years and is expected to remain volatile over the coming 12 months. This analysis assumes

that all other variables, remain constant. The analysis is performed on the same basis as for 2021 and is not guaranteed.

A 19% (2021: 18%) weakening/strengthening of the AUD against the following currencies at 30 June 2022 would have increased/(decreased) the net assets available to pay benefits by the amounts shown below:

30 JUNE 2022	CARRYING AMOUNT \$/M	NET ASSETS AVAILABLE TO PAY BENEFITS	
		19% \$/M	-19% \$/M
US Dollar	10,533	2,001	(2,001)
Euro	1,464	278	(278)
Swiss Franc	463	88	(88)
British Pounds	611	116	(116)
Hong Kong Dollar	600	114	(114)
Indian Rupee	24	5	(5)
Japanese Yen	915	174	(174)
Other currencies	2,055	390	(390)
<b>Total</b>	<b>16,665</b>	<b>3,166</b>	<b>(3,166)</b>

30 JUNE 2021	CARRYING AMOUNT \$/M	NET ASSETS AVAILABLE TO PAY BENEFITS	
		18% \$/M	-18% \$/M
US Dollar	12,744	2,294	(2,294)
Euro	1,308	235	(235)
Swiss Franc	446	80	(80)
British Pounds	523	94	(94)
Hong Kong Dollar	785	141	(141)
Indian Rupee	610	110	(110)
Japanese Yen	1,147	206	(206)
Other currencies	2,379	428	(428)
<b>Total</b>	<b>19,942</b>	<b>3,588</b>	<b>(3,588)</b>

**iii. Interest rate risk**

The Fund's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Trustee has established limits on investments in interest-bearing assets, which are monitored on a daily basis. The Trustee may use derivatives to hedge against unexpected increases in interest rates. The risk is measured using sensitivity analysis.

The Trustee controls its interest rate exposure by using managers for these types of investments who diversify investments across assets with various interest rate sensitivities and impose duration limits within fixed interest mandates with these investment managers.

In accordance with the Policy, Management and the Investment Committee monitor the Fund's overall interest rate sensitivity on a regular basis and the Board reviews it on a quarterly basis.

The table below summarises UniSuper's exposure to interest rate risk at reporting date:

<b>FINANCIAL ASSETS</b>	<b>2022 \$'M</b>	<b>2021 \$'M</b>
Cash assets	183	277
Others, including short term deposits	7,787	7,330
Interest Bearing Securities	17,548	16,142
<b>Total</b>	<b>25,518</b>	<b>23,749</b>

**Sensitivity analysis**

The potential impact of changes in interest rates on the fair value of interest bearing securities is disclosed above in section (b)(i) 'price risk'. The analysis below considers the potential impact of changes in interest rates on interest income earned on cash and short term deposits.

Following analysis of historical data and interest rate movements during the 2022 financial year, Management expects that a 300 basis points movement in interest rates is reasonably possible for the 2021/22 reporting period. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2021 and is not guaranteed.

An increase/(decrease) of 300 basis points (2021: 180 basis points) in interest rates at the reporting date would have increased/(decreased) interest income by the amounts shown below:

	<b>CARRYING AMOUNT</b>	<b>IMPACT ON INTEREST INCOME</b>	
		<b>+300BPS</b>	<b>-300BPS</b>
<b>30 JUNE 2022</b>	<b>\$'M</b>	<b>\$'M</b>	<b>\$'M</b>
Cash assets	183	5	(5)
Others, inc. short term deposits	7,787	234	(234)
<b>Total</b>	<b>7,970</b>	<b>239</b>	<b>(239)</b>

	<b>CARRYING AMOUNT</b>	<b>IMPACT ON INTEREST INCOME</b>	
		<b>+180BPS</b>	<b>-180BPS</b>
<b>30 JUNE 2021</b>	<b>\$'M</b>	<b>\$'M</b>	<b>\$'M</b>
Cash assets	277	5	(5)
Others, inc. short term deposits	7,330	132	(132)
<b>Total</b>	<b>7,607</b>	<b>137</b>	<b>(137)</b>

**FINANCIAL STATEMENTS - UNISUPER AND CONTROLLED ENTITIES****iv. Climate risk**

While UniSuper's operations do not generate material greenhouse gas emissions and are not directly exposed to physical climate change risk, climate risk is a relevant consideration for many of the entities it invests in (both listed and unlisted). The performance of these companies is vital to UniSuper and its members from an investment return perspective, to the broader economy and in contributing to the wellbeing of the wider community in which UniSuper operates. UniSuper expects its investee companies to be well managed and profitable. On this basis, UniSuper, as a responsible investor, believes it is critical that the companies it invests in embrace and adopt a robust and rigorous approach to:

- mitigating and managing climate change risks,
- identifying and maximising climate change generated opportunities, and
- reporting on how they are managing in a timely manner the physical and transitional risks associated with climate change and a de-carbonising economy.

UniSuper publishes a Climate Risk report on its website which has been prepared in accordance with the Taskforce for Climate Related Financial Disclosures (TCFD) recommendations. This report details UniSuper's investment governance, strategy, risk management and options for members with respect to climate change risk. Across the fund, while UniSuper does not have a broad policy of divesting or negatively screening sectors or companies other than within dedicated options that provide for member choice, this analysis found that the Fund's portfolios have low exposure to direct climate change risks.

UniSuper participates in industry groups, including the Investor Group on Climate Change, Climate Action 100+ and the Australian Council of Superannuation Investors, which both influence companies and policy as well as educating members on climate change risk disclosure standards and risk management approaches.

**v. Market risk and members**

Contributions from and for defined contribution members are credited to members' accounts on receipt of the contributions by the Fund, thus exposing those members to the market risk of the Fund. Defined benefit members are less exposed to market risk due to the formula based nature of their benefits. Refer also to note 6 regarding the funding arrangements for defined benefit member liabilities and the operation of Clause 34 of the Trust Deed.

**C CREDIT RISK**

Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents, and deposits with banks and other financial institutions.

With respect to credit risk arising from the financial assets of the Fund, other than derivatives, the Fund's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these investments as disclosed in the statement of financial position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

Credit risk arising from derivative financial instruments is generally limited to those with positive fair values.

There are no financial assets that are past due or impaired, or would otherwise be past due or impaired.

In accordance with the Policy, Management monitors the Fund's credit position on a regular basis, and the Investment Committee reviews it on a quarterly basis.

**Credit quality per class of instrument**

The credit quality of financial assets is managed by the Trustee using Standard & Poor's rating categories, in accordance with the investment mandates of the Fund. The Fund's exposure in each grade is monitored on a regular basis. This review process allows Management to assess the potential loss as a result of risks and take corrective action.

The fair value of financial assets included in the statement of financial position represents the Fund's exposure to credit risk in relation to those assets. An analysis of debt securities by rating as at reporting date is set out in the table below:

<b>CREDIT GRADE</b>	<b>2022 \$'M</b>	<b>2021 \$'M</b>
AAA/aaa	3,459	4,417
AA/aa	3,266	3,546
A/a	1,865	1,467
BBB/bbb	1,702	1,807
BB/bb	0	0
B/b	0	0
CCC/cc	0	0
D	0	0
Not rated	3,999	1,591
<b>Total</b>	<b>14,291</b>	<b>12,828</b>

**D LIQUIDITY RISK**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Fund's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Trustee limits its allocation to illiquid assets and ensures that the allocation is consistent with the intended term of investment. The Fund's membership profile and the nature of the defined benefit liabilities coupled with the bulk of its assets being invested in highly liquid asset classes allows the Fund to tolerate the lower liquidity of alternative investments in an expectation of greater gain in the long term.

The Fund may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Fund may not be able to quickly liquidate its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

In accordance with the Policy, Management monitors the Fund's liquidity position on a daily basis, and the Investment Committee reviews it on a quarterly basis. Compliance with the policy is reported to the Investment Committee on a quarterly basis.

**Maturity analysis for financial liabilities**

The table below analyses the Fund's derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the undiscounted gross contractual cash flows.

	CARRYING AMOUNT	CONTRACT CASH FLOWS	LESS THAN 1 MONTH	1 TO 3 MONTHS	3 TO 12 MONTHS	OVER 12 MONTHS
AS AT 30 JUNE 2022	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M
<i>Derivatives</i>						
- Inflow	130	18,536	7,518	10,946	24	48
- Outflow	455	18,800	7,758	11,023	5	14
<b>Total</b>	<b>(325)</b>	<b>(264)</b>	<b>(240)</b>	<b>(77)</b>	<b>19</b>	<b>34</b>
<b>AS AT 30 JUNE 2021</b>						
<i>Derivatives</i>						
- Inflow	78	17,613	7,292	10,319	3	(1)
- Outflow	252	17,783	7,420	10,361	1	1
<b>Total</b>	<b>(174)</b>	<b>(170)</b>	<b>(128)</b>	<b>(42)</b>	<b>2</b>	<b>(2)</b>

**FINANCIAL STATEMENTS - UNISUPER AND CONTROLLED ENTITIES**

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

AS AT 30 JUNE 2022	CARRYING AMOUNT \$'M	TOTAL CASH FLOWS \$'M	MATURITY		
			LESS THAN 1 MONTH \$'M	1 TO 3 MONTHS \$'M	GREATER THAN 3 MONTHS \$'M
Benefits payable	15	15	15	-	-
Income tax payable	-	-	-	-	-
Sundry creditors	114	114	74	40	-
Defined contribution liabilities	70,142	70,142	70,142	-	-
Defined benefit liabilities	22,110	24,791	24,791	-	-
<b>Total</b>	<b>92,381</b>	<b>95,062</b>	<b>95,022</b>	<b>40</b>	<b>-</b>
AS AT 30 JUNE 2021					
Benefits payable	2	2	2	-	-
Income tax payable	340	340	-	-	340
Sundry creditors	74	74	31	43	-
Defined contribution liabilities	69,587	69,587	69,587	-	-
Defined benefit liabilities	21,485	23,754	23,754	-	-
<b>Total</b>	<b>91,488</b>	<b>93,757</b>	<b>93,374</b>	<b>43</b>	<b>340</b>

The carrying amount of member liabilities is members' accrued benefits. However, the contractual cash flows disclosed are members' vested benefits as these are the benefits members could call upon as at reporting date. The vested benefits balance has been included as payable in 'less than 1 month' as this is the earliest period in 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.

**E FAIR VALUES OF INVESTMENTS**

The Fund's investments included in the Statement of financial position are carried at fair value. The major methods used in determining fair value of investments are disclosed below.

The table below analyses financial instruments carried at fair value according to the inputs used in their valuation. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets
- Level 2: 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL <sup>1</sup>
AS AT 30 JUNE 2022	\$'M	\$'M	\$'M	\$'M
Equities	59,106	1,129	446	60,681
Interest bearing securities	1,538	9,837	316	11,691
Others, including short term deposits	-	2,107	-	2,107
Property investments	-	-	6,209	6,209
Infrastructure investments	-	-	7,853	7,853
Derivative financial assets	-	130	-	130
<b>Sub-total</b>	<b>60,644</b>	<b>13,203</b>	<b>14,824</b>	<b>88,671</b>
Derivative financial liabilities	-	(455)	-	(455)
<b>Total</b>	<b>60,644</b>	<b>12,748</b>	<b>14,824</b>	<b>88,216</b>
AS AT 30 JUNE 2021				
Equities	64,700	1,178	493	66,371
Interest bearing securities	1,672	12,358	2	14,032
Others, including short term deposits	-	553	-	553
Property investments	-	-	5,004	5,004
Infrastructure investments	-	-	4,155	4,155
Derivative financial assets	-	78	-	78
<b>Sub-total</b>	<b>66,372</b>	<b>14,167</b>	<b>9,654</b>	<b>90,193</b>
Derivative financial liabilities	-	(252)	-	(252)
<b>Total</b>	<b>66,372</b>	<b>13,915</b>	<b>9,654</b>	<b>89,941</b>

<sup>1</sup> The values in this table exclude cash balances and income and capital not yet distributed.

**Level 3 reconciliation**

The following table shows a reconciliation of the movement in fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period. The Fund's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

	2022	2021
	\$'M	\$'M
Opening balance 1 July	9,654	5,491
Total realised gains/(losses)	539	3
Total unrealised gains/(losses)	861	181
Sales	(1,933)	(106)
Purchases	5,384	677
Transfers in/(out) <sup>1</sup>	319	3,408
<b>Closing balance 30 June</b>	<b>14,824</b>	<b>9,654</b>

<sup>1</sup> Reclass of infrastructure and property of \$319m (FY21 \$3,408m) from level 2 to level 3 due to unobservable market data inputs.



**FINANCIAL STATEMENTS - UNISUPER AND CONTROLLED ENTITIES****Valuation techniques and inputs****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 as at the close of business on reporting date.

When the fair values of the investments recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques and models.

**Equities**

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

- Delisted equity securities are valued based on the last sale price prior to delisting, or where subject to liquidation, the amount the Fund expects to receive on wind up.
- Equity securities subject to takeover offer are valued as the consideration offered under the takeover offer.
- Private equity managers adopt a 'Fair Value' (or mark to model) approach in determining the value of their portfolio companies. The valuation approach adopted by private equity managers to determine fair value may include the use of recent investment prices, multiples, net assets, discounted cash flows or earnings, industry valuation benchmarks and/ or the opinion of a third party expert. These valuations are prepared in accordance with Valuation Guidelines, issued by the relevant governing bodies for the managers, which set out a best practice framework for the estimation of fair value.

**Interest bearing securities**

UniSuper's custodian is responsible for aggregating third party pricing for interest bearing securities and utilising these in the compilation of valuations for investment reports. Vendors that provide prices for interest bearing securities to the custodian include Interactive Data, Bloomberg and Standard & Poors. All prices undergo tolerance testing and are then published in the custodian's reporting systems.

**Property investments**

Property investments comprise investments in land and buildings (including integral plant and equipment). All directly held unlisted property investments are classified as level 3. UniSuper's appointed portfolio manager obtains independent appraisal valuations for each asset at least annually, in accordance with generally accepted accounting principles and valuation methodology for the valuation of such assets. These valuations are reviewed for reasonableness and consistency by an independent valuer.

In deriving their valuation opinions, the valuation methodology typically adopted by the valuers includes

discounted cash flow methodologies, the capitalisation approach and direct comparison, which draw on comparable sales and leasing evidence, where this exists. The valuer may rely on one or more of the above approaches in determining their opinion of value.

**Infrastructure investments**

All directly held unlisted infrastructure investments are classified as level 3. UniSuper obtains independent appraisal valuations for each asset at least annually on a fair value basis, generally using discounted cashflow methodology, and more frequently when the Trustee deems that there have been significant movements in value.

**Derivative assets and liabilities**

Derivatives are recorded at fair value using quoted prices or option valuation formulae. The Fund uses widely recognised valuation models for over the counter interest rate swaps, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swaps models, using present value calculations. The models incorporate various inputs including both credit and debit valuation adjustments for counterparty and own risk, foreign exchange spot and forward rates, and interest rate curves. For these financial instruments, significant inputs into models are market observable and are included within level 2.

**Inputs used in fair value measurement**

Depending on the methodology used and the nature of the asset being valued, significant inputs may include:

- Forecast cash flows, including growth rate assumptions
- Discount rates, including risk-free rates, market risk premiums and specific investment risk premiums ("alpha")
- Weighted average cost of capital
- Forecast foreign exchange rates
- Gearing levels
- Forecast inflation rates
- Earnings or revenue multiples

A significant change in any of these inputs may result in a significantly lower or higher fair value measurement for individual assets, but would be unlikely to have a significant impact on the overall financial position of the Fund.

The current use of non-financial assets does not differ materially from the highest and best use of the assets.

**Sensitivity analysis for level 3 investments**

	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE (WEIGHTED AVERAGE)	
			2022	2021
Property	Discounted cashflows	Capitalisation rate	3.9% - 5.5% (4.7%)	4.4% - 6.0% (4.9%)
		Discount rate	5.5% - 6.3% (5.9%)	5.8% - 6.5% (6.1%)
		Gearing	0% - 40.1% (12.1%)	0% - 26.3% (9.4%)
Infrastructure	Discounted cashflows	Discount rate	6.50% - 9.40% (8.75%)	6.6% - 10.6% (8.8%)
		Gearing	0% - 85% (50%)	0% - 85% (36%)
		Alpha	0% - 0.50% (0.25%)	0% - 2.6% (1.1%)

Based on the sensitivity to unobservable inputs, the valuation of infrastructure investments could reasonably vary by plus or minus \$626 million. Any sensitivity for the property investments is not expected to have a significant impact on the financial statements.

The assets reported under level 3 equities relate predominately to the Fund's investment in USM. USM is valued on a monthly basis based on the net assets of the company. The net assets are audited on an annual basis. Any change in fair value measurement of this investment would not have a significant impact on the overall financial position of the Fund. The remaining assets reported under level 3 equities are immaterial.

# Reserves information

## 9 Reserves

	2022 \$'M	2021 \$'M
Operational risk	288	267
Administration	253	231
Investment fee	50	-
External insurance	24	19
Self-insurance	3	3
<b>Total reserves</b>	<b>618</b>	<b>520</b>

### A NATURE AND PURPOSE OF RESERVES

#### i. Operational risk reserve

Consists of funding in relation to the defined benefit division members, fees deducted from Accumulation members and earnings on the reserve's funds. The reserve is to cover the Fund against losses associated with operational risks and is operated in accordance with APRA Prudential Standards. On 30 June 2022, the reserve balance was 0.29% of funds under management, which was above the Fund's Operational Risk Financial Requirement of 0.25%, but within the Fund's target range of 0.20% to 0.30%.

#### ii. Administration reserve

Comprises administration fees collected from members but not yet spent on administration activities. The assets backing the reserve include an investment in the Fund's administrator, USM.

#### iii. Investment fee reserve

The reserve is funded by investment fees, investment fee rebates, and any other fees the Trustee may determine appropriate giving regard to the proper legislative and regulatory considerations.

#### iv. External insurance reserve

Relates to a small loading charged to members on the external insurer's premium. This reserve is used to fund improvements in the external insurance offering.

#### v. Self-insurance reserve

Consists of insurance premiums collected from Accumulation 2 members to meet Fund death and disability insurance payments. The insurance products covered by this reserve were outsourced to an external insurer from 3 January 2015. As a result, the reserve is now in 'run-off' mode.

# Cash flow information

## 10 Cash and cash equivalents

	2022 \$'M	2021 \$'M
Cash and cash equivalents	183	277
<b>Total cash and cash equivalents</b>	<b>183</b>	<b>277</b>

### Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	2022 \$'M	2021 \$'M
Balances per statement of cash flows	183	277

## 11 Reconciliation of profit after income tax to net cash inflow from operating activities

	2022 \$'M	2021 \$'M
Net profit after income tax expense	592	2,114
Allocation to members accounts	(3,484)	10,827
Movement in net market value of investments	6,649	(12,075)
Change in operating assets and liabilities	-	-
(Increase)/decrease in contributions receivable	-	-
(Increase)/decrease in sundry debtors & prepayments	(7)	10
(Increase)/decrease in deferred tax assets	-	-
(Decrease)/increase in benefits payable	-	-
(Decrease)/increase in sundry creditors	40	36
(Decrease)/increase in income tax payable	(540)	137
(Decrease)/increase in deferred tax liabilities	(788)	751
(Decrease)/increase in other provisions	-	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>2,462</b>	<b>1,800</b>

# Tax information

## 12 Income tax expense

	2022 \$'M	2021 \$'M
<b>A INCOME TAX EXPENSE</b>		
Current tax	(161)	183
Deferred tax	(788)	751
Under/(over) provision in prior years	(71)	(68)
<b>Total income tax expense/(benefit)</b>	<b>(1,020)</b>	<b>866</b>
<i>Income tax expense/(benefit) is attributable to:</i>		
Profit/(loss) from continuing operations	(1,020)	866
<i>Deferred income tax (revenue)/expense included in income tax expense comprises:</i>		
(Decrease)/increase in deferred tax liabilities (note 13)	(788)	751
<b>B NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE</b>		
Net operating result before income tax expense	(3,912)	13,807
Tax at the Australian tax rate of 15% (2021: 15%)	(587)	2,071
<i>Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Differences between tax and accounting gains	644	(671)
Exempt pension income	(244)	(164)
Imputation credits and other tax credits <sup>1</sup>	(751)	(293)
Sundry items	(11)	(9)
Other	-	-
Total tax effect of amounts which are not deductible/(taxable) in calculating taxable income	(949)	934
Under/(over) provision in prior years	(71)	(68)
<b>Income tax expense/(benefit)</b>	<b>(1,020)</b>	<b>866</b>

<sup>1</sup> FY22 Imputation credits and other tax credits includes \$51.6m of Foreign income tax credits (FY21 \$46m)

## 13 Deferred tax liabilities

	2022 \$'M	2021 \$'M
<i>The balance comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Unrealised investment income	1,515	2,303
<b>Net deferred tax liabilities</b>	<b>1,515</b>	<b>2,303</b>
<i>Movements:</i>		
Opening balance at 1 July	2,303	1,552
Charged/(credited) to the statement of changes in net assets (Note 12)	(788)	751
Closing balance at 30 June	<b>1,515</b>	<b>2,303</b>
Deferred tax liabilities to be settled within 12 months	-	-
Deferred tax liabilities to be settled after more than 12 months	1,515	2,303
<b>Total deferred tax liabilities</b>	<b>1,515</b>	<b>2,303</b>

# Remuneration

## 14 Key management personnel disclosures

### A. KEY MANAGEMENT PERSONNEL COMPENSATION

UNISUPER	2022 \$'000	2021 \$'000
Short-term employee benefits	1,214	1,174
Post-employment benefits	93	90
<b>Total<sup>1</sup></b>	<b>1,307</b>	<b>1,264</b>

<sup>1</sup> The above figures include amounts paid or payable to directors pertaining to the performance of duties for UniSuper Limited, the trustee of UniSuper, and USM.

### B. VESTED BENEFITS OF KEY MANAGEMENT PERSONNEL

UNISUPER	2022 \$'000	2021 \$'000
Vested benefits	5,504	6,958

### C. KEY MANAGEMENT PERSONNEL COMPENSATION

UNISUPER MANAGEMENT PTY LTD	2022 \$'000	2021 \$'000
Short-term employee benefits	4,849	4,916
Post-employment benefits	575	531
Long term employment benefits	53	54
Termination benefits	1199	119
<b>Total</b>	<b>6,676</b>	<b>5,620</b>

### D. VESTED BENEFITS OF KEY MANAGEMENT PERSONNEL

UNISUPER MANAGEMENT PTY LTD	2022 \$'000	2021 \$'000
Vested benefits	14,032	13,854

## E. REMUNERATION REPORT

UniSuper seeks to attract and retain highly experienced and capable employees so that we can deliver on our purpose of providing greater retirement outcomes for our members.

How a person goes about performing their work is paramount as it underpins UniSuper's culture and way of doing things.

Providing fair, equitable and competitive remuneration for UniSuper's Directors, Executives and employees is central to supporting our purpose. The information contained in this remuneration report provides an overview of UniSuper's non-Executive Director and Executive remuneration practices.

The remuneration report is set out under the following main headings:

1. Governance and oversight of UniSuper's remuneration practices
2. Director's remuneration
3. Executive remuneration

### 1 Governance and oversight of UniSuper's remuneration practices

The Boards of UniSuper Limited (USL) and UniSuper Management Pty Ltd (USM) have established Remuneration Committees ('the People and Remuneration Committee') which assist the Boards to discharge their corporate governance responsibilities.

The People and Remuneration Committee maintains oversight of and seeks to ensure that UniSuper has robust and coherent remuneration policies and practices in place. At all times, UniSuper seeks to fairly and responsibly attract, retain, motivate and reward high calibre employees who display and model UniSuper's values and culture.

The People and Remuneration Committee is responsible for making recommendations to the Board regarding matters such as:

- UniSuper's total rewards program including formulation of the USM Remuneration Policy
- The fees to be paid to Directors and non-Director committee members
- Remuneration of the CEO and the Executive Leadership Team

From time to time the People and Remuneration Committee engages remuneration consultants to provide specialist independent advice to ensure that:

- UniSuper's remuneration is in line with industry standards
- UniSuper continues to attract and retain high quality employees to serve its members

### 2 Directors' remuneration

In setting the Directors' remuneration, the USL Board (with guidance from the People and Remuneration Committee) seeks the advice of independent remuneration consultants to ensure the Directors' fees are appropriate and in line with the broader financial services market.

Specifically, a full external review is conducted every three years. In the interim, adjustments may be made where appropriate (and within already approved limits), and having considered remuneration benchmarking and other relevant data. The key objective is to ensure that Directors are remunerated fairly, having regard to their skills, experience and responsibility.

The Directors' fees are determined within an aggregate Director fee pool limit which is periodically approved by shareholders at the Annual General Meeting (AGM) and subject to annual indexation. The fee pool is \$1,390,000 for the 2022 financial year. A decision was made to increase Directors' fees by 3.48% in 2022.

UniSuper has both independently appointed Directors and representative Directors. Accordingly, the remuneration of Directors differs between these two categories, as follows:

- Independently appointed Directors - the fees are based on comparable positions in other superannuation funds and the financial services sector more broadly; and
- Representative Directors - the fees are compared to representative Directors of other profit-for-members superannuation funds.

The fees payable to individual Directors may be delivered as a combination of cash and superannuation at the Director's discretion (subject to minimum superannuation guarantee requirements).

	2022 \$	2021 \$
<b>Board</b>		
Chair	250,193	240,680
Other independently appointed Directors	125,096	120,340
Representative Directors	62,548	60,170
<b>Committee chairs</b>		
Investment	43,130	41,490
Audit Risk & Compliance, Insurance, Technology & Projects	32,350	31,120
People and Remuneration	20,052	19,290
<b>Committee members</b>		
Investment, Audit Risk & Compliance, Insurance, Technology & Projects	20,489	19,710
People and Remuneration	12,724	12,240

The Board Chair fee is all inclusive. Fees for other Directors are the sum of the Board fee plus additional fees aligned to the roles played in the individual Board Committees.

Directors do not receive performance related incentives, long service leave, retirement or termination benefits.

Directors are appointed or elected for a term of three years but are eligible for further terms subject to being reappointed or re-elected.



## FINANCIAL STATEMENTS - UNISUPER AND CONTROLLED ENTITIES

Aggregate directors' remuneration information for the 2022 and 2021 financial years:

DIRECTOR	YEAR	SHORT TERM	POST EMPLOYMENT	TOTAL (\$)
<i>Role &amp; appointment details</i>		<i>Cash salary (\$)</i>	<i>Super (\$)</i>	
<b>Ian Martin</b> Non-Executive Director & Chair	2022	227,448	22,745	250,193
	2021	219,799	20,881	240,680
<b>Mark Armour</b> Non-Executive Director	2022	182,342	18,234	200,576
	2021	176,210	16,740	192,950
<b>Professor Peter Dawkins</b> Non-Executive Director	2022	82,660	-	82,660
	2021	79,880	-	79,880
<b>Dr Jane den Hollander</b> Non-Executive Director (to 25 October 2021)	2022	29,728	2,973	32,701
	2021	90,566	8,604	99,170
<b>Nicole Gower</b> Non-Executive Director <sup>1</sup>	2022	85,128	-	85,128
	2021	86,000	-	86,000
<b>Professor Lelia Green</b> Non-Executive Director	2022	75,488	7,549	83,037
	2021	72,950	6,930	79,880
<b>Grahame McCulloch</b> Non-Executive Director <sup>2</sup>	2022	91,497	9,150	100,647
	2021	84,128	7,992	92,120
<b>Nicolette Rubinsztein</b> Non-Executive Director	2022	161,760	16,176	177,936
	2021	156,320	14,850	171,170
<b>Stephen Somogyi</b> Non-Executive Director	2022	86,271	8,627	94,898
	2021	83,370	7,920	91,290
<b>Amy Griffiths</b> Non-Executive Director <sup>3</sup>	2022	75,488	7,549	83,037
	2021	65,450	6,218	71,668
<b>Sarah Roberts</b> Non-Executive Director <sup>4</sup>	2022	72,462	-	72,462
	2021	60,170	-	60,170
<b>Sandra Harding</b> Non-Executive Director (from 25 October 2021) <sup>5</sup>	2022	44,381	-	44,381
	2021	-	-	0
<b>TOTAL</b>	<b>2022</b>	<b>1,214,653</b>	<b>93,003</b>	<b>1,307,656</b>
	<b>2021</b>	<b>1,174,843</b>	<b>90,135</b>	<b>1,264,978</b>

<sup>1</sup> Remuneration for Nicole Gower is paid to her employer - Macquarie University. Resignation as a member of the Technology & Projects Committee, effective 1 January 2022.

<sup>2</sup> The appointment of Grahame McCulloch as Chair of the People and Remuneration Committee, effective 25 October 2021.

<sup>3</sup> Additional appointment of Amy Griffiths, effective 1 December 2020, as a member of the Technology & Projects Committee.

<sup>4</sup> Remuneration for Sarah Roberts is paid to her employer - National Tertiary Education Union. Additional appointment, effective January 2022, to the Technology and Projects Committee.

<sup>5</sup> Remuneration for Sandra Harding was paid to her employer - James Cook University until 13 Feb 2022. Remuneration from 14 Feb 2022 paid directly to Sandra Harding. Additional appointment, effective January 2022, to the Insurance Committee.

### 3 Executive remuneration

#### 3.1 Overview

All Executives are employed and paid by USM (the fund administrator) which is wholly owned by USL in its capacity as trustee of UniSuper.

Importantly, USM has a formal remuneration policy (The Remuneration Policy) in place. The Remuneration Policy is designed to be robust and transparent and to support the business strategy and goals. At all times there is a focus on aligning Executive remuneration outcomes with ensuring great retirement outcomes for our members. The Remuneration Policy also articulates clear governance gateway consequences and risk expectations of every Executive member.

Executives do not receive any equity based remuneration.

#### 3.2 UniSuper's guiding remuneration principles

The Remuneration Policy details the remuneration philosophy, structures and objectives designed to achieve UniSuper's purpose - "to provide greater retirement outcomes for members" and support the achievement of our vision to be the "best value superannuation fund in Australia".

USM's remuneration philosophy is to provide fair, flexible and competitive remuneration, reflective of market practice. Specifically;

- For competent, performing employees, USM will target the relevant market median, and
- Employees who are consistent high performers and demonstrate leadership potential will, over time, be positioned around the 75<sup>th</sup> percentile of the relevant market.

The Remuneration Policy aims to achieve the following objectives:

- Encourage behaviours that support UniSuper's culture, risk appetite and values
- Appropriately reward UniSuper employees for their performance outcomes
- Reward performance that contributes to Fund strategy and success
- Assure gender pay equity
- Attract, motivate and retain high calibre employees, and
- Encourage behaviours that support the risk management framework and align remuneration to prudent risk taking with utilisation of the USM governance gateway.

At all times, there is an overarching focus on ensuring that Executives (and their teams) meet the governance gateway behavioural expectations and live UniSuper's values in performing their work and delivering great retirement outcomes for our members.

#### 3.3 Remuneration components

There are two components that make up an individual's total remuneration package:

- a. Fixed remuneration; and
- b. Variable remuneration

#### 3.4 Fixed remuneration

Fixed remuneration is made up of base salary and employer superannuation contributions. Fixed remuneration is reviewed annually; however, annual fixed remuneration increases are not guaranteed (and are assessed on a case by case basis).

#### 3.5 Variable remuneration

At the discretion of the USM Board, Executives may be eligible to receive an annual incentive (sometimes referred to as performance-based remuneration) in recognition of their performance.

The incentive is comprised of two components:

- a. UniSuper corporate performance; and
- b. Individual (and team) performance.

The incentive forms part of the annual performance management cycle (described in more detail below).

Variable remuneration is calculated on an annual cycle (with approval by the USM People and Remuneration Committee and Board post 30 June) and is payable in September. From 2022, a portion of the CEO's variable remuneration will be deferred, 10% for one year and 10% for two years, subject to a number of pre-conditions. There is currently no deferral requirements in place for any other Executives, but this may change as a result of pending regulation. All incentives are paid in cash with no access to any share-based payments.

##### a. UniSuper corporate performance component

The UniSuper corporate performance component focuses on the overall performance of UniSuper as an organisation. It is linked to the three key result areas (KRAs) of:

1. Great value
2. Excellent service, and
3. Meeting targets and stretch targets in the following key areas:
  - Strong investment performance both short and medium term;
  - Competitive fees charged to members
  - Service levels
  - Member retention
  - Fund inflows
  - Employee engagement and turnover, and
  - Cost control.

**FINANCIAL STATEMENTS - UNISUPER AND CONTROLLED ENTITIES****b. Individual (and team) component**

First and foremost, the individual (and team) component at all times requires the mandatory attainment of clear expectations in relation to individual governance requirements and workplace behaviours (i.e. a governance and behavioural gateway).

It is also directly linked to achieving outcomes specific to the area of the Executive's operation and control (and such outcomes will vary from year to year depending on the business plan). As such, the annual performance management cycle underpins the individual component of the annual incentive.

The annual performance management cycle (for all employees, including Executives) incorporates three phases:

1. Planning of agreed targets for the year ahead, for both the Fund and the individual;
2. Tracking and providing feedback on performance during the year; and
3. Review and assessment of performance against agreed targets at the end of the year.

In order to utilise their strengths and provide new skills and knowledge, Executives are also provided with targeted learning and development opportunities.

Accordingly, the individual component of the annual incentive is linked to performance against targets (which are developed and agreed annually as part of the above performance management cycle) and includes rigorous assessment and scrutiny by the People and Remuneration Committee and Board.

**3.6 Variable remuneration is at risk**

The award of an incentive to an Executive is never guaranteed and is always at the full discretion of the Board (with advice from the People and Remuneration Committee). Any decisions to award an incentive are based on market relativities and the level of direct impact each individual can have on the results of the Fund.

Importantly, good governance underpins everything we do at UniSuper and all employees are expected to adhere to a set of core governance standards and behavioural expectations. This sets a threshold that must be met before any incentives are awarded (i.e. a governance and behavioural gateway).

**3.7 Maximum variable remuneration**

The maximum potential incentive that may be awarded to any Executive is 40%, 150% maximum for the Chief Investment Officer and 50% maximum for the Chief Executive Officer of their fixed remuneration amount.

As noted above, the payment of any incentive to an Executive is always at the discretion of the Board. The weighting accorded to each of the two components that underpin the annual incentive (i.e. UniSuper corporate performance and individual performance) is also at the discretion of the Board and is considered in the full context of UniSuper, its performance and the individual performance of an Executive (and that of their team).

**3.8 Individual USM Executive remuneration**

USM is committed to the highest levels of transparency and disclosure regarding each Executive.

The aggregate level of remuneration (i.e. fixed plus variable remuneration) for each Executives (for the 2021/2022 financial year) is provided below.

EXECUTIVE <sup>1</sup>	YEAR	SHORT TERM		POST EMPLOYMENT	LONG TERM	END OF CONTRACT (\$) <sup>2</sup>	TOTAL (\$)
		Cash salary (\$) <sup>3</sup>	Cash incentive (\$) <sup>4</sup>	Super (\$)	Long service (\$) <sup>5</sup>		
<b>Peter Chun</b> Chief Executive Officer (from 6 September 2021)	2022	595,385	389,610	118,351	750	-	1,104,096
	2021	-	-	-	-	-	-
<b>Kevin O'Sullivan</b> Chief Executive Officer (to 10 September 2021)	2022	110,947	-	67,899	-	466,495	645,341
	2021	599,112	300,000	101,849	16,051	-	1,017,012
<b>Kevin Roadnight</b> Chief Operating Officer (to 30 June 2021)	2022	-	-	-	-	-	-
	2021	312,755	-	53,168	-	119,417	485,340
<b>Anna Leibel</b> Chief Delivery & Information Officer (to 23 April 2021)	2022	-	-	-	-	-	-
	2021	371,044	-	38,627	-	-	409,671
<b>John Pearce</b> Chief Investment Officer <sup>6</sup>	2022	641,329	824,674	109,026	30,573	-	1,605,602
	2021	624,675	837,302	106,195	16,852	-	1,585,024
<b>Lee Scales</b> Chief Customer Officer (to 30 November 2021)	2022	146,046	43,460	34,105	-	547,400	771,011
	2021	358,509	133,395	60,947	9,656	-	562,507
<b>Julie Watkins</b> Chief People Officer	2022	324,970	128,155	55,245	14,123	-	522,493
	2021	312,426	116,248	53,113	6,638	-	488,425
<b>Anand Thomas</b> Chief Strategy & Marketing Officer (to 30 November 2021)	2022	140,861	58,645	37,359	-	186,087	422,952
	2021	332,840	112,875	56,583	3,144	-	505,442
<b>Andrew Raftis</b> Chief Risk Officer	2022	316,502	111,555	53,805	4,950	-	486,812
	2021	287,475	99,330	48,871	1,659	-	437,335
<b>Steven McGregor</b> Chief Information Officer	2022	409,091	145,913	40,909	2,763	-	598,676
	2021	118,356	-	11,260	-	-	129,616
<b>Danielle Murrie</b> Chief Marketing and Growth Officer (from 14 January 2022)	2022	178,994	67,086	30,429	224	-	276,733
	2021	-	-	-	-	-	-
<b>Danielle Mair</b> Chief Member and Advice Officer (from 1 March 2022)	2022	124,475	-	12,448	154	-	137,077
	2021	-	-	-	-	-	-
<b>Anastasia Crisafi</b> Chief Financial Officer (from 28 March 2022)	2022	92,045	-	15,648	112	-	107,805
	2021	-	-	-	-	-	-
<b>TOTAL</b>	<b>2022</b>	<b>3,080,645</b>	<b>1,769,098</b>	<b>575,224</b>	<b>53,649</b>	<b>1,199,982</b>	<b>6,678,598</b>
	<b>2021</b>	<b>3,317,192</b>	<b>1,599,150</b>	<b>530,613</b>	<b>54,000</b>	<b>119,417</b>	<b>5,620,372</b>

<sup>1</sup> The above table includes permanent appointments only.

<sup>2</sup> This relates to contractual obligations paid to Executives in certain circumstances on departure.

<sup>3</sup> Cash salary includes the total cost of salary including annual leave accrual and any salary sacrificed benefits.

<sup>4</sup> The Cash STI incentive applicable to each financial year is reviewed by the USM People and Remuneration Committee and approved by the USM Board post 30 June and paid in September, subsequent to the end of the financial year. With a portion deferred for one year (10%) and two years (10%) for the CEO only.

<sup>5</sup> This includes the net of long service leave entitlements accrued/paid during the year calculated under the relevant accounting standard and in some cases entitlements have not yet vested with the Executive.

<sup>6</sup> This Executive is entitled to an additional two weeks annual leave.

**FINANCIAL STATEMENTS - UNISUPER AND CONTROLLED ENTITIES***Summary of Executive annual incentive payment*

<b>EXECUTIVE</b>	<b>YEAR<sup>1</sup></b>	<b>INCENTIVE POTENTIAL (ON TARGET) (%)</b>	<b>INCENTIVE POTENTIAL (MAXIMUM) (%)</b>	<b>FIXED REM (\$)</b>	<b>INCENTIVE (\$)</b>
Peter Chun	2022	35	50	842,400	389,610
John Pearce	2022	-	150	750,000	824,674
Julie Watkins	2022	25	40	380,000	128,155
Andrew Raftis	2022	25	40	370,000	111,555
Steven McGregor	2022	25	40	450,000	145,913
Danielle Murrrie (from 14 Jan 2022)	2022	25	40	450,000	67,086

<sup>1</sup> The incentives applicable to the 2022 financial year were reviewed by the Remuneration Committee and approved by the USM Board post 30 June and paid in September 2022, subsequent to the end of the financial year. With a portion deferred for one year (10%) and two years (10%) for the CEO only.

**15 Remuneration of auditors**

	<b>2022 \$'000</b>	<b>2021 \$'000</b>
<b><i>Ernst &amp; Young - Audit and assurance services</i></b>		
Audit and review work of financial reports	254	245
Other assurance services, including audit of regulatory returns	134	129
<b>Total remuneration for assurance services<sup>1</sup></b>	<b>388</b>	<b>374</b>
<b><i>Ernst &amp; Young - Non-audit services</i></b>		
CPS234 Tripartite review	110	-
Best Financial Interest Duty Framework	53	-
Operational risk financial requirement	-	23
<b>Total remuneration for non-audit services<sup>2</sup></b>	<b>163</b>	<b>23</b>

<sup>1</sup> Balances include audit and assurance fees for the Fund, the Trustee and investment subsidiaries. As the Fund cannot recover 100% of the GST credits, the amounts disclosed are inclusive of GST.

<sup>2</sup> As the Fund cannot recover 100% of the GST credits, the amounts disclosed are inclusive of GST.

The relevant service providers for the 30 June 2022 financial year were:

- External audit services: EY
- Internal audit services: PricewaterhouseCoopers (PwC)
- Taxation services: KPMG

# Other notes to the Financial Statements

## 16 Administration expenses

	2022 \$'M	2021 \$'M
<i>Net operating profit before income tax includes the following specific expenses:</i>		
UniSuper Management administration fees	53	49
APRA fees	4	3
Governance	3	3
Other expenses	20	15
<b>Total administration expenses</b>	<b>80</b>	<b>70</b>

## 17 Related party transactions

### A PARENT ENTITIES

The ultimate parent of the Fund is USL. As set out in note 2(b)iii, consolidated accounts have not been prepared.

### B CONTROLLED ENTITIES

Interests in controlled entities are set out in note 21.

### C KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in note 14.

**FINANCIAL STATEMENTS - UNISUPER AND CONTROLLED ENTITIES****D TRANSACTIONS WITH RELATED PARTIES**

The following transactions occurred with related parties:

	UNISUPER		UNISUPER MANAGEMENT PTY LTD	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Purchase/provision of services</b>				
Administration services fees (paid) by UniSuper to controlled entities (USM)	(53,333)	(48,969)	53,333	48,969
Investment management fees (paid) by UniSuper to controlled entities (USM) <sup>1</sup>	(206,526)	(225,333)	201,489	221,139
Administration services fees (paid) by UniSuper to UniSuper Ltd (the Trustee) <sup>2</sup>	(15,932)	(3,182)	-	-
<b>Dividend and distribution revenue</b>				
Controlled entities	91,567	62,927	0	0
<b>Interest revenue</b>				
Controlled entities	4	2	0	0
<b>Superannuation contributions</b>				
Contributions (paid) to UniSuper superannuation fund by USM on behalf of employees	17,553	16,155	(17,553)	(16,155)
Fees (paid) by USM to employers to assist with Fund administration	0	0	(3,390)	(3,365)

<sup>1</sup> The investment management fees expensed by UniSuper differs from the income recognised by USM due to different treatments of the relevant GST.

<sup>2</sup> The Trustee fee disclosed excludes GST. The Consultative Committee (which comprises representative members of the Fund and employer-sponsors) approved and voted in favour of a trustee fee payment from the Fund to the Company totalling \$21.5m (exclusive of GST). A total of \$19.1m (exclusive of GST) is recognised in the Company as at 30 June 2022, with the remaining balance to be paid over time as invoiced by the Company. The residual fee is to be funded out of the Fund's reserve, with no additional fees levied to members.

**E OUTSTANDING BALANCES RISING FROM TRANSACTIONS WITH RELATED PARTIES**

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2022	2021
	\$'000	\$'000
<i>Current payables</i>		
Controlled entities	2,834	14,816

**F TERMS AND CONDITIONS**

Transactions relating to dividends and distributions were on normal commercial terms and conditions.

All other transactions were made on normal commercial terms and conditions and at market rates.

Outstanding balances are unsecured and are repayable in cash.

## Additional disclosures

### 18 Segment information

The Group operates solely within the financial services industry in Australia to provide retirement benefits for its members. The investments of the Group consist of both domestic and foreign assets.

### 19 Contingencies

UniSuper had no contingent liabilities at 30 June 2022 (2021 \$Nil).

### 20 Commitments

**CAPITAL COMMITMENTS**

Capital calls and capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	2022	2021
	\$'M	\$'M
<i>Investment commitments</i>		
Payable:		
Within one year	301	133



## 21 Controlled entities

The Fund's controlled entities are listed below. UniSuper Limited, as trustee of the Fund, beneficially holds the interests in these entities on behalf of the Fund. The controlled entities are not consolidated in accordance with the accounting policy described in note 2(b)(iii):

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING OF UNISUPER LIMITED	
			2022 %	2021 %
UniSuper Management Pty Ltd	Australia	Ordinary	100	100
Highlander Investments No. 1 Pty Ltd	Australia	Ordinary	100	100
Highlander Investments No. 2 Pty Ltd	Australia	Ordinary	100	100
Highlander Investments Trust	Australia	Trust Units	100	100
Highlander Retail Holdings Pty Ltd	Australia	Ordinary	100	100
UniSuper KSC Intermediate Trust	Australia	Trust Units	100	100
KSC Trust	Australia	Trust Units	100	100
KSC Residential Trust	Australia	Trust Units	100	100
M Property Trust	Australia	Trust Units	100	100
Marrickville Trust	Australia	Trust Units	100	100
Parkville Holdings Nominees Pty Ltd	Australia	Ordinary	100	100
Parkville Trust	Australia	Trust Units	100	100
TESS Property Holdings Pty Ltd	Australia	Ordinary	100	100
UniSuper Forestry Investments Limited	New Zealand	Ordinary	100	100
UniSuper Forestry Trust No. 1	Australia	Trust Units	100	100
UniSuper International Investments Trust	Australia	Trust Units	100	100
Water Investments Trust	Australia	Trust Units	100	100
Wattletree Trust	Australia	Trust Units	100	100
TESS UniSuper International Credit Trust	Australia	Trust Units	100	100
TESS UniSuper Infrastructure Trust	Australia	Trust Units	100	100
TESS UniSuper Uniseed Trust	Australia	Trust Units	100	-
UniSuper Infrastructure USA Inc	United States	Ordinary	100	100

## 22 Economic dependency

USM depends on the Fund for a significant volume of revenue. During the year ended 30 June 2022, 100% (2021: 100%) of USM's revenue as a provider of superannuation administration services to the Australian higher education and research sector, was sourced from UniSuper or UniSuper's members.

## 23 Events occurring after the balance date

In 2021, UniSuper was selected as the preferred merger partner for Australian Catholic Superannuation and Retirement Fund (ACSRF). A high-level business case was prepared by management that suggested a merger with ACSRf would be in the financial interest of UniSuper members. Consequently, a memorandum of

understanding with ACSRf was executed in November 2021 to further explore the merger. Since then, due diligence has been carried out with the assistance of KPMG as well as integration planning on the steps needed to Successor Fund Transfer (SFT) ACSRf members into UniSuper. Due diligence concluded that all ACSRf assets could be transitioned into UniSuper's existing portfolios without a material change in fees at the sector level nor at the investment option level.

A detailed business case to confirm that the merger with ACSRf was in the best interests of UniSuper members was presented to the Board in May 2022.

Merging with ACSRf is expected to increase UniSuper's FUM by around \$10b and bring across approximately 88,000 members. The SFT deed was signed by both parties on 5th July 2022. It is anticipated that the merger will be finalised before the end of the calendar year.

No other material events have occurred subsequent to 30 June 2022 requiring disclosure or an adjustment to the financial statements.

### Disclosures relating to UniSuper Management Pty Ltd Only

As explained in note 2(b)(iii), consolidated financial statements including USM have not been prepared based on materiality. However, users of the Fund's financial statements may benefit from the inclusion of the following disclosures relating specifically to USM. USM's net result before tax for the year includes the expenses in note 24 below. USM's statement of financial position includes the assets and liabilities in notes 25-27.

## 24 Administration expenses

	2022 \$'000	2021 \$'000
Employee benefits expenses	153,340	139,028
Depreciation and amortisation	27,720	26,740
Computer Expenses	21,333	17,738
Premises	13,233	13,046
Consultants	14,180	17,051
Member communications	9,578	3,952
University services	3,404	3,366
Governance	1,219	1,367
Asset Write-downs	-	12
Other Expenses	4,240	4,652
<b>Total administration expenses</b>	<b>248,247</b>	<b>226,952</b>

## 25 Property, plant and equipment

	MOTOR VEHICLES \$'000	FURNITURE & FITTINGS \$'000	COMPUTER HARDWARE \$'000	SUB-TOTAL \$'000	WORK IN PROGRESS \$'000	TOTAL \$'000
<b>BALANCE AT 30 JUNE 2022</b>						
Cost	86	28,801	5,430	34,317	473	34,790
Accumulated depreciation	(83)	(12,933)	(4,187)	(17,203)	-	(17,203)
Net book amount	3	15,868	1,243	17,114	473	17,587
<b>BALANCE AT 30 JUNE 2021</b>						
Balance as at 30 June 2021	20	19,176	2,853	22,049	11	22,060
Additions	-	160	43	203	479	682
Asset reclassifications	-	17	-	17	(17)	-
Disposals/Asset write off	-	-	-	-	-	-
Depreciation expense	(17)	(3,485)	(1,653)	(5,155)	-	(5,155)
Carrying amount at 30 June 2022	3	15,868	1,243	17,114	473	17,587
<b>BALANCE AT 30 JUNE 2021</b>						
Cost	115	29,122	12,844	42,081	11	42,092
Accumulated depreciation	(95)	(9,946)	(9,991)	(20,032)	-	(20,032)
Net book amount	20	19,176	2,853	22,049	11	22,060
<b>BALANCE AT 30 JUNE 2020</b>						
Balance as at 30 June 2020	37	20,922	4,308	25,267	534	25,801
Additions	-	155	131	286	411	697
Asset reclassifications	-	934	-	934	(934)	-
Disposals/Asset write off	-	(5)	(8)	(13)	-	(13)
Depreciation expense	(17)	(2,830)	(1,578)	(4,425)	-	(4,425)
Carrying amount at 30 June 2021	20	19,176	2,853	22,049	11	22,060

## 26 Non-current assets - Intangible assets

	PURCHASED SOFTWARE \$'000	INTERNALLY DEVELOPED SOFTWARE \$'000	SUB-TOTAL \$'000	WORK IN PROGRESS \$'000	TOTAL \$'000
<b>BALANCE AT 30 JUNE 2022</b>					
Cost	150	121,632	121,782	46,821	168,603
Accumulated depreciation	(55)	(60,912)	(60,967)	-	(60,967)
Net book amount	95	60,720	60,815	46,821	107,636
Carrying amount at 30 June 2021	125	61,847	61,972	33,648	95,620
Additions	-	-	-	34,581	34,581
Asset reclassifications	-	21,408	21,408	(21,408)	-
Disposals/ Asset write-off	-	-	-	-	-
Amortisation expense	(30)	(22,535)	(22,565)	-	(22,565)
Carrying amount at 30 June 2022	95	60,720	60,815	46,821	107,636
<b>BALANCE AT 30 JUNE 2021</b>					
Cost	6,530	148,120	154,650	33,648	188,298
Accumulated depreciation	(6,405)	(86,273)	(92,678)	-	(92,678)
Net book amount	125	61,847	61,972	33,648	95,620
Carrying amount at 30 June 2020	111	63,028	63,139	25,969	89,108
Additions	149	-	149	28,678	28,827
Asset reclassifications	-	20,999	20,999	(20,999)	-
Disposals/ Asset write-off	-	-	-	-	-
Amortisation expense	(135)	(22,180)	(22,315)	-	(22,315)
Carrying amount at 30 June 2021	125	61,847	61,972	33,648	95,620

## 27 Provision for employee entitlements

	2022 \$'000	2021 \$'000
Current	37,431	36,347
Non-current	831	885
<b>Total provision for employee entitlements</b>	<b>38,262</b>	<b>37,232</b>

# Trustee's declaration to the members of UniSuper

In the opinion of the Trustee of UniSuper:

- a. the financial report set out on pages 22 to 68 is drawn up so as to present fairly the financial position of the Fund as at 30 June 2022 and the results of its operations and cash flow for the year then ended; and
- b. the operation of UniSuper was governed by the UniSuper Trust Deed dated 24 December 1982 as amended by Deeds of Amendment numbers 1 to 47 inclusive, and UniSuper was a complying superannuation fund within the meaning of the *Superannuation Industry (Supervision) Act 1993* during the year ended 30 June 2022; and
- c. the financial statements have been prepared in accordance with Australian Accounting Standards, other mandatory professional reporting requirements and the provisions of the Trust Deed dated 24 December 1982 as amended by Deeds of Amendment numbers 1 to 47 inclusive.

Signed for and on behalf of the Trustee



Chair  
31 August 2022



Director



Chief Executive



**Building a better  
working world**

Ernst & Young  
8 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000  
Fax: +61 3 8650 7777  
ey.com/au

## **Part 1 - Independent Auditor's report on financial statements**

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

**UniSuper and Controlled Entities ABN 91 385 943 850**

**Report by the RSE Auditor to the trustee and members**

### **Opinion**

I have audited the financial statements of UniSuper for the year ended 30 June 2022 comprising the statement of financial position, income statement, statement of changes in member benefits, statement of cash flows and statement of changes in reserves.

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of UniSuper as at 30 June 2022 and the results of its operations, cash flows, changes in equity/reserves and changes in members' benefits for the year ended 30 June 2022.

### **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 trustees 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.

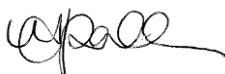
In preparing the financial statements, the trustee is responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the RSE or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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



Maree Pallisco  
Partner  
Melbourne

31 August 2022





## **CONTACT US**

1800 331 685  
+61 3 8831 7901

## **WEBSITE**

[unisuper.com.au](http://unisuper.com.au)

## **EMAIL**

[enquiry@unisuper.com.au](mailto:enquiry@unisuper.com.au)

## **UNISUPER ADVICE**

1800 823 842  
+61 3 8831 7916

## **ADDRESS**

UniSuper  
Level 1, 385 Bourke Street  
Melbourne Vic 3000  
Australia

This Annual Financial Report has been prepared and issued by UniSuper Limited as Trustee of UniSuper.

This information is of a general nature only and does not take into account your personal financial situation or needs. Before making any decision in relation to your UniSuper membership, you should consider your personal circumstances, the relevant product disclosure statement from UniSuper for your membership category and whether to consult a licensed financial adviser.

Every care has been taken with the information provided in this publication. However, because of the complex nature of superannuation and taxation law and the frequent changes occurring, UniSuper Limited reserves the right to correct any error or omission. If there is any discrepancy between this publication and the Trust Deed and Regulations, the Trust Deed and Regulations will prevail.

Information in this publication is current as at the date of publication, but may change in the future. UniSuper is referred to throughout this document as "UniSuper" or the "Fund" (ABN 91 385 943 850, MySuper Authorisation No. 91385943850448).

UniSuper Limited (USL) (ABN 54 006 027 121/ AFSL No 492806) is the corporate trustee of UniSuper (the Fund) (ABN 91 385 943 850) and is referred to throughout this document as "UniSuper Limited" or the "Trustee".

UniSuper Management Pty Ltd is the administrator of the Fund and is referred to throughout this document as "USM" or the "Administrator" (ABN 91 006 961 799/AFSL No 235907). USM is wholly owned by USL in its capacity as UniSuper's Trustee. UniSuper Advice is operated by USM, which is licensed to deal in financial products and to provide financial advice. UniSuper Limited Board is referred to throughout this document as the "Board" or the "Directors".

Level 1, 385 Bourke Street, Melbourne Vic 3000

© UniSuper Limited  
August 2022

Members can request a hard copy or an electronic version of this report free of charge by calling 1800 331 685.