

2024 Consolidated Annual Financial Report

Australian Retirement Trust

For the year ended 30 June 2024

ABN: 60 905 115 063

Issued: 19 September 2024

art.com.au

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Directors' Report

The Directors (Board or ART Board) of Australian Retirement Trust Pty Ltd (ABN 88 010 720 840) (Trustee), as trustee for Australian Retirement Trust (ABN 60 905 115 063) (we, us, our, ART or the Fund) submit the 2024 Consolidated Annual Financial Report of the Fund for the financial year ended 30 June 2024. The Trustee is licensed by the Australian Prudential Regulation Authority (APRA) under a Registrable Superannuation Entity (RSE) licence number R1073034 and holds an Australian Financial Services Licence (AFSL) (AFSL No. 228975) from the Australian Securities and Investments Commission (ASIC).

Operating and financial review

Principal activities

The principal activities of ART during the financial year were the provision of:

- superannuation accounts for members of the Fund and associated administrative and advice services,
- investment services in respect of members' retirement savings held within the Fund, and
- life insurance services covering death, total & permanent disablement (TPD), and income protection benefits for members.

The Fund operates on a profit for members basis and is open to all Australians. There have been no significant changes in the nature of the principal activities of the Fund during the financial year.

Member benefits

As at 30 June 2024, we served 2.34 million members (2023: 2.20 million) with net assets of \$302 billion (2023: \$255 billion). Net contributions to the Fund by or on behalf of members, together with earnings on invested benefits, are key drivers of benefits we hold for members. The table below reconciles the overall inflows and outflows to the Fund during the 2023-24 financial year:

Net Assets available for member benefits	2024	2023
	\$million	\$million
Opening balance	255,201	231,686
Results from superannuation activities after income tax (expense)/benefit	20,686	16,196
Net after tax contributions	18,919	15,989
Benefits paid to or for the benefit of members	(9,976)	(8,345)
Transfer in from other superannuation entities	17,929	1,164
Insurance premiums charged to members' accounts	(1,125)	(974)
Insurance proceeds credited to members' accounts	327	293
Death and disability amounts received for members	468	435
Net change in member benefits to be funded by employer sponsor ¹	(727)	(1,088)
Insurance premium margin and tax	(119)	(155)
Successor Fund Transfers - ORFR	31	-
Closing Balance	301,614	255,201

¹ Represents the movement for the year in the difference between the value of the accrued benefits of the Queensland Government Defined Benefit Scheme and net assets held by the Fund in respect of the scheme at the relevant year end. Further information is set out in Note 6 to the Financial Statements.

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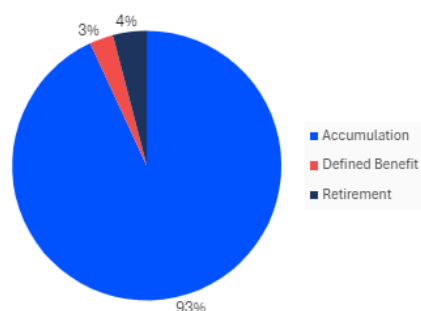
Directors' Report

Benefits paid to members

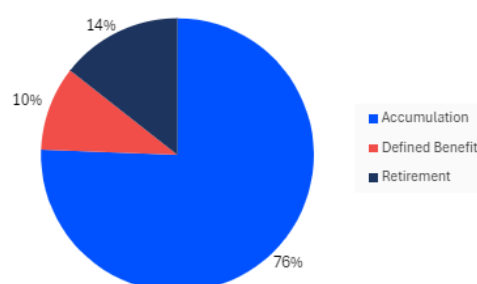
We have supported ART members by paying member benefit payments in the financial year totalling \$9,976 million (2022-23: \$8,345 million). Benefit payments to members continue to grow from year to year in line with the transition of more members of the Fund into the retirement phase.

The proportion of members in retirement phase at the end of the 2023-24 financial year was 4.24% (2022-23: 4.05%), with their retirement savings representing 14.33% (2022-23: 14.40%) of ART's funds under management (FUM). The charts below show the number of members in the accumulation phase and the retirement phase and their respective shares of FUM at 30 June 2024.

Number of Members - 2.34m



Percentage of Member Balances



Investment performance

Our results for 2023-24 from all superannuation and investment activities after income tax expense was \$20,686 million (2022-23: \$16,196 million). The net benefits allocated to members was \$21,080 million with the balance of \$394 million drawn from reserves. In 2022-23 financial year, net benefits allocated to members was \$16,073 million with the balance of \$123 million attributed to reserves.

We offer members a wide range of investment options to suit different member circumstances, investing experience, and retirement goals. Historical investment performance outcomes for all of ART's investment options are available on ART's website. ([Super investment performance | Australian Retirement Trust.](#))

The majority of ART members and member assets were invested in four (4) investment options or cohorts over the financial year. For Super Savings account holders, the two largest options in the 2023-24 financial year (by Funds Under Administration (FUA)² and member numbers) were the Balanced Option³ and the High Growth⁴ Option. For QSuper account holders, the Balanced Risk-Adjusted⁵ Option and MySuper Lifetime – Outlook⁶ were the largest by FUM and member numbers.

² Funds under Administration is the sum of Funds Under Management (FUM) and the Employer Sponsor Receivable.

³ The Balanced Option was renamed from the Super Savings Balanced option from 1 July 2024. Reference to the Balanced Option in this paragraph includes the members and assets invested in the Balanced Pool that supports the MySuper Super Savings Lifecycle Investment Strategy.

⁴ The Growth Option was renamed to the High Growth Option from 1 July 2024.

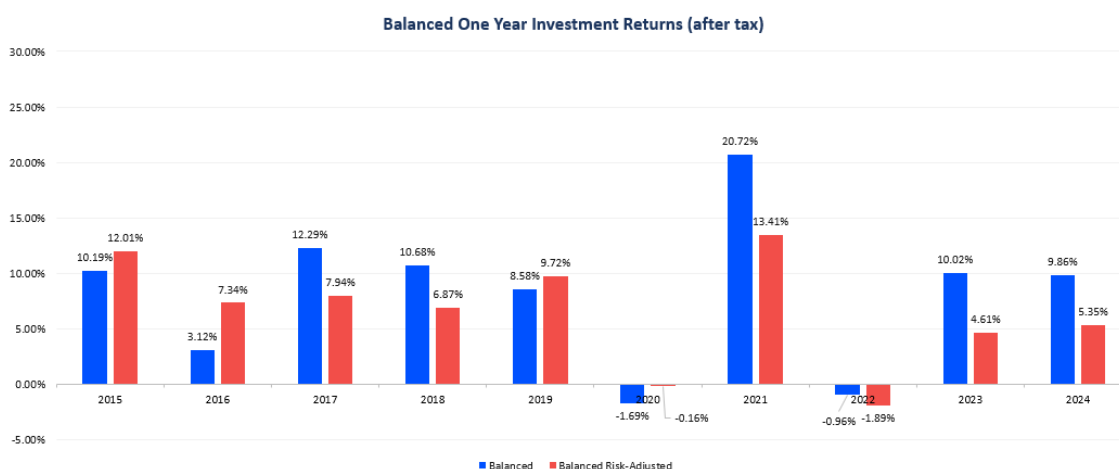
⁵ The Balanced Risk-Adjusted option was renamed from the QSuper Balanced Option from 1 July 2024

⁶ MySuper Lifetime – Outlook is one of the cohorts in the MySuper QSuper Lifetime product.

Directors' Report

The High Growth Option⁷ had strong absolute and relative performance in 2023-24 with a return of 11.35% for the financial year. In the SuperRatings Fund Crediting Rate Survey (FCRS) SR50 Growth (77-90) Index⁸ for the period ending 30 June 2024, our High Growth Option was ranked number 1 over 3 and 10 years. We also delivered a 9.86% return for the Balanced Option⁹ for the financial year, and in the SuperRatings FCRS SR50 Balanced (60-76) Index¹⁰ for the period ending 30 June 2024, the option was ranked number 4 over 3 years and ranked number 2 over 10 years.¹¹

The Balanced Option and the Balanced Risk-Adjusted Option¹² have different investment strategies with the Balanced Risk-Adjusted Option historically designed to reduce the impact of share market volatility (and provide members with a smoother ride compared to other balanced options). As a result, the Balanced Risk-Adjusted Option has generally held lower allocations to Australian and international share markets (in 2024 the allocation to share markets was 38.6% versus 52.3% for the Balanced Option). The difference in investment strategies is evident from the graph below which shows the comparative results¹³ of the 2 options for each of the last 10 financial years.



In 2023-24, a year of strong share market performance and weaker returns from bonds, the lower return of the Balanced Risk-Adjusted Option (5.35%) reflects a different investment allocation compared to the Balanced Option.

From 1 July 2024, the Balanced Risk-Adjusted Option's strategy changed to more closely align its differences in return profile to other similar options, including the Balanced Option. The option will still retain characteristics that mitigate against low returns in weak share markets. Retaining those characteristics, particularly for members in the retirement phase, ensures a wide spectrum of investment strategies is available to all members to suit the individual stage of their retirement journey.

The investment strategies of MySuper QSuper Lifetime – Outlook cohort and the High Growth Option have also been mostly aligned and their performance is expected to be more closely aligned in future reporting periods.

⁷ The Growth Option was renamed to the High Growth Option from 1 July 2024.

⁸ The SuperRatings SR50 Growth (77-90) Index is comprised of a selection of superannuation investment options with a growth asset ratio of between 77 and 90 percent. Options are selected by SuperRatings based on size and other factors.

⁹ The Balanced Option was renamed from the Super Savings Balanced option from 1 July 2024

¹⁰ The SuperRatings SR50 Balanced (60-76) Index is comprised of a selection of superannuation investment options with a growth asset ratio of between 60 and 76 percent. Options are selected by SuperRatings based on size and other factors.

¹¹ Past performance isn't a reliable indicator of future performance. Returns shown are after investment fees and costs, transaction costs and investment taxes (where relevant) but before all other fees and costs.

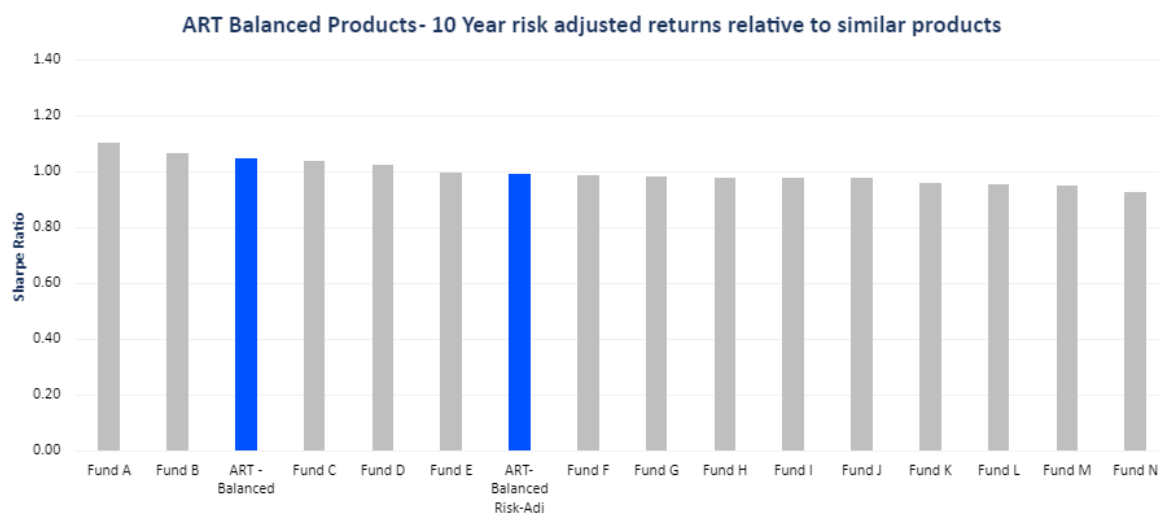
¹² The Balanced Risk-Adjusted option was renamed from the QSuper Balanced Option from 1 July 2024

¹³ Past performance isn't a reliable indicator of future performance. Returns shown are after investment fees and costs, transaction costs and investment taxes (where relevant) but before all other fees and costs.

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While this is a financial year report, an important measure of performance is how the investment options delivered on a long-term (10 years) risk-adjusted basis, being the level of return adjusted for the amount of risk taken to achieve the return. A widely accepted industry measure of this is the Sharpe Ratio¹⁴. Independent research publicly available from SuperRatings¹⁵ that benchmarks the performance of ART's Balanced and Balanced Risk-Adjusted Options over the 10 years to 30 June 2024 is set out below.



Source: SuperRatings Accumulation Volatility and Risk -Adjusted Survey June 2024

Choice Investment option alignment

A new choice investment option menu was introduced from 1 July 2024 which is available for all ART members. From 1 July 2024, we introduced a streamlined suite of 15 choice investment options across our superannuation products. The suite of choice investment options includes 8 diversified options (including our Socially Conscious Balanced Option and 2 passively managed options), as well as 7 asset class options that allow members to mix and manage their portfolio to take into account their individual circumstances.

Member growth

During the 2023-24 financial year, we welcomed approximately 90,500 new ART members (2022-23: 3,000) and their retirement savings of \$18,987 million (2022-23: \$554 million) in successor fund transfers. This included the successor fund transfers of Commonwealth Bank Group Super, AvSuper, Alcoa Superannuation Plan, Woolworths Group Superannuation Plan and Endeavour Group Superannuation Plan.

We also grew our pool of members' retirement savings through gross inflows from members joining directly or through ART's employer partnership relationships. ART's FUM from transfers into ART (excluding successor fund transfers) increased by 5% in 2023-24 over 2022-23 to \$5,378 million.

Fund operations

Fund activities

We charge members fees for the provision of superannuation services. These are charged as administration fees and costs directly to members' accounts¹⁶ and investment fees and costs to unit prices of ART's investment options. Investment fees and costs vary depending on the investment

¹⁴ An indicator proposed by economist William F. Sharpe that seeks to compare the return on an investment with its risk, with a higher number reflecting a higher risk adjusted return.

¹⁵ SuperRatings is part of the Lonsec Group which provides financial advisers, fund managers and superannuation funds with research and other insights on financial products

¹⁶ Prior to 1 July 2024, administration fees for QSuper members were charged directly to unit prices of the relevant investment options.

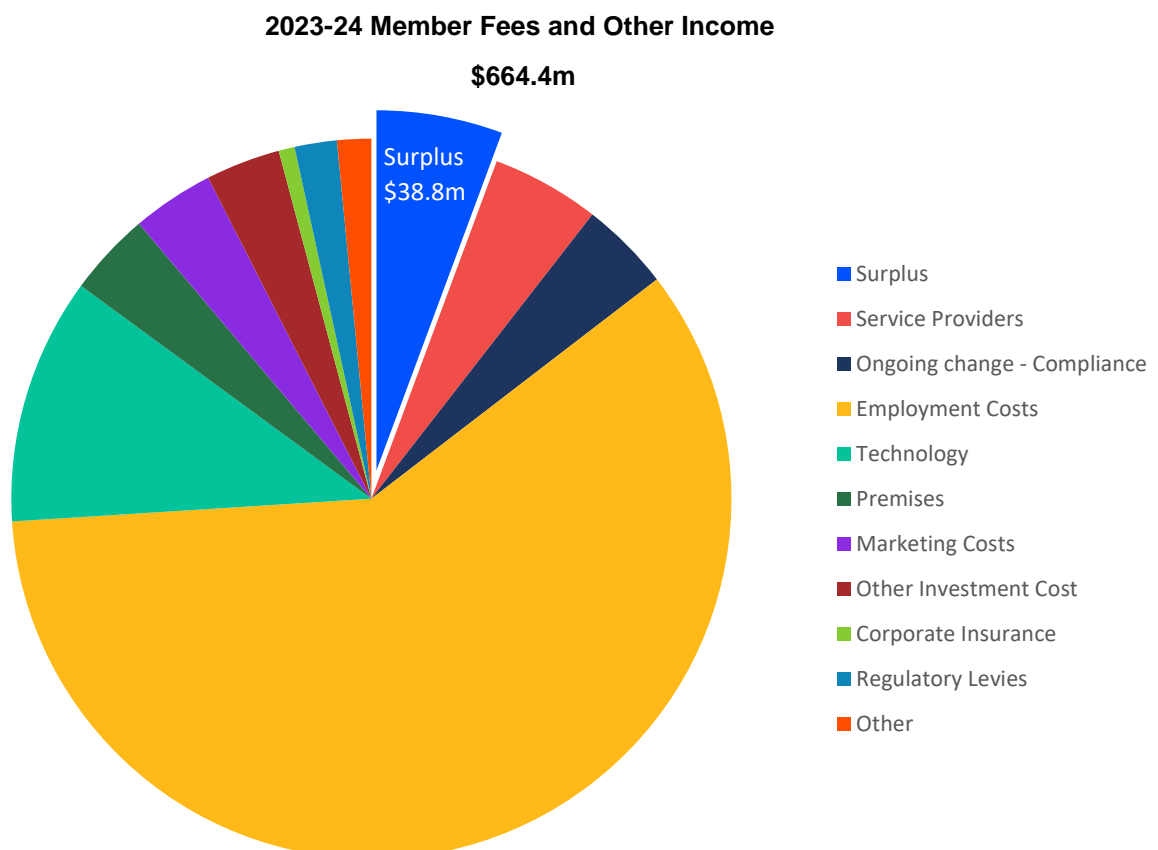
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option in which the members' funds are invested. If a member is covered by a Group Life Insurance Policy (in respect of death, total permanent disability or income protection insurance) premiums are charged directly to the member's account and paid directly to the relevant insurer.

Administration fees and the component of investment fees that cover the internal costs of managing investments and investment related projects, contribute to ART's General Reserve. Fees contributed to the General Reserve are used to pay for the costs incurred to administer superannuation accounts and manage the underlying investments. This includes, for example, the cost of employees, managing underlying investment portfolios, delivering services to members, ensuring compliance with laws, managing risks faced by ART and maintaining technology used in ART's operations. To the extent fees collected from members exceed our general operating costs, the surplus is held in the General Reserve to support ongoing business resilience within ART's risk appetite and meet planned expenditure in future years, such as the cost of major technology upgrades.

During 2023-24, \$629.4 million (2022-23: \$536.3 million) was collected from members as administration fees and internal investment fees, and a further \$35.0 million (2022-23: \$33.2 million) of other income was received through operating activities. The Fund spent \$625.6 million (2022-23: \$535.2 million) on general operating costs related to ongoing activities. This resulted in an operating surplus of \$38.8 million for the financial year (2022-23: \$34.3 million). The chart below demonstrates how ART spent administration and internal investment fees collected from members plus other inflows to fund general operating costs (excluding external investment management fees) related to ongoing activities, with the operating surplus amounting to approximately 6% (2022-23: 6%) of total administration fees and internal investment fees charged and other inflows.



By transferring the operating surplus to the General Reserve, we seek to maintain ART's financial resilience over time and to enable future investment in activities that are outside regular or ongoing operations.

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Fund resilience

ART holds 2 substantial reserves that contribute to its financial resilience. These are the Operational Risk Financial Requirement (ORFR) Reserve and the General Reserve. The ORFR and General Reserve are beneficially held for members.

	2024	2023
	\$m	\$m
ORFR Reserve	736	614
General Reserve	744	966
Total	1,480	1,580

The ORFR Reserve ensures that ART holds a substantial amount of funds to address losses (that are not covered by insurance or third parties) from operational risks within our business operations that could adversely impact a member's retirement savings balance. It is a regulatory requirement to maintain this reserve at an amount that is equivalent to 0.25% (25 basis points) of funds under management.

The General Reserve is credited with any operating surpluses and can be drawn upon to meet a range of activities that benefit members whilst ensuring that ART operates within its risk appetite. We are currently using the General Reserve to invest in unifying member servicing processes across our product suite as well as the underlying technology systems inherited from the merger of QSuper and Sunsuper. Key projects supporting the long-term strategy of the Fund to maximise member outcomes that were funded from the General Reserve over the financial year included:

- Consolidation into a single custodian provider that delivered significant business simplification and reduced cost to serve members
- Continuing unification activities to deliver a single member servicing platform planned for delivery over the 2025 and 2026 financial years, providing members with a consistent member experience
- Data integration, including the completion of data harmonisation across the Super Savings and QSuper products to support the Fund's investment management strategies
- Investment in priority cyber security measures to protect member account data
- Consolidation of finance and people systems

Changes in state of affairs

Significant changes in the state of affairs of the Fund during the financial year ended 30 June 2024 or that have occurred since that date were:

- Chief Executive Officer since the creation of ART, Bernard Reilly, resigned effective 29 February 2024.
- The appointment of David Anderson as Chief Executive Officer, effective 4 March 2024.
- The opening by ART of an office in London, United Kingdom, to further capitalise on international investment opportunities.

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- A change in the executive structure that was implemented with effect from 24 July 2024. The new executive structure is:

Name	Position
David Anderson	Chief Executive Officer
Julie Bingham	Chief Enterprise Services Officer
Anne Browne	Chief People Officer
Simonne Burnett	Chief Member Experience Officer
Stephen McKay	Interim Chief Commercial Officer
Dianna Orbell	Interim Chief Risk Officer
Ian Patrick	Chief Investment Officer
Anthony Rose ¹⁷	Chief Financial Officer
Katherine Vincent	Chief Operating Officer

Other than the changes above, there was no significant change in the state of affairs of the Fund during the financial year.

Business strategies and future developments

In the years ahead we aim to continue to grow ART sustainably through a combination of attracting new members based on our product and service offering, partnering with more Australian employers who choose ART as their preferred superannuation fund for their employees, and welcoming other funds and members who see the benefits of ART's scale, access to investment opportunities and member servicing capabilities.

This growth will help to ensure ART can capitalise on improved access to new and larger investment opportunities to ultimately benefit members' investment returns. We will continue to strive to enhance member services, deliver them more efficiently and continue to safeguard members' retirement savings.

We will also continue to harmonise our systems and platforms as well as enhancing products and services we offer our members, with a key focus for 2025 being the continuation of activities to deliver a single unified member servicing platform across both the Super Savings and QSuper product suites.

Risks to ART's financial performance, position, and its operations

As a global investor on behalf of our members, ART is subject to macroeconomic factors throughout business cycles that impact upon investment returns.

In the FY24 financial year, the following factors were considered among others:

- Inflation declined from multi-decade highs.
- The global economy remained reasonably robust despite the world's central banks tightening monetary policy aggressively in recent years from historical lows.
- Continued economic growth underpinned a strong performance from global share markets.

We do not design portfolios based on short term economic, market or geopolitical forecasts. However, we seek to capitalise on opportunities that inevitably emerge during times of heightened market uncertainty. The financial risks our activities are exposed to are set out and discussed in Note 2 Financial Risk Management (beginning on page 51) to the Financial Statements within this Consolidated Annual Financial Report.

¹⁷ Anthony Rose has provided notice of resignation and will cease employment with ART on 15 October 2024, with Philip Fraser being appointed to the role of Chief Financial Officer from 1 October 2024.

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Countering the risk of cyber threats to our organisation remains a priority for ART. We have developed cyber security controls and governance protocols to ensure we have a combination of technology, people and processes to repel threats.

We are completing an organisational resilience project to assess and improve how we safeguard our critical operations, helping ART to be prepared for, respond, and adapt to a changing market environment and be more resilient to the risk of sudden disruptions.

Environmental, social and governance

Investing for the long term includes managing environmental, social and governance (ESG) risks, such as risks associated with climate change, today. Our approach to sustainable investing is guided by our legal duty to act in our members' best financial interests, our core investment beliefs, and our Sustainable Investment Policy.

Our Sustainable Investment Report 2023-24 expected to be available on 31 October 2024 will provide details of our performance and achievements for the financial year ending 30 June 2024.

The focus for this past year has been on delivery of several key strategic initiatives and actions outlined in our Sustainable Investment Strategy and Climate Change Strategy, which included our Net Zero 2050 Roadmap (Roadmap), which were approved by the Board in June 2023. These strategies outline a 2-year plan to build our sustainable investment and climate-related capabilities across the Investment team, to help realise one of our core investment principles, that "sustainable investing leads to superior outcomes". We are one year in and at the mid-point of implementation.

Recognising the importance of disclosures for our members and other stakeholders, we published our Roadmap in September 2023, and our consolidated Sustainable Investment Policy in October 2023. ([Sustainable investment reporting | ART \(art.com.au\)](#))

The Sustainable Investment team introduced a new team structure and increased resourcing to support the delivery of our strategies. This year, we were pleased to appoint Sustainable Investment "champions" internally to build capacity within the investment team to further support ESG integration within our investment portfolio.

We use ESG integration, stewardship (engagement and proxy voting) and in limited cases, screening (exclusions), as part of our approach to sustainable investment.

ESG integration

ESG integration is predominantly achieved through the selection and appointment of new external investment managers, and monitoring through assessment of, and engagement with, existing external investment managers. To support ESG integration within our investment managers, we have refreshed our assessment framework for investment manager ESG selection, appointment and monitoring and are well progressed on establishing a benchmark of our existing investment managers' ESG capabilities, in line with this framework. Substantial progress has also been made on incorporating climate change and modern slavery provisions into relevant external investment manager contractual documents.

Stewardship

Stewardship of investee companies is an important activity to manage ESG risk in our investment portfolio, including to support our emissions reductions targets and an equitable transition. During the year we enhanced our stewardship plan for direct engagement with a selection of ASX listed companies, including setting timebound objectives and creating an escalation framework for when companies aren't responsive. When engaging investee companies on ESG issues, we seek to improve behaviours, promote best practice, and develop a better understanding of business and strategic decisions.

ESG member choice investment option

On 1 July 2024 we launched our streamlined suite of investment options, moving to one ESG option, the Socially Conscious Balanced (SCB) Option. While we consider ESG factors across all our available investment options, the SCB Option offers all members the choice to invest in a diversified portfolio aligned with an extended set of ESG principles and is certified by Responsible Investment Association Australasia (RIAA)¹⁸. The QSuper Socially Responsible Option was closed on 30 June 2024.

Modern slavery

Our 'respect and remedy framework' guides our approach to assessing and addressing potential risks of modern slavery in our investments. In addition to supporting delivery of the investment actions outlined in the ART Modern Slavery Statement 2022-23, during the year we developed a modern slavery engagement assessment methodology to support our stewardship activities to assist our direct engagement activities with a selection of ASX listed companies.

Climate change

Climate change poses one of the most significant challenges of our time, creating both risks and opportunities for investment portfolios and continues to be an important area of focus. Consistent with our Roadmap commitments, we have delivered on a number of strategic initiatives including:

- Harmonisation of the approach for managing climate risks within listed equities was completed during the reporting period with the result that from 1 July 2024 there is a single approach to managing the risks presented by climate change within listed equities.¹⁹
- An exclusion was approved by the Investment Committee during the reporting period. Effective from 1 July 2024, direct investment in companies within the Australian and International shares asset classes that generate more than 10% total revenue in the most recent year of financial reporting from the mining of thermal coal and its sale to external parties was excluded, subject to some exceptions²⁰, with further details set out in our Investment Guides.
- The approval of an engagement program for climate-related 'priority companies' as defined in our Roadmap²¹ to support our interim climate-related 'engagement' target. This program was implemented during the reporting period and incorporates setting time-bound engagement objectives for companies we engage with directly.
- Establishing a baseline and setting a climate-related investment target across several asset classes to ensure we focus on opportunities to deploy capital for transition to a net zero economy when it is in members' best financial interests.

¹⁸ For more information about the Responsible Investment Association Australasia classifications, please visit www.responsibleinvestment.org/ri-certification/sustainability-classifications

¹⁹ ART's 2 legacy funds (Sunsuper and QSuper) implemented different approaches for managing the risks presented by climate change within listed shares

²⁰ Exclusions relating to thermal coal are based on MSCI ESG Climate Change Metrics Methodology and definitions (October 2023), data supplied through, and defined within, MSCI ESG Manager platform and the associated universe coverage. The screening criteria do not apply to pooled vehicles or derivatives, which may have indirect exposure to companies involved in the mining of thermal coal, manufacture of tobacco, cluster munitions or landmines. The thermal coal exclusion does not apply to companies deriving revenue from metallurgical coal (in other words, coal used in the production of steel); coal mined for internal power generation (e.g. in the case of vertically integrated power producers); intra-company sales of mined thermal coal; revenue from coal trading; and royalty income for companies not involved in thermal coal extraction operations. Sometimes we may accept excluded listed shares as part of superannuation fund mergers. In this instance, we seek to divest in a manner aligned with members' best financial interests, usually within 30 days. We rely on accuracy of data from a third-party provider (MSCI) to implement the exclusions. We update the exclusion lists twice a year. Following those updates, we tell external investment managers which listed equity shares must be excluded from new and existing investments. Further exclusions may be applied in accordance with our Sustainable Investment Policy

²¹ ART's 'priority companies' represent 70% of ART's financed scope 1 and 2 emissions within the listed equities asset class.

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Subsequent events

A new investment option menu was introduced from 1 July 2024 which is available for all ART members.

On 16 July 2024, the Trustee entered a Heads of Agreement (HoA) with Qantas Superannuation Limited (ABN 16 009 661 901) (Qantas Super) and Qantas Airways Limited (ABN 47 003 806 960) to negotiate a merger via Successor Fund Transfer (SFT) of all members' interest from Qantas Super to ART. The merger is subject to both ART and Qantas Super completing their respective final members best financial interests and equivalency of rights assessments and signing a Successor Fund Transfer Deed.

The Board conducted a detailed review of the purpose and accountabilities of each of its committees during the reporting period to ensure the functions of those committees continue to meet the emerging needs of the organisation. As a result of this review, with effect from 1 July 2024 the remits of several Committees were amended. Specifically, the audit and risk committee functions were separated, and the audit and finance committee functions combined to result in an Audit & Finance Committee and a separate Risk Committee. Additionally, a new Technology & Transformation Committee was established.

Further information about events that have occurred since 1 July 2024 are set out in Note 18: Subsequent Events in the financial statements on page 102 of this Consolidated Annual Financial Report.

Except as disclosed above and in Note 18 of the financial statements, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, or event of a material and unusual nature likely, in the opinion of the Trustee, to significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future years.

Audit and non-audit services

During the 2023-24 financial year, Deloitte Touche Tohmatsu Australia (Deloitte), the Trustee's external auditor has performed assignments in addition to their statutory audit duties where their expertise or experience with the Fund or a wholly owned entity of the Fund is important.

Details of amounts paid or payable to the auditor for audit and non-audit services provided during the last two financial years by the auditor are disclosed in the table below:

	Year ended 30 June	
	2024 \$'000	2023 \$'000
Deloitte Touche Tohmatsu		
Fees paid by the Fund		
External audit services	1,557	1,550
Other non-audit services – assurance services	-	204
Fees paid by the Fund's wholly owned entities		
Audit of financial statements	934	1,002
Other regulatory assurance services	144	91
ASAE 3402 audit services	145	140
Non-audit services	250	45
Total remuneration	3,030	3,032

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Further details on the compensation paid to Deloitte for audit services are provided in Note 14: Remuneration of auditors of the financial statements on page 95 of this Consolidated Annual Financial Report.

The directors of the Board are satisfied, in accordance with advice received from the Board Audit & Finance Committee²², that the provision of non-audit services by Deloitte, as set out above, did not compromise the auditor independence requirements of the Corporations Act 2001 (Cth) for the following reasons:

- all non-audit services provided by Deloitte for the year have been reviewed by the Board Audit & Finance Committee which is of the view that they do not impact the impartiality and objectivity of Deloitte; and
- all the services comply with the general principles relating to auditor independence as set out in APES 110, including not assuming management responsibilities or reviewing or auditing the auditor's own work, and ensuring threats to independence are either eliminated or reduced to an acceptable level.

Auditor's independence declaration

The Fund's external auditor is Deloitte Touche Tohmatsu (Deloitte). The auditor's independence declaration is included on page 25.

Indemnification and insurance of officers

ART Group Services Limited (ABN 50 125 248 286) (AGS), a related entity of the Fund, has taken out director indemnity insurance cover during the year ended 30 June 2024 insuring the directors and company secretary of the Trustee and all officers of the Fund, and of any related body corporate, against a liability incurred as a director, secretary or officer, to the extent permitted by law. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Rounding of amounts

The Fund is an entity to which ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191 dated 24 March 2016 applies and pursuant to that instrument, all financial information presented has been rounded to the nearest one million dollars unless otherwise stated.

²² Effective 1 July 2024 the audit and risk functions were separated, and the audit and finance functions combined to result in an Audit & Finance Committee. The Audit & Finance Committee has responsibility for endorsing the Consolidated Annual Financial Report for the approval of the Board.

Remuneration Report

Purpose

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of the Key Management Personnel (KMP) for the financial year ended 30 June 2024.

The KMP within this remuneration report manage both the Fund and the Sunsuper Pooled Superannuation Trust (SPST). SPST is a controlled entity (refer Note 9 of the financial statements) and has the same trustee as the Fund. The amounts disclosed in this report are their total remuneration and is not apportioned between the Fund and SPST.

Performance & Reward at ART

Remuneration and performance at ART are set to ensure our reward principles of simple, fair and consistent, performance driven, member focused, evidence driven and responsive, and behaviour focussed becomes installed in our reward culture. We will continue to enhance our frameworks in line with these principles.

ART Key Management Personnel

The following table identifies directors and executives who were KMP during Financial Year 2024 including the changes that occurred during Financial Year 2024.

Table 1. Non-Executive Directors (NED) during 2023-24

Name	Representative Position
Full Year NEDs	
Andrew Fraser (Chair)	Employer Representative Director
Elizabeth Mohle AM (Deputy Chair)	Member Representative Director
Linda Apelt	Employer Representative Director
Mark Burgess	Independent Director
Michael Clifford	Member Representative Director
Bruce Cowley	Member Representative Director
Mary Elizabeth Hallett	Employer Representative Director
Shayne Maxwell	Member Representative Director
Kate Ruttiman	Member Representative Director
Aaron Santelises	Member Representative Director
Janine Walker AM	Employer Representative Director (ceased 30 June 2024)
Part Year NEDs	
Martin Parkinson AC	Independent Director (commenced 17 March 2024)
Helen Rowell	Independent Director (commenced 1 April 2024)
Michael Traill, AM	Independent Director (ceased 16 March 2024)
Georgina Williams	Employer Representative Director (ceased 31 March 2024)

ART aspires to become the distinctive market leader with world class capability in investments, member and digital experience, governance and retirement income solutions. To achieve this aspiration business areas within ART were aligned to our refreshed operating model, effective 24 July 2024. This restructure resulted in changes to the KMP population.

Directors' Report

Table 2. Executives during 2023-24

Name	Position ²⁹
Full Year Executives	
Anne Browne ²³	Chief Risk Officer
Stevhan Davidson ²⁴	Chief Strategy Officer
Lachlan East ²⁵	Chief Member Officer
Rodney Greenaway ²⁶	Chief Technology Officer
Ian Patrick	Chief Investment Officer
Anthony Rose ²⁷	Chief Financial Officer
David Woodall ²⁸	Chief Commercial Officer
Part Year Executives	
David Anderson	Chief Executive Officer (commenced 4 March 2024)
Bernard Reilly ³⁰	Chief Executive Officer (ceased 29 February 2024)
Anne Fuchs	Chief of Retirement (Acting) (commenced 1 July 2023 and ceased in role 30 November 2023)
Helen Jackson ³¹	Chief People Officer (ceased 6 June 2024)
Kylie Robinson	Chief People Officer (Acting) (commenced 7 June 2024 and ceased in role 24 July 2024)
Katherine Vincent	Chief of Retirement (commenced 1 December 2023)

Reward Framework

Our members are at the heart of everything we do. The expectations of our members, and those of our broader community, have guided the design of the Reward Framework. Our Reward Framework is purposefully aligned to the long-term financial benefit of our members, by recognising exceptional performance in a prudent risk-taking and strong risk culture environment.

The Framework is intentionally designed to have a higher emphasis on fixed remuneration whilst providing the ability to recognise exceptional performance of our people. We recognise that having the ability to attract a high performing team has intrinsic benefits for our members.

Our reward principles underpin our balanced approach to reward and our ongoing alignment with our members best financial interests.

²³ Anne Browne was appointed to the position of Chief People Officer, effective 24 July 2024.

²⁴ Effective 24 July 2024, Stevhan Davidson's position as Chief Strategy Officer ceased with Stevhan's employment continuing in the position of Interim Chief Service Delivery Officer, effective 6 August 2024.

²⁵ Effective 24 July 2024, Lachlan East's role was renamed to Chief Service Delivery Officer (formerly Chief Member Officer) which reports to our Chief Operating Officer. Lachlan ceased employment with ART on 30 August 2024.

²⁶ Effective 24 July 2024, our Chief Technology Officer reports to our Chief Operating Officer.

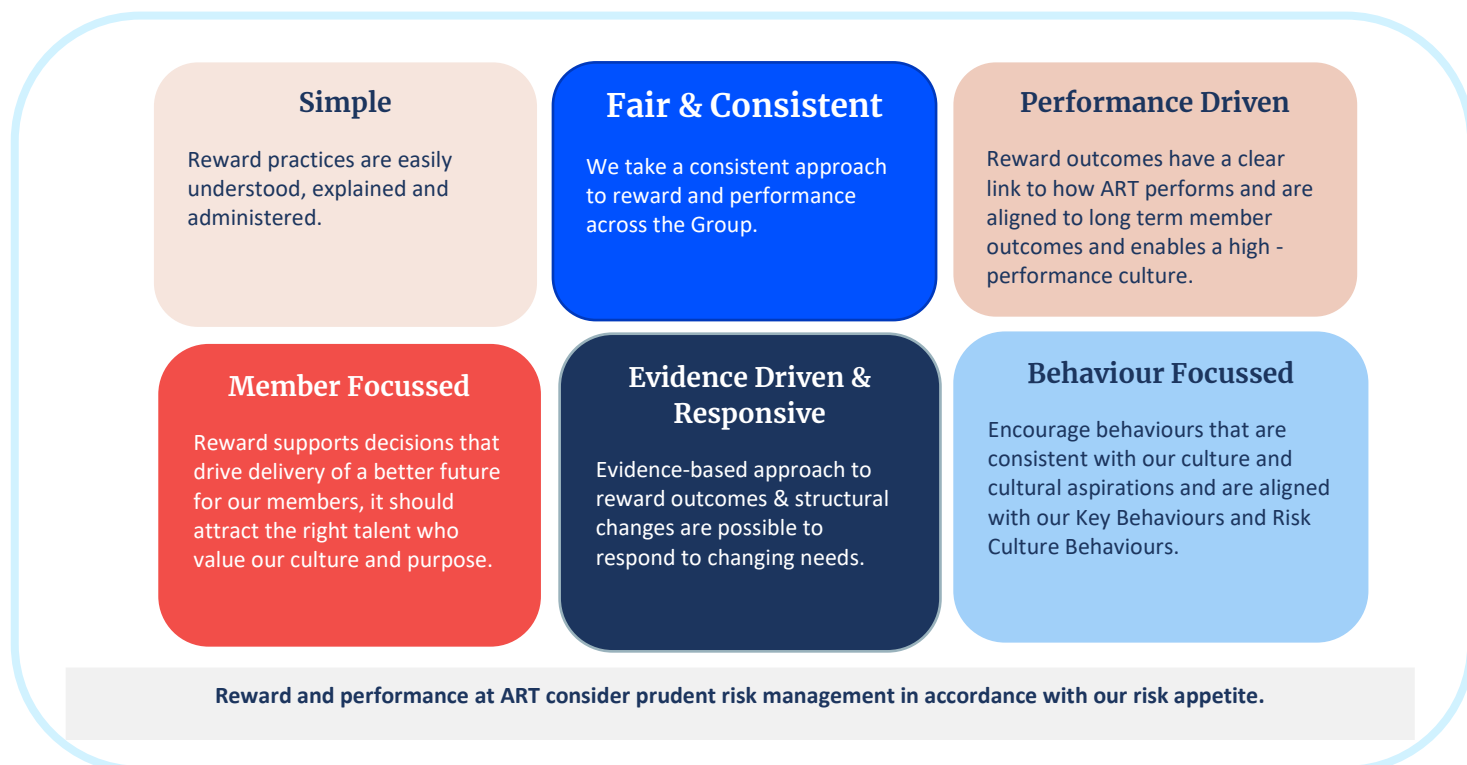
²⁷ Anthony Rose provided notice of resignation and will cease employment with ART on 15 October 2024, with Philip Fraser being appointed to the role of Chief Financial Officer effective 1 October 2024.

²⁸ David Woodall provided notice of resignation and will cease employment with ART on 31 October 2024.

²⁹ **Other KMP changes:** Dianna Orbell was appointed to the position of Chief Risk Officer on an interim basis, effective 24 July 2024, Stephen McKay was appointed to the position of Chief Commercial Officer on an interim basis, effective 24 July 2024, Simonne Burnett was appointed to the position of Chief Member Experience Officer, effective 24 July 2024 and Julie Bingham was appointed to the position of Chief Enterprise Services Officer, effective 24 July 2024. Effective 24 July 2024, Katherine Vincent's position as Chief of Retirement ceased with Katherine appointed to the position of Chief Operating Officer.

³⁰ Ceased to be a KMP due to resignation with an effective date of 29 February 2024.

³¹ Ceased to be a KMP due to resignation with an effective date of 6 June 2024.



Executive Reward Structure

Reward for ART Executives comprises fixed reward and variable reward. Variable reward consists of Short Term Incentives (STI) and Long Term Incentives (LTI). All Executive reward outcomes appropriately reflect ART's performance and the Executive's individual performance outcomes and behaviours.

Fixed reward

Our fixed reward is determined by a target base salary range that is +/- 15% of the comparator group median base salary, which is in line with the market in which we operate while aligning to our core purpose of being a member focussed, profit for member superannuation fund. Our fixed reward position enables us to attract and retain team members and balances the need to be competitive in the talent market, with Exceptional performance recognised by our variable reward structure.

We ensure fixed reward remains relevant and competitive for our team members by reviewing, on an annual basis, with consideration given to the size, complexity, and responsibilities of the role, individual performance, skills, and experience. Individual employment contracts with Executives provide that remuneration increases are not guaranteed. Underlying our fixed reward approach is our commitment to gender pay equity and ensuring fairness and transparency in our pay practices.

Variable Reward

Our variable reward is designed to reward employees for their contribution to enterprise, team and shared performance outcomes that align to, and drive the ART strategy, purpose, and cultural aspirations.

The ART Board has the authority to adjust or remove the variable reward component (including without replacement) at any time, based on an individual's achievement of minimum threshold performance criteria, relative to role, and agreed standards of behaviour and risk. The LTI for the Chief Executive Officer (CEO) and all Executives is subject to vesting conditions which align executive reward with the interest of members and continuing to encourage a long-term focus and appropriate risk management.

Table 3 Executive variable reward structure FY2023-24

Reward Type	Overview	Structure
STI	<p>STI outcomes are informed by a combination of corporate performance and individual performance.</p> <p>Corporate performance is informed by ART's performance against the Corporate Scorecard which is approved by the ART Board on an annual basis.</p>	<p>Corporate Performance (weighting 50%). Determined based on performance against the Corporate Scorecard.³²</p> <p>Individual Performance (weighting 50%), considers:</p> <ul style="list-style-type: none"> • Performance against goals; • Key behaviours; and • Risk culture behaviours.
LTI	<p>LTI rewards Executives for achievement against long-term performance objectives that are designed to align with the achievement of long-term member outcomes.</p> <p>LTI outcomes are informed by performance against a balanced scorecard of financial and non-financial performance measures, including risk management, member metrics and demonstration of ART's key behaviours.</p>	<p>Outcomes informed by performance against the Long-term Scorecard.</p> <p>Vesting: CEO: 33.3% June 2027, 2028 & 2029</p> <p>Chief Officers: 50% June 2027 & 2028</p>

Reward Governance

The ART Board has the ultimate accountability for reward frameworks and reward outcomes for Executives, including the appointment of the CEO and determining the CEO's fixed reward, variable reward, and evaluating their performance.

The ART Board has established the People & Nominations Committee to provide assistance in fulfilling its regulatory oversight, by ensuring ART has a clearly articulated and appropriate reward framework that fairly and responsibly rewards individuals (directors, executives and team members) having regard to performance, risk management, legislative requirements and the highest standards of governance.

ART has a focus on continuous improvement and ensuring a holistic and thoughtful approach is adopted to ensure all elements are considered in the design and monitoring of the Reward Framework artefacts. This includes corporate performance outcomes, consequence management and the setting of corporate scorecards.

CPS 511 implementation

The construct of our Reward Framework, including the variable reward arrangements, was designed to comply with APRA's *Prudential Standard CPS 511 Remuneration (CPS 511)* which came into effect for ART on 1 July 2023. In accordance with our prudential obligations, we will not pay any remuneration (whether directly or indirectly), to, or for the benefit of, a person through vehicles or methods that undermine the effect or intent of CPS 511 requirements.

³² A separate corporate performance scorecard is used for the Chief Risk Officer to ensure independence. The measures in this scorecard are overseen by the Risk Committee and the ART Board.

Directors' Report

Risk, Performance & Reward outcomes

Our Reward Adjustment Framework sets out the principles which guide decision making around Consequence Management, considering:

- The response and action taken when a risk event has been identified;
- Motivating factors behind the action resulting in a risk event; and
- The accountability and influence of the individuals involved in the risk event.

ART Board Discretion

The ART Board has the ultimate discretion to adjust variable reward outcomes including awarded but not yet vested STI and LTI. The ART Board may apply discretion to reward outcomes on both a collective (including up to ART Group level) or on an individual basis. The overarching principles the ART Board will consider when exercising this discretion is to ensure the action it takes protects the financial soundness of ART and the long-term interests of members.

In accordance with CPS 511, the ART Board has the authority to apply malus or clawback to deferred variable reward, including deferred STI and LTI granted but not yet vested.

Risk Review and Assessment

The Chief Risk Officer conducts an independent risk evaluation for each of the Executives on an annual basis. The purpose of this evaluation is to inform the People & Nominations Committee and the ART Board if there have been any risk matters (collectively, or at cohort or individual level) in the financial year that the People & Nominations Committee and ART Board should consider when making final decisions for variable reward outcomes.

Risk and conduct adjustments to reward outcomes

The People & Nominations Committee and the ART Board can consider the following mechanisms for adjusting reward outcomes:

- In-period adjustment, where variable outcomes for the relevant year are reduced, including downwards to zero;
- Malus, where the ART Board may determine that all, or a portion, of unvested variable reward may be forfeited; and
- Clawback, where the ART Board may seek to recover an amount of some or all variable reward that has already been paid or vested due to a risk, compliance or conduct incident which would have not been otherwise paid or vested.

Australian Retirement Trust

Directors' Report

ART Key Management Personnel – Executives

The table below details the remuneration paid and payable to KMP of ART who were members of its executive during the 2023-24 financial year. Remuneration is for the year ended 30 June 2024. Payments referenced in the table below are for the period in which the incumbent was in a KMP role at ART during the 2023-24 financial year.

Name	Position	Short term employee benefits				Post-employment benefits	Long-term employee benefits		Termination benefits
		Salary & fees ³³ \$	Cash bonus \$	Non-monetary benefits \$	Other \$	Superannuation \$	Long service leave \$	Cash bonus \$	
Full Year Executives									
Anne Browne	Chief Risk Officer	557,037	34,542	-	2,175 ³⁴	61,274	24,940	39,703	-
Stevhan Davidson	Chief Strategy Officer	457,507	32,339	-	-	50,326	16,124	61,305	-
Lachlan East	Chief Member Officer	384,205	-	-	-	42,263	9,020	55,000	-
Rodney Greenaway	Chief Technology Officer	473,004	28,211	-	-	52,030	16,347	65,991	-
Ian Patrick	Chief Investment Officer	722,391	198,832	-	-	79,384	26,305	240,280	-
Anthony Rose	Chief Financial Officer	665,395	48,734	-	-	73,193	11,037	92,387	-
David Woodall	Chief Commercial Officer	509,139	58,451	-	-	56,005	16,933	70,636	-
Part Year Executives									
David Anderson	Chief Executive Officer	339,299	28,900	120,140 ³⁵	-	37,323	2,651	-	-
Bernard Reilly	Chief Executive Officer	517,009	-	-	-	47,602	-	19,713	-
Anne Fuchs	Chief Retirement Officer (Acting)	225,823	34,434	-	-	24,840	10,326	-	-
Helen Jackson	Chief People Officer	460,343	-	-	-	50,638	-	-	392,787
Kylie Robinson	Chief People Officer (Acting)	16,378	3,158	-	-	2,725	556	-	-
Katherine Vincent	Chief of Retirement	366,050	140,744 ³⁶	-	-	40,266	2,999	-	-

³³ The total cost of salary, including annual leave, allowances and any salary sacrificed benefits (excluding superannuation).

³⁴ Indexation accrued against STI amounts deferred in prior years.

³⁵ Non-monetary benefits relate to agreed relocation expenses in line with contractual entitlements.

³⁶ An amount of \$100,000 was paid 12 June 2024 as part of a contractual agreement.

Australian Retirement Trust

Directors' Report

ART Key Management Personnel Executives – Incentives

The following table sets out information about the performance related incentive granted to KMP of ART who were members of its executive during the 2023-24 financial year. Remuneration is for the year ended 30 June 2024.

Name	Date incentive granted	Nature of incentive	Maximum incentive potential \$	Amount paid in 2023-24 ³⁷		Years in which remainder of the incentive will be paid ³⁸	Estimated minimum and maximum amount of incentive available in future years	
				\$	As a % of maximum incentive potential ³⁹		Minimum \$	Maximum \$
Full Year Executives								
Anne Browne	30 June 2024	Short term cash incentive	39,703	34,542	87.0%	N/A	N/A	N/A
	1 July 2023	Long term incentive	39,703	-	0.0%	2027-28 2028-29	-	39,703
Stevhan Davidson	30 June 2024	Short term cash incentive	61,305	32,339	52.75%	N/A	N/A	N/A
	1 July 2023	Long term incentive	61,305	-	0.0%	2027-28 2028-29	-	61,305
Lachlan East	N/A	Short term cash incentive	-	-	-	N/A	N/A	N/A
	1 July 2023	Long term incentive	55,000	-	0.0%	2027-28 2028-29	-	55,000
Rodney Greenaway	30 June 2024	Short term cash incentive	65,991	28,211	42.75%	N/A	N/A	N/A
	1 July 2023	Long term incentive	65,991	-	0.0%	2027-28 2028-29	-	65,991

³⁷ Short Term Incentive amounts earned for 2023-24 will be paid in October 2024 in accordance with Group Reward Policy and the relevant Incentive Plan rules.

³⁸ Deferred performance incentives are granted in the form of a Long Term Incentive, where the delivery instrument is cash. Long-Term Incentives are governed by the Group Reward Policy and the relevant Incentive Plan rules. Amounts are paid in future years at the discretion/on the approval of the ART Board and are subject to the Executive meeting service and performance criteria under the Group Reward Policy and relevant Incentive Plan rules.

³⁹ The percentage of 2023-24 incentive forfeited (as a % of maximum incentive potential) was: Anne Browne 13.0%, Stevhan Davidson 47.25%, Rodney Greenaway 57.25%, Ian Patrick 17.25%, Anthony Rose 47.25%, David Woodall 17.25%, David Anderson 17.25%, Anne Fuchs 17.25%, Kylie Robinson 17.25%, Kathy Vincent 17.25%. Incentive forfeited for the purposes of this disclosure means any amount of maximum short term cash incentive which the person is not entitled to be paid.

Australian Retirement Trust

Directors' Report

Name	Date incentive granted	Nature of incentive	Maximum incentive potential \$	Amount paid in 2023-24 ³⁷		Years in which remainder of the incentive will be paid ³⁸	Estimated minimum and maximum amount of incentive available in future years	
				\$	As a % of maximum incentive potential ³⁹		Minimum \$	Maximum \$
Ian Patrick	30 June 2024	Short term cash incentive	240,280	198,832	82.75%	N/A	N/A	N/A
	1 July 2023	Long term incentive	240,280	-	0.0%	2027-28 2028-29	-	240,280
Anthony Rose	30 June 2024	Short term cash incentive	92,387	48,734	52.75%	N/A	N/A	N/A
	1 July 2023	Long term incentive	92,387	-	0.0%	2027-28 2028-29	-	92,387
David Woodall	30 June 2024	Short term cash incentive	70,636	58,451	82.75%	N/A	N/A	N/A
	1 July 2023	Long term incentive	70,636	-	0.0%	2027-28 2028-29	-	70,636
Part Year Executives								
David Anderson	30 June 2024	Short term cash incentive	34,924	28,900	82.75%	N/A	N/A	N/A
	N/A	Long term incentive	-	-	0.0%	N/A	-	-
Bernard Reilly	N/A	Short term cash incentive	-	-	0.0%	N/A	N/A	N/A
	1 July 2023	Long term incentive	19,713	-	0.0%	2027-28 2028-29 2029-30	-	19,713
Anne Fuchs	30 June 2024	Short term cash incentive	41,613	34,434	82.75%	N/A	N/A	N/A
	N/A	Long term incentive	-	-	0.0%	N/A	-	-
Helen Jackson	N/A	Short term cash incentive	-	-	0.0%	N/A	N/A	N/A
	N/A	Long term incentive	-	-	0.0%	N/A	-	-

Australian Retirement Trust

Directors' Report

Name	Date incentive granted	Nature of incentive	Maximum incentive potential \$	Amount paid in 2023-24 ³⁷		Years in which remainder of the incentive will be paid ³⁸	Estimated minimum and maximum amount of incentive available in future years	
				\$	As a % of maximum incentive potential ³⁹		Minimum \$	Maximum \$
Kylie Robinson	30 June 2024	Short term cash incentive	3,816	3,158	82.75%	N/A	N/A	N/A
	N/A	Long term incentive	-	-	0.0%	N/A	-	-
Katherine Vincent	30 June 2024	Short term cash incentive	49,237	40,744	82.75%	N/A	N/A	N/A
	N/A	Long term incentive	-	-	0.0%	N/A	-	-

Directors' Report

Non-Executive Director Remuneration Structure

The ART Board has the ultimate responsibility for the sound and prudent management of ART, including remuneration arrangements for the Directors of the ART Board. The ART Board notes the potential conflict in determining its own remuneration arrangements and acting in the best financial interests of members.

To mitigate this conflict, the ART Board undertakes regular independent reviews of the Directors' fee arrangements and the Board Remuneration Policy. Remuneration levels are benchmarked as required, no more frequently than annually, against relevant external sources within the financial services industry. The ART Board Remuneration Policy is publicly available on the ART website.

On appointment, a Director is entitled under the terms of their letter of appointment to remuneration at the prevailing rates according to the Board Remuneration Policy at that time. Directors are not entitled to incentives, non-monetary benefits, termination benefits or long service leave. Future remuneration increases for Directors are not guaranteed either by the Board Remuneration Policy or by the terms of individual Director appointment letters.

Following an independent review in FY24, Director Fees were increased, with effect from July 2023 for the ART Board Chair and effective from February 2024 for all other Directors. Prior to this, Director fees had not been increased since the merger (February 2022). This increase was considered with regard to the market position of Director Fees, notably the ART Board Chair, and the period since Director Fees were last reviewed. The Directors serving on the ART Board are listed below.

Australian Retirement Trust

Directors' Report

ART Non-Executive Director Remuneration

The following table details the remuneration paid and payable to directors of the Trustee, for the year ended 30 June 2024.

Name	Representative Position	Short term employee benefits			Post-employment benefits	Long-term employee benefits	Termination Benefits \$	Total \$
		Director fees ⁴⁰ \$	Cash bonus \$	Non-monetary benefits \$	Superannuation \$	Long Service Leave \$		
Full Year NEDs								
Andrew Fraser (Chair)	Employer Representative Director	177,614			23,978			201,592
Elizabeth Mohle AM (Deputy Chair)	Member Representative Director	108,714			14,676			123,390
Linda Apelt	Employer Representative Director	88,263			11,916			100,179
Mark Burgess	Independent Director	101,657			13,724			115,381
Michael Clifford ⁴¹	Member Representative Director	94,987			12,823			107,810
Bruce Cowley	Member Representative Director	122,440		Not Applicable	16,529	Not Applicable	Not Applicable	138,969
Mary Elizabeth Hallett	Employer Representative Director	122,440			16,529			138,969
Shayne Maxwell ⁴²	Member Representative Director	86,746			5,485			92,231
Kate Ruttiman ⁴³	Member Representative Director	101,594			-			101,594
Aaron Santelises ⁴⁴	Member Representative Director	86,791			5,440			92,231
Janine Walker AM	Employer Representative Director	94,987			12,823			107,810
Part year NEDs								
Martin Parkinson AC	Independent Director	24,143			3,259			27,402
Helen Rowell	Independent Director	20,727			2,798			23,525
Michael Traill AM	Independent Director	76,029			10,264			86,293
Georgina Williams	Employer Representative Director	80,984			10,933			91,917

⁴⁰ Includes additional Board and Committee allowances paid for positions on the ART Board Committees in accordance with the Board Remuneration Policy.

⁴¹ Part of this amount was not paid to the director themselves. An amount equal to \$7,207 was paid to the Director's employer, Queensland Council of Unions.

⁴² Part of this amount was not paid to the director themselves. An amount equal to 50% of the fees for this director was paid to the Director's employer, QLD Police Union of Employees.

⁴³ This amount was not paid to the director themselves. 100% of the fees for this director was paid to the Director's employer, Queensland Teachers' Union.

⁴⁴ This amount was not paid to the director themselves. 100% of the fees for this director was paid to the Director's employer, Australian Workers' Union

Australian Retirement Trust

Directors' Report

This Directors' Report is signed in accordance with a resolution of directors of Australian Retirement Trust Pty Ltd and made on the date signed by the Directors below and pursuant to s.298(2) of the *Corporations Act 2001 (Cth)*.

Signed on behalf of the directors of Australian Retirement Trust Pty Ltd



Andrew Fraser
Chair



Mary Elizabeth Hallett
Director

Brisbane

19 September 2024

Brisbane

19 September 2024

19 September 2024

The Board of Directors
Australian Retirement Trust Pty Ltd
as Trustee of Australian Retirement Trust
266 George Street,
Brisbane, QLD, 4000

Dear Board Members,

Auditor's Independence Declaration to the Directors of the Trustee of Australian Retirement Trust

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Australian Retirement Trust Pty Ltd as Trustee of Australian Retirement Trust.

As lead audit partner for the audit of the financial report of Australian Retirement Trust for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

JGorton

Joanne Gorton
Partner
Chartered Accountants

Independent Auditor's Report to the members of Australian Retirement Trust

Report on the Audit of the Financial Report

Opinion

We have audited the consolidated financial report of Australian Retirement Trust (the "RSE"), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated income statement, the consolidated statement of changes in member benefits, the consolidated statement of changes in reserves and the consolidated statement of cash flows for the year then ended, and consolidated notes to the financial statements, including material accounting policy information and other explanatory information, and the trustee's statement.

In our opinion, the accompanying financial report of Australian Retirement Trust is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of Australian Retirement Trust's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted the audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the RSE in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the RSE Licensee ("the Directors"), would be in the same terms if given to the Directors as at the time of this auditor's report.

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

Other Information

The Directors are responsible for the other information. The other information comprises the information included in Australian Retirement Trust's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are 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 Directors either intends to liquidate the RSE or cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonable be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 24 of the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Australian Retirement Trust, for the year ended 30 June 2024, complies with section 300C of the *Corporations Act 2001*.

Responsibilities

The Directors are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300C of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

JGorton

Joanne Gorton

Partner

Chartered Accountants

Sydney, 19TH September 2024

Australian Retirement Trust

Director's Declaration

The directors of Australian Retirement Trust Pty Ltd, being the trustee of Australian Retirement Trust declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that Australian Retirement Trust will be able to pay its debts as and when they become due and payable, and
- (b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001 (Cth)*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of Australian Retirement Trust.

Signed in accordance with a resolution of the directors of Australian Retirement Trust Pty Ltd made pursuant to s.295(5) of the *Corporations Act 2001 (Cth)*.

Signed on behalf of the directors of Australian Retirement Trust Pty Ltd



Andrew Fraser
Chair



Mary Elizabeth Hallett
Director

Brisbane

19 September 2024

Brisbane

19 September 2024

Australian Retirement Trust

Consolidated Statement of Financial Position As at 30 June 2024

	Note	2024 \$m	2023 \$m
Assets			
Cash and cash equivalents	1	6,032	4,595
Listed securities	1	137,715	101,202
Unlisted securities	1	102,325	103,475
Other interest bearing securities	1	41,793	31,320
Derivative assets	1	2,173	1,598
Receivables	12	3,264	3,599
Investments in service providers	9	357	496
Employer sponsor receivables	6	16,515	17,242
Current tax assets	4	-	1
Total assets		310,174	263,528
Liabilities			
Payables	13	3,174	2,647
Derivative liabilities	1	982	2,842
Current tax liabilities	4	515	-
Deferred tax liabilities	4	3,889	2,838
Total liabilities excluding member benefits		8,560	8,327
Net assets available for member benefits		301,614	255,201
Defined Contribution member benefits	5	267,839	223,020
Defined Benefit member benefits	6	30,678	28,924
Total member benefits		298,517	251,944
Net assets		3,097	3,257
Equity			
General Reserve	8	744	966
Unallocated Contribution Reserve	8	22	11
Insurance Reserve	8	1	1
Operational Risk Financial Requirement Reserve	8	736	614
Defined Benefit Surplus	6	1,594	1,665
Total Equity		3,097	3,257

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

Australian Retirement Trust

Consolidated Income Statement For the year ended 30 June 2024

	Note	2024 \$m	2023 \$m
Superannuation Activities			
Income			
Dividends and Distributions		6,160	5,325
Changes in fair value of investments – realised and unrealised	3	15,181	11,777
Other income		45	31
Interest income		1,849	1,082
Total income		23,235	18,215
Expenses			
Direct investment expenses		(438)	(381)
Administration expenses		(561)	(472)
Financial planning expenses		(23)	(18)
Other expenses	11	(198)	(231)
Total expenses		(1,220)	(1,102)
Net result from insurance activities	16	(7)	(8)
Results from superannuation activities before income tax expense		22,008	17,105
Income tax (expense) / benefit	4	(1,322)	(909)
Results from superannuation activities after income tax (expense) / benefit		20,686	16,196
Net benefits allocated (from) / to defined contribution members		21,547	15,090
Net change in defined benefit member benefits		(467)	983
Net allocation (from) / to reserves		(394)	123
Operating result after income tax		20,686	16,196

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

Australian Retirement Trust

Consolidated Statement of Changes in Member Benefits For the year ended 30 June 2024

Current Year	Note	Defined contribution member benefits \$m	Defined benefit member benefits \$m	Total \$m
Opening balance as at 1 July 2023		223,020	28,924	251,944
Employer contributions		14,871	2,443	17,314
Member contributions		4,068	87	4,155
Transfers from other superannuation entities		5,482	11	5,493
Successor fund transfers	7	16,714	2,204	18,918
Income tax on contributions		(2,180)	(369)	(2,549)
Net after tax contributions		38,955	4,376	43,331
Benefits paid to or for the benefit of members		(16,132)	(326)	(16,458)
Insurance premiums charged to members' accounts		(1,121)	(4)	(1,125)
Insurance proceeds credited to members' accounts		326	-	326
Death and disability amounts received for members		468	-	468
Superannuation contributions surcharge		(1)	1	-
Transfer of members from Defined Benefit to Defined Contribution divisions		1,057	(1,057)	-
Transfer (to) / from reserves				
Net administration fees		(371)	(42)	(413)
Other		91	-	91
Net benefits allocated to defined contribution		21,547	-	21,547
Net change in member benefits to be funded by employer sponsor		-	(727)	(727)
Net change in Defined Benefit member benefits		-	(467)	(467)
Closing balance as at 30 June 2024		267,839	30,678	298,517

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

Australian Retirement Trust

Consolidated Statement of Changes in Member Benefits For the year ended 30 June 2024

Prior Year	Note	Defined contribution member benefits \$m	Defined benefit member benefits \$m	Total \$m
Opening balance as at 1 July 2022		199,052	29,497	228,549
Employer contributions		12,268	2,211	14,479
Member contributions		3,608	36	3,644
Transfers from other superannuation entities		5,166	-	5,166
Successor fund transfers	7	507	50	557
Income tax on contributions		(1,802)	(332)	(2,134)
Net after tax contributions		19,747	1,965	21,712
Benefits paid to or for the benefit of members		(12,622)	(282)	(12,904)
Insurance premiums charged to members' accounts		(973)	(1)	(974)
Insurance proceeds credited to members' accounts		293	-	293
Death and disability amounts received for members		435	-	435
Superannuation contributions surcharge		(1)	1	-
Transfer of members from DB to DC divisions		2,109	(2,109)	-
Transfer (to) / from reserves				
Net administration fees		(322)	(42)	(364)
Other		212	-	212
Net benefits allocated to defined contribution		15,090	-	15,090
Net change in member benefits to be funded by employer sponsor		-	(1,088)	(1,088)
Net change in Defined Benefit member benefits		-	983	983
Closing balance as at 30 June 2023		223,020	28,924	251,944

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

Australian Retirement Trust

Consolidated Statement of Changes in Reserves For the year end 30 June 2024

Current Year	Note	General Reserve \$m	Unallocated Contribution Reserve \$m	Insurance Reserve \$m	Operational Risk Financial Requirement Reserve \$m	Defined benefits surplus \$m	Total Reserves \$m
Opening balance as at 1 July 2023		966	11	1	614	1,665	3,257
Net administration fees from members		413	-	-	-	-	413
Other transfers (to) / from members	8	(92)	8	(5)	(2)	-	(91)
Reserves transfers		(45)	-	5	40	-	-
Insurance premium margin and tax	16	(119)	-	-	-	-	(119)
Successor fund transfers	7	-	-	-	31	-	31
Allocation of operating result after income tax		(379)	3	-	53	(71)	(394)
Closing balance as at 30 June 2024		744	22	1	736	1,594	3,097

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

Australian Retirement Trust

Consolidated Statement of Changes in Reserves For the year end 30 June 2024

Prior Year	Note	General Reserve \$m	Unallocated Contribution Reserve \$m	Insurance Reserve \$m	Operational Risk Financial Requirement Reserve \$m	Defined benefits surplus \$m	Total Reserves \$m
Opening balance as at 1 July 2022		973	10	1	553	1,600	3,137
Net administration fees from members		364	-	-	-	-	364
Other transfers (to) / from members	8	(198)	(13)	-	(1)	-	(212)
Reserves transfers		(26)	-	-	26	-	-
Insurance premium margin and tax	16	(155)	-	-	-	-	(155)
Successor fund transfers	7	-	-	-	-	-	-
Allocation of operating result after income tax		8	14	-	36	65	123
Closing balance as at 30 June 2023		966	11	1	614	1,665	3,257

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

Australian Retirement Trust

Consolidated Statement of Cash Flows For the year end 30 June 2024

	Note	2024 \$m	2023 \$m
Cash flows from operating activities			
Interest income received		1,550	957
Insurance claims received		790	729
Dividends and trust distributions received		6,026	5,186
Other revenue		116	9
Insurance premiums paid		(1,247)	(1,115)
Investment expenses		(565)	(398)
General administration expenses		(1,314)	(1,296)
Income tax paid		(2,306)	(1,278)
Net inflows of cash from operating activities	10	3,050	2,794
Cash flows from investing activities			
Purchase of investments		(391,892)	(170,580)
Proceeds from sale of investments		374,292	157,232
Net (outflows) of cash from investing activities		(17,600)	(13,348)
Cash flows from financing activities			
Employer contributions received		17,320	14,480
Member contributions received		4,154	3,644
Transfers from other superannuation funds		6,000	5,262
Successor fund transfers		4,968	189
Benefits paid		(16,455)	(12,901)
Net inflows of cash from financing activities		15,987	10,674
Net increase in cash held		1,437	120
Cash at the beginning of the financial year		4,595	4,469
Effects of foreign exchange rate changes on cash and cash equivalents ¹		-	6
Cash at the end of the financial year		6,032	4,595

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

¹ In FY24, the effects of foreign exchange rate changes on cash and cash equivalents are attributed to the relevant disclosure line.

Consolidated Notes to the Financial Statements
For the year ended 30 June 2024

FUND OPERATIONS & BASIS OF PREPARATION

(a) Nature of the fund

Australian Retirement Trust (ABN 60 905 115 063; RSE Registration No. R1073034) (ART or the Fund) is the superannuation fund formed through the merger of Sunsuper Superannuation Fund (ABN 98 503 137 921) (Sunsuper) and QSuper (ABN 60 905 115 063) on 28 February 2022.

The Fund is a superannuation fund domiciled in Australia and the trustee of the Fund at the reporting date is Australian Retirement Trust Pty Ltd (ABN 88 010 720 840; RSE Licence No. L0000291) (ARTPL or the Trustee).

The registered office of the Trustee is 266 George Street, Brisbane, Queensland 4000.

The financial report of the Fund for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the Trustee on the same date as the signing of the Directors' Report.

During the financial year superannuation administration was undertaken by the Fund using services from ART Group Services Limited (AGS) (ABN 50 125 248 286) and Precision Administration Services Pty Ltd (PAS) (ABN 47 098 977 667). Additional services were provided by the following wholly owned entities:

ART Life Insurance Limited (ABN 79 607 345 853) (ART Life) (formerly QInsure Limited)	Provision of group lump sum (death and total permanent disability (TPD)) and group disability (income protection) insurance and claims management services for some members
QInvest Limited (ABN 35 063 511 580) (QIL)	Provision of advice and other regulated financial services to the Fund
ART People Services Pty Ltd (ABN 90 601 938 774) (APS)	Provision of labour hire services to wholly owned entities of the Fund
QSuper Asset Management Pty Ltd (ABN 67 608 694 471) (QAM)	Provision of investment management services to the Fund
Sunsuper Financial Services Pty Ltd (ABN 50 087 154 818) (SFS)	Provision of financial advice to members and employers, and actuarial consulting services to defined benefit funds held within the Fund and external parties.
ART Asset Operations Ltd (UK Company number 14792749)	ART Asset Operations Ltd is the General Partner to the Limited Partnership QS Airports UK Limited. QS Airports UK Limited is the limited partnership which holds ART's interest in Heathrow Airport and its related entities.

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

(b) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Australian Accounting Standards, Interpretations, and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), the Corporations Act 2001 and Corporations Regulations 2001 and the provisions of the Fund's Trust Deed.

The financial statements are the consolidated financial statements of the Fund. For the purposes of preparing the financial statements, the Fund is a for-profit entity.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current as this provides information that is reliable and more relevant to members. All balances are expected to be recovered or settled within twelve months, except for financial investments, derivative liabilities and net assets available for member benefits.

The financial statements are presented in Australian dollars, which is the functional currency of the Fund.

(c) Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business. In making this assessment, the Trustee has considered future events and conditions for the period of at least 12 months from the date that financial statements are approved.

(d) Changes in accounting policies

The Fund has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2023.

Refer to Note 19 for detailed disclosures regarding the Standards and interpretations adopted during the year and Standards and interpretations in issue not yet effective.

(e) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of the transaction. Foreign exchange gains and losses arise from the settlement of such transactions and from the translation at year end exchange rates of monetary items denominated in foreign currencies. Amounts are recognised in the period in which they arise within other income.

AASB 121 The Effects of Changes in Foreign Exchange Rates in section (23) requires that non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at balance date. Translation differences on assets and liabilities carried at fair value are reported in the income statement on a net basis within changes in fair value of investments.

(f) Material accounting policies

The material accounting policies have been set out within the relevant notes and consistently applied to all periods presented in these financial statements

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

(g) Significant accounting judgements, estimates, and assumptions

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on experience and other factors believed to be reasonable in the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

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

- Note 1 Investments
- Note 4 Income Tax
- Note 6 Defined benefit member liabilities

(h) Comparatives

Certain reclassifications may have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, items in the notes to the financial statements have been amended.

(i) Consolidation

The consolidated financial statements incorporate the financial statements of the Fund and its subsidiaries made up to 30 June 2024. Entities that meet the definition of an investment entity within *AASB 10 Consolidated Financial Statements* are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The Fund meets the definition of an investment entity and accordingly accounts for controlled entities which are also investment entities in this way.

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

Since the primary objective of the Fund's subsidiaries that provide investment-related services is to provide administration, financial services, investment management and insurance to ensure member retirement outcomes are delivered, the subsidiary entities do not fulfill the exception criteria and are required to be consolidated. However, the combined net assets of these controlled entities (see Note 9) are not sufficiently significant to materially impact the overall financial statements of the Fund. Consequently, these investments have been consolidated and presented as a single line item called 'Investments in service providers', reflecting their net asset value, with additional disclosures provided in the notes to the financial statements. This approach has been assessed as providing the greatest clarity of the activities of ART and its wholly-owned entities for readers of the financial statements. Related party transactions are disclosed in Note 9 Related Party and controlled entities on page 81.

As outlined above, ART Life provides insurance and claims management services for some members. Disclosure of additional financial information has been provided in Note 16 Insurance Arrangements.

INVESTMENTS AND INVESTMENT PERFORMANCE

Note 1 Investments

	2024	2023
	\$m	\$m
Cash and cash equivalents	6,032	4,595
Total cash and cash equivalents	6,032	4,595
Listed securities	137,715	101,202
Unlisted securities	102,325	103,475
Other interest-bearing securities	41,793	31,320
Derivative assets	2,173	1,598
Derivative liabilities	(982)	(2,842)
Total investments	283,024	234,753

(a) Overview

The Fund invests for the long-term purpose of providing benefits for members up to and throughout retirement until proceeds are exhausted or paid to members' beneficiaries post death. The Fund's investment philosophy aims to achieve strong long-term returns for members by investing in a wide range of assets, including shares, property, cash, bonds, derivatives, private equity, infrastructure and alternative investments.

Investments of the Fund, including derivatives, are managed by selected investment managers and the Fund's in-house investment team on behalf of the Trustee. The Trustee determines the overall investment objectives and strategy of the Fund.

The Fund contracts investment managers in various asset classes, sectors, management styles, strategies and geographies under investment mandates (mandates). The Fund's expectations of its managers are documented in the mandates agreed between the parties. Specific reporting and valuation requirements are included within the contracts to ensure sufficient information and transparency is provided for ongoing monitoring.

The investments, including derivatives, of the Fund are recorded at fair value and changes in the fair value are recognised in the income statement in the year they occur in accordance with *AASB 1056 Superannuation Entities*.

Financial assets and liabilities are recognised on the date the Fund becomes party to the contractual agreement (trade date) and changes in the fair value of the financial assets and liabilities are recognised from that date.

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

Transaction costs, including brokerage and stamp duty, that are incurred to acquire investment securities are recognised in the income statement as an expense as incurred. Transaction costs associated with direct investments in property and infrastructure, including legal and due diligence fees, are capitalised and recognised as part of the cost of the investment.

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 1 Investments

Cash comprises cash on hand and deposits at call. Cash equivalents are short-term, highly liquid investments with original maturities of 3 months or less. To qualify as cash equivalents, these investments must be easily converted into known cash amounts and have minimal risk of value fluctuations. Cash and cash equivalents are carried at face value or the gross value of the outstanding balance.

(b) Fair value measurement of financial assets and liabilities

(i) Fair value hierarchy

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

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities and includes market quoted investments. Quoted prices are obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments. This category includes investments in equities, derivatives and cash and fixed interest balances forming part of unlisted security investments. For all other financial instruments, the Fund determines fair value using other valuation techniques.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). This category includes fixed income securities and derivative contracts not traded on public exchanges and unlisted unit trusts that hold listed securities. Fixed income securities for which no active market is observable are valued at current market rates using broker quotations and/or independent pricing services.
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs) which include non-market quoted investments. Unlisted investments in infrastructure, real estate, private equity, private credit and alternatives are included in this category. Further information regarding unobservable inputs and the measurement of fair value for level 3 investments is at note 1b (iii) & (iv) below.

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 1 Investments

(ii) Classification of financial instrument at fair value

The table below sets out the financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
30 June 2024				
Australian listed securities	71,030	-	-	71,030
International listed securities	66,684	-	1	66,685
Other interest bearing securities				
Interest bearing bonds	-	24,710	48	24,758
Discount securities	14,469	2,566	-	17,035
Derivative assets / liabilities				
Futures	33	-	-	33
Options	8	34	-	42
Swaps	-	36	-	36
Forward foreign exchange contracts	-	1,079	-	1,079
Warrants	1	-	-	1
Unlisted securities				
Infrastructure	-	-	30,546	30,546
Real estate	-	-	14,949	14,949
Private equity	-	-	18,786	18,786
Alternatives	-	5,705	4,130	9,835
Cash and fixed interest	-	28,209	-	28,209
Total	152,225	62,339	68,460	283,024

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 1 Investments

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
30 June 2023				
Australian listed securities	45,774	-	32	45,806
International listed securities	55,389	-	7	55,396
Other interest bearing securities				
Interest bearing bonds	-	17,981	1	17,982
Discount securities	9,422	3,916	-	13,338
Derivative assets / liabilities				
Futures	44	-	-	44
Options	9	50	-	59
Swaps	(9)	(27)	-	(36)
Forward foreign exchange contracts	-	(1,313)	-	(1,313)
Warrants	1	1	-	2
Unlisted securities				
Infrastructure	-	-	27,719	27,719
Real estate	-	-	13,931	13,931
Private equity	-	-	16,771	16,771
Alternatives	-	9,122	2,430	11,552
Cash and fixed interest	-	33,502	-	33,502
Total	110,630	63,232	60,891	234,753

Refer to Note 2 (c) regarding the sensitivity of price risk and changes on net assets. Refer to note 2 (d) and (e) for the Fund's approach to interest rate and foreign exchange risk for investments.

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 1 Investments

(iii) Movement in fair value of Level 3 investments

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

30 June 2024	Listed equity securities \$m	Fixed income securities \$m	Unlisted securities \$m	Total \$m
Opening balances	39	1	60,851	60,891
Changes in fair value	(34)	2	1,187	1,155
Purchases & SFT Transfers In	36	45	73,797	73,878
Disposals	(40)	-	(68,348)	(68,388)
Transfers into level 3	1	-	950	951
Transfers out of level 3	(1)	-	(26)	(27)
Total	1	48	68,411	68,460

30 June 2023	Listed equity securities \$m	Fixed income securities \$m	Unlisted securities \$m	Total \$m
Opening balances	17	1	55,659	55,677
Changes in fair value	26	-	(355)	(329)
Purchases & SFT Transfers In	3	-	13,223	13,226
Disposals	(10)	-	(7,676)	(7,686)
Transfers into level 3	3	-	-	3
Transfers out of level 3	-	-	-	-
Total	39	1	60,851	60,891

Transfers into Level 3

An assessment of the fair value hierarchy that reflects the significance of the inputs used in making the measurements was made during the year. During this review, an asset was reclassified from Level 2 to Level 3 in line with similar assets in that hierarchy.

Fair value gains or losses on investment are included in Note 3 Changes in fair value of investments.

(iv) Valuation Process – Level 3 Investments

The Fund has adopted a Valuation Policy, which documents the key principles, methodologies and guidelines the Fund follows to ensure it uses the most appropriate underlying asset valuations for unit pricing, regulatory compliance and financial statements.

This Policy documents the key valuation techniques, methodologies and guidelines the Fund adopts to ensure the most reliable and accurate underlying asset values for equitable allocation of interests to the benefit of ART's members and for regulatory reporting. The Fund's compliance with the Valuation Policy is governed by the Board Audit & Finance Committee (AFC).

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 1 Investments

The Fund has a Valuation Review Committee (VRC), which is a management committee whose primary focus is to make decisions involving out of cycle valuations of unlisted assets, or where there is a potential material asset valuation change resulting from a significant market event including asset specific circumstances. The determination of whether an unlisted asset valuation may be challenged or a more appropriate valuation may be available, and the decision to substitute an alternative unlisted asset valuation is at the discretion of the VRC.

All decisions made by the VRC are reported to the Valuation Oversight Committee (VOC), which is a sub-committee of the Board. The VOC is responsible for overseeing the VRC's activities to ensure the valuation of unlisted assets, and subsequent decisions to amend valuations are timely, prudent and maintain member equity.

The AFC, VOC and VRC fulfil the Fund's obligations to ensure member equity in managing valuation risks associated with the Fund's investments.

Fair Value of level 3 directly held assets

In the case of directly held assets, the Fund or the investment manager appoints independent external valuation experts and property appraisers to provide regular investment valuations, with investments greater than \$500m being valued on a quarterly cycle or more often if appropriate. The Fund has policies and procedures governing the appointment and rotation of independent external valuers. The expertise, knowledge and familiarity with local market conditions, market transactions and industry trends of the independent valuation experts and property appraisers are important inputs to the valuation process.

The investment team works closely with our investment managers and independent external valuers to monitor the underlying assumptions (e.g. future cashflows, revenue paths, discount rates) and market factors which inform the valuations of directly held unlisted assets.

Fair value of indirectly held assets

The Fund generally values interests in Level 3 investments managed by external investment managers using the valuation provided by the relevant external investment manager.

The Fund reviews the valuation methodology adopted by the relevant investment manager and makes further enquiries, as appropriate, relating to valuation assumptions and key inputs used to determine valuations. Valuation techniques include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

The Fund ensures that the valuation techniques used by fund managers are consistent with the techniques outlined in the Fund's Valuation Policy, represent fair value and accepts the value provided by the fund managers unless there is a specific and objectively verifiable reason to vary from the valuation provided. Fund managers of indirect investments provide valuations on a quarterly basis with some monthly.

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 1 Investments

The number and fair value of total direct and indirect Level 3 investments held by the Fund are shown in the table below.

	Directly held investments	Indirectly held investments	Total investments
30 June 2024	Fair value \$'000	Fair value \$'000	Fair value \$'000
Australian infrastructure	14,661	3,357	18,018
International infrastructure	5,514	7,014	12,528
Australian private credit	-	65	65
International private credit	-	4,065	4,065
Australian private equity	-	8,837	8,837
International private equity	-	9,949	9,949
Australian real estate	1,556	5,546	7,102
International real estate	1,865	5,982	7,847
Other	49	-	49
	23,645	44,815	68,460

	Directly held investments	Indirectly held investments	Total investments
30 June 2023	Fair value \$'000	Fair value \$'000	Fair value \$'000
Australian infrastructure	12,952	2,490	15,442
International infrastructure	4,084	8,193	12,277
Australian private credit	-	76	76
International private credit	-	2,354	2,354
Australian private equity	-	1,005	1,005
International private equity	-	15,766	15,766
Australian real estate	1,500	4,906	6,406
International real estate	1,549	5,976	7,525
Other	40	-	40
	20,125	40,766	60,891

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 1 Investments

As Level 3 investments are valued using financial models, the resulting valuations are affected by non-observable inputs. The most significant inputs to these financial models are the discount rate, capitalisation rate and revenue growth rates in estimating future cash flows of the investment.

The following table summarises the unobservable inputs used in fair value measurement of the Fund's material asset classes of total direct and indirect Level 3 investments.

30 June 2024	Fair Value \$m	Valuation Techniques	Significant unobservable inputs	Range of inputs	Relationship and sensitivity inputs to fair value \$m
Australian infrastructure	18,018	Discounted cashflow	Discount rate	7.4%-11.4%	The higher the discount rate the lower the fair value
International infrastructure	12,528	Discounted cashflow	Discount rate	8%-13.7%	The higher the discount rate the lower the fair value.
Australian alternatives	65	Refer to note 1 (iv) ⁽³⁾	NAV per Share or Unit Price	Diverse ¹	Increased/(decreased) NAV per share (+/-) 10% would (decrease)/increase fair values by 6.5 / -6.5
International alternatives	4,065	Refer to note 1 (iv) ⁽³⁾	NAV per Share or Unit Price	Diverse ¹	Increased/(decreased) NAV per share (+/-) 10% would (decrease)/increase fair values by 406.50 / -406.50
Australian private equity	8,837	Refer to note 1 (iv) ⁽³⁾	NAV per Share or Unit Price	Diverse ¹	Increased/(decreased) NAV per share (+/-) 10% would (decrease)/increase fair values by 883.70 / - 883.70
International private equity	9,949	Refer to note 1 (iv) ⁽³⁾	NAV per Share or Unit Price	Diverse ¹	Increased/(decreased) NAV per share (+/-) 10% would (decrease)/increase fair values by 994.90 / -994.90
Australian real estate	7,102	Discounted cashflow/Capitalisation Method	Discount rate/Capitalisation rate	Discount range: 6.4%-11.3% Capitalisation rate: 5.1%-9.4%	The higher the discount rate the lower the fair value. The higher the capitalisation rate the lower the fair value.
International real estate	7,847	Discounted cashflow/Capitalisation Method	Discount rate/Capitalisation rate	Discount range: 6.4%-11.8% Capitalisation rate: 4.7%-16.2%	The higher the discount rate the lower the fair value. The higher the capitalisation rate the lower the fair value.
Other	49 ²				

1. The range of inputs related to the NAV per share is not disclosed as the number of the private credit and private equity investments results in a wide range of unrelated inputs.

2. Other securities are delisted and no longer have an observable active market.

3. As outlined in note 1 (iv), independent external valuation experts and property appraisers are appointed to provide regular investment valuations, as a result the Fund does not have access to the information required in order to quantify the sensitivity.

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 1 Investments

30 June 2023	Fair Value \$m	Valuation Techniques	Significant unobservable inputs	Range of inputs	Relationship and sensitivity inputs to fair value
Australian infrastructure	15,442	Discounted cashflow	Discount rate	7.7%-19.4%	The higher the discount rate the lower the fair value.
International infrastructure	12,277	Discounted cashflow	Discount rate	7.7%-19.4%	The higher the discount rate the lower the fair value.
Australian alternatives	76	Refer to note 1 (iv) ⁽³⁾	NAV per Share or Unit Price	Diverse ¹	Increased/(decreased) NAV per share (+/-) 10% would (decrease)/increase fair values by 6.5 / -6.5
International alternatives	2,354	Refer to note 1 (iv) ⁽³⁾	NAV per Share or Unit Price	Diverse ¹	Increased/(decreased) NAV per share (+/-) 10% would (decrease)/increase fair values by 406.50 / -406.50
Australian private equity	1,005	Refer to note 1 (iv) ⁽³⁾	NAV per Share or Unit Price	Diverse ¹	Increased/(decreased) NAV per share (+/-) 10% would (decrease)/increase fair values by 883.70 / - 883.70
International private equity	15,766	Refer to note 1 (iv) ⁽³⁾	NAV per Share or Unit Price	Diverse ¹	Increased/(decreased) NAV per share (+/-) 10% would (decrease)/increase fair values by 994.90 / -994.90
Australian real estate	6,406	Discounted ation Method	Discount rate/Capitalisation rate	Discount range: 6.1%-14.0% Capitalisation rate: 4.2%-10.8%	The higher the discount rate the lower the fair value. The higher the capitalisation rate the lower the fair value.
International real estate	7,525	Discounted ation Method	Discount rate/Capitalisation rate	Discount range: 6.1%-14.2% Capitalisation rate: 4.3%-12.5%	The higher the discount rate the lower the fair value. The higher the capitalisation rate the lower the fair value.
Other	40 ²				

1. The range of inputs related to the NAV per share is not disclosed as the number of the private credit and private equity investments results in a wide range of unrelated inputs.

2. Other securities are delisted and no longer have an observable active market.

3. As outlined in note 1 (iv), independent external valuation experts and property appraisers are appointed to provide regular investment valuations, as a result the Fund does not have access to the information required in order to quantify the sensitivity.

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 1 Investments

(c) Derivatives

ART's policy is to use (and allow or instruct its investment managers to use) derivatives as part of the overall investment strategy of the Fund to achieve investment objectives. Derivatives, such as forwards, futures, options and swaps and other mixes of these instruments can permit exposure to a particular asset without owning the asset, with the value sourced from other assets or indices (known as the underlying asset).

The Trustee has policies and controls in place to make sure derivatives are used appropriately and investment managers operate within specific investment guidelines. Derivatives may be used to manage risk and rebalance investment options to their target asset allocations using a combination of derivatives to reflect the risk characteristics of each asset class.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the Black Scholes option valuation model.

Derivative fair value	2024	2023
	\$m	\$m
Financial Assets		
Futures contracts	105	136
Options contracts	87	61
Swaps contracts	364	440
Foreign currency forward contracts	1,616	959
Warrants contracts	1	2
	2,173	1,598
Financial Liabilities		
Futures contracts	(72)	(91)
Options contracts	(45)	(3)
Swaps contracts	(328)	(477)
Foreign currency forward contracts	(537)	(2,271)
	(982)	(2,842)
Net financial asset/(liability)	1,191	(1,244)

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 2 Financial risk management

(a) Overview

The investments of the Fund are managed on behalf of the Trustee by appointed investment managers or managed internally. Each investment manager is required to invest the assets managed by it in accordance with the terms of a mandate. The Trustee or its delegate has determined that the appointment of these managers is appropriate for the Fund and is in accordance with the Fund's Investment Strategy.

During the financial year the Fund utilised the services of 2 master custodians to provide services in respect of the majority of the Fund's assets, including physical custody and safekeeping, settlement of trades, collection of dividends, securities lending and accounting for investment transactions. The Fund has implemented processes to obtain assurance over the custodians' internal control frameworks and to monitor the appointment of any sub-custodians.

The Trustee appointed a single master custodian last financial year with an effective date of 2nd October 2023.

The Fund has investments in a variety of financial instruments, including derivatives, which expose the Fund to market risk (including price risk, currency risk and interest rate risk). The main purpose of these financial instruments is to obtain exposure to specific asset classes in accordance with investment strategies. The Fund also has various other financial instruments such as sundry receivables and payables, which arise directly from its operations; these are current in nature. Risks arising from holding financial instruments are inherent in the Fund's activities.

The Fund's activities expose it to a variety of risks, both financial and non-financial. ART has developed a comprehensive Risk Management Framework (RMF) which comprises its systems, structures, policies, processes, and people involved in the management of these risks across the ART Group. The RMF is reviewed annually and approved by the Trustee and the Trustee is also responsible for the oversight of its operation by management. The Risk Management Strategy is an integral element of the RMF. The Risk Management Strategy describes how ART identifies, assesses, mitigates, manages, monitors and regularly reports on the Fund's material risks.

The Risk Management Strategy outlines Material Risks, including Operational, Investment Governance, Liquidity, Insurance and Strategic Risks.

The Trustee has established several Committees to assist with the oversight and management of key risks across the ART Group.

The Trustee recognises that sound and prudent risk management is an integral part of good governance. ART's approach to risk management is to ensure that the ART Group's organisational performance and pursuit of opportunity is suitably balanced against risk, and that risks inherent to business operations are appropriately managed. Effective risk management provides ART with the capabilities, tools and culture needed to make informed decisions in an uncertain world.

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 2 Financial risk management

The AFC has been established by the Trustee to provide assistance in discharging the Trustee's corporate governance and oversight responsibilities in relation to such matters as: financial and capital management, external audit, financial reporting, investment operations, taxation, oversight of ART's investment in ART Life, actuarial matters associated with defined benefit plans, successor fund transfer matters, and brand/sponsorship activities. The AFC's role encompasses, operational investment governance, monitoring the compliance of the Fund with legislative requirements, reviewing external audit findings and monitoring the implementation of audit recommendations, and reviewing financial statements.

The Risk Committee has been established by the Trustee to provide assistance in discharging the Trustee's corporate governance and oversight responsibilities in relation to such matters as: internal audit, information security risk, risk management, compliance, as well as business continuity and corporate insurance. The Risk Committee's role encompasses reviewing the management of risk, including overseeing the material risks and ensuring appropriate internal controls are in place to address those risks, reviewing internal audit findings and monitoring the implementation of audit recommendations.

Prior to 1 July 2024, the responsibilities of the AFC and the Risk Committee were undertaken by the Audit and Risk Committee and the Finance Committee as described in Note 18.

The Fund's Investment Committee assists the Trustee in relation to investment governance and setting the Fund's investment principles and objectives; monitoring the adequacy of the Fund's investment options and their ability to meet member retirement needs; the use of investment delegations; investment policies; as well as monitor investment performance and investment risk. The principal duties and responsibilities of the Committee include recommending to the Trustee the investment objectives for the Fund and its various member investment options, recommending to the Trustee the investment policy for the Fund, monitoring investment performance, including the performance of investment managers, and discussing investment issues with the Trustee, the Fund management, and independent advisers, if and when the need arises.

Risk Factors and Sensitivity Analysis

Three separate sensitivity analyses have been prepared for different market factors using reasonably possible changes in risk variables.

These variables are based on the various indices applicable to the underlying assets which have been determined by the Fund's custodian. The Fund has reviewed these variables and considers them appropriate for use in the sensitivity analyses, which have been performed on a before tax basis and are individually examined in the risk factors below.

(b) Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate due to changes in market variables such as equity prices, foreign exchange rates and interest rates. Market risk is managed through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies. Controls for managing market risk of derivatives involve monitoring mandate limits and fund exposure in accordance with policies and mandates.

(c) Price risk

Price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual instrument, its issuer or factors affecting all instruments in the market.

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 2 Financial risk management

Source of risk

The Fund is exposed to price risk through listed and unlisted investments, including equity, infrastructure and real estate investments. As the Fund's financial instruments are valued at fair value, with changes in fair value recognised in the income statement, all changes in market conditions can directly affect investment revenue.

Risk mitigation

The Fund's exposure to price risk is determined by the fair value of the financial instruments. Price risk is mitigated by the Fund's diversified portfolio of investments in accordance with the investment strategy approved by the Trustee. The Trustee monitors the Fund's performance and compliance on an ongoing basis to ensure that the investment strategy is executed according to plan and that any deviations to expected outcomes are appropriately investigated and met with any relevant corrective action.

Sensitivity analysis

The sensitivity analysis is based on historical data and reasonably possible investment return range movements by asset class during the financial year.

The increase / (decrease) in the market price of the investments of the Fund at 30 June 2024 by the relevant percentage ranges noted below would have increased / (decreased) the amount of the operating result from superannuation activities by the amounts disclosed. This analysis assumes that all other variables, in particular interest rates and foreign exchange rates, remain constant. The analysis is performed on the same basis as for the 2023 financial year. The assets to which the sensitivity analysis is applied are the Fund's non-interest-bearing instruments and whose returns are not guaranteed.

Sensitivity of price risk and changes on net assets

	<u>% range</u>	<u>Low ± \$m</u>	<u>High ± \$m</u>
30 June 2024			
Listed Securities	8-14%	10,138	18,828
Unlisted Securities - Infrastructure	8-14%	2,352	4,368
Unlisted Securities - Real Estate	5-9%	733	1,360
Unlisted Securities - Private Equity	9-17%	1,706	3,169
Unlisted Securities - Alternatives	4-7%	344	639
30 June 2023			
Listed Securities	7-13%	6,703	12,449
Unlisted Securities - Infrastructure	8-16%	1,292	4,324
Unlisted Securities - Real Estate	3-10%	418	1,393
Unlisted Securities - Private Equity	14-26%	1,071	4,349
Unlisted Securities - Alternatives	10-18%	601	2,102

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 2 Financial risk management

(d) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of an asset or a financial instrument will fluctuate due to changes in foreign exchange rates.

Source of risk

The Fund holds assets or financial instruments denominated in currencies other than the Australian Dollar (AUD) which is the Fund's functional and presentation currency. The Fund is therefore exposed to foreign exchange risk, as the value of these assets and associated future cash flows denominated in other currencies will fluctuate due to changes in exchange rates. The risk is measured using sensitivity analysis.

Risk mitigation

As part of the Fund's risk management strategy, the Fund uses derivative contracts such as forward foreign exchange contracts to manage its foreign currency exposures in line with the Fund's Investment Policy Statement. Foreign currency exposures are obtained for member options which are based on established investment objectives.

Net foreign currency exposure at 30 June 2024 was \$53,353m (2023: \$43,579m) with the largest exposure being to the US dollar.

The disclosure of foreign exchange risk in the note represents the total net foreign exchange exposure.

The Fund's exposure to foreign currency on its investments is as follows:

	USD \$m	EUR \$m	JPY \$m	GBP \$m	Other \$m
30 June 2024					
Gross investment amount denominated in foreign currency	79,496	14,416	4,065	9,447	19,162
Less: Currency forwards and swaps	51,107	11,893	385	7,110	2,738
Net Exposure	28,389	2,523	3,680	2,337	16,424
30 June 2023					
Gross investment amount denominated in foreign currency	44,679	11,341	4,240	4,499	13,571
Less: Currency forwards and swaps	26,875	4,168	(1)	1,465	2,244
Net Exposure	17,804	7,173	4,241	3,034	11,327

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 2 Financial risk management

Sensitivity analysis

An increase in the value of foreign currencies by 10% relative to the AUD would increase the net assets of the Fund by \$5,335m (30 June 2023: \$4,358m) and a decrease in the value of foreign currencies by 10% relative to the AUD would decrease the net assets of the Fund by \$5,335m (30 June 2023: \$4,358m).

(e) Interest rate risk

Source of risk

Interest rate risk refers to the effect on the market value of, or the cash flows generated from, the Fund's assets and liabilities due to fluctuations in interest rates. The value of the Fund's assets is affected by short term changes in nominal and real interest rates.

Risk mitigation

The Fund has set investment allocation ranges to meet its objectives of holding an appropriately diversified portfolio, including limits on investments in interest bearing assets, which are monitored regularly. The Fund may use derivatives to hedge against unexpected movements in interest rates.

Interest rate risk disclosures have been prepared on a basis of the Fund's direct investments and on a look through basis for the investments held indirectly through unit trusts. This includes Fixed Income and Cash & cash equivalents asset classes.

The Fund's exposure to interest rate risk at the reporting date is summarised in the tables below:

30 June 2024	Weighted Average interest rate %	Fixed interest rate \$m	Floating interest rate \$m	Non-interest bearing \$m	Total \$m
Cash & cash equivalents	4.48		6,032		6,032
Other interest-bearing securities	4.02	31,864	9,929		41,793
Unlisted securities	4.05	27,740	1,487	73,098	102,325
Increase/decrease from derivatives contracts	-	(758)	764	1,185	1,191
Receivables	-	-	-	3,264	3,264
Payables	-	-	-	(3,174)	(3,174)
Total		58,846	18,212	74,373	151,431

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 2 Financial risk management

30 June 2023	Weighted Average interest rate %	Fixed interest rate \$m	Floating interest rate \$m	Non-interest bearing \$m	Total \$m
Cash & cash equivalents	4.34	-	4,595	-	4,595
Other interest-bearing securities	3.42	21,108	10,208	4	31,320
Unlisted securities	3.43	32,742	1,995	68,738	103,475
Increase/decrease from derivatives contracts	-	(362)	315	(1,197)	(1,244)
Receivables	-	-	-	3,599	3,599
Payables	-	-	-	(2,647)	(2,647)
Total		53,488	17,113	68,497	139,098

Sensitivity Analysis

A sensitivity analysis has been undertaken using a 100 basis point change in interest rates which includes fixed and floating interest rates. As at 30 June 2024 a 100 basis point movement would have a +/- \$1,174m (30 June 2023: +/- \$3,797m) direct impact on the net assets of the Fund.

(f) Credit risk

Credit risk represents the risk that the counterparty to the financial instrument fails to discharge a contractual obligation and cause the Fund to incur a financial loss.

Source of risk

The Fund is exposed to credit risk primarily through its investments in debt securities, trading derivative products, deposits held with banks, and receivables. 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 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.

Risk mitigation

Credit risk arising from investments is moderated through prudential controls imposed on all investment managers under the terms of their mandates. The Fund uses a number of risk mitigation tools, including Credit Support Annexures (CSA), imposing counterparty credit limits, and International Swaps and Derivatives Association (ISDA) agreements to mitigate counterparty risk for over-the-counter derivative instruments. Due diligence over each counterparty's systems capability, operational performance and competence is conducted.

Consolidated Notes to the Financial Statements
For the year ended 30 June 2024

Note 2 Financial risk management

The Fund may use derivative contracts to manage its exposure to credit risk in accordance with approved investment strategies. The fair value of credit related derivatives held at 30 June 2023 and 2024 was immaterial.

In addition, for cash and derivative investments, the Fund manages credit risk by dealing with highly rated counterparties and where appropriate, ensuring collateral is maintained.

Credit risk associated with receivables is considered low as this is mainly comprised of dividends, distributions and interest receivable on investments.

The carrying amount for the Fund's financial assets, as shown on the Statement of Financial Position, best represents the maximum credit risk exposure at the reporting date.

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

(g) Concentrations of risk

Source of risk

Concentrations of risk arise when a number of financial instruments are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities. These similarities could cause the counterparties' capabilities to meet the contractual obligations to be similarly affected by certain changes in the risk variables.

Risk mitigation

The concentrations of risk are managed by the Investment team within prescribed limits to ensure they are within acceptable limits by reducing the exposures or by other means as deemed appropriate.

Counterparty limits are imposed to manage and control associated exposures to individual counterparty. Additional controls are in place for derivatives and the Fund's exposure is monitored daily with the unrealised profit and losses aggregated by counterparty.

(h) Liquidity risk

Liquidity risk is the risk of not being able to meet financial obligations as they fall due. This risk is encountered through both undertaking of investment activities (investment liquidity risk) and through the operation of the Superannuation business that provides products and services to members (Fund Liquidity risk).

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 2 Financial risk management

Source of risk

The Fund, in its capacity to provide ongoing services to members, is exposed to the risk associated with honouring members' instructions to switch or withdraw their monies from investment options. Furthermore, the Fund is also exposed to the risk of meeting various financial obligations including margin and collateral calls from derivative exposure and contractual arrangements that are entered into through the course of running the corporate enterprise that supports all services to members.

The majority of the Fund's listed securities are considered to be readily convertible to cash. The Fund's financial instruments include investments in unlisted assets (including private equity) which are not traded in an organised market and that generally may be illiquid.

As a result, in extraordinary circumstances, there is a risk that the Fund may not be able to liquidate all of these investments at their assumed market value, or in a timely fashion, in order to meet all of its liquidity requirements.

Set out on this page are the contractual maturities of financial liabilities. The contractual maturity of the Fund's derivatives is based on undiscounted cashflows.

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 2 Financial risk management

	< 1 month \$m	1-3 months \$m	3-12 months \$m	1-5 years \$m	5+ years \$m	Total \$m
30 June 2024						
Financial liabilities:						
Member benefits – Defined member contributions	266,549	-	-	-	-	266,549
Member benefits – Defined benefit contribution	31,418	-	-	-	-	31,418
Trade and other payables (excluding cash collateral)	1,038	-	-	-	-	1,038
Payables for investments	2,213	-	-	-	-	2,213
Total undiscounted financial liabilities (excluding derivatives)	301,218	-	-	-	-	301,218
Net settled derivatives:						
Fixed interest future	-	30	-	3	-	33
Options	-	-	7	9	27	43
Forward foreign exchange contracts	569	167	343	-	-	1,079
Swaps and warrants	(15)	(21)	(32)	102	2	36
Total undiscounted derivatives inflow / (outflow)	554	176	318	114	29	1,191
Net cash collateral (payable) /receivable	(89)					(89)
Net derivatives (including net cash collateral)	643	176	318	114	29	1,280

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 2 Financial risk management

	< 1 month \$m	1-3 months \$m	3-12 months \$m	1-5 years \$m	5+ years \$m	Total \$m
30 June 2023						
Financial liabilities:						
Member benefits – Defined member contributions	223,020	-	-	-	-	223,020
Member benefits – Defined benefit contribution	28,924	-	-	-	-	28,924
Trade and other payables (excluding cash collateral)	440	-	-	-	-	440
Payables for investments	2,815	-	-	-	-	2,815
Total undiscounted financial liabilities (excluding derivatives)	255,199	-	-	-	-	255,199
Net settled derivatives:						
Fixed interest futures	8	58	(20)	(1)	-	45
Options	-	9	8	7	35	59
Forward foreign exchange contracts	(86)	(571)	(655)	-	-	(1,312)
Swaps and warrants	2	(10)	30	(52)	(6)	(36)
Total undiscounted derivatives inflow / (outflow)	(76)	(514)	(637)	(46)	29	(1,244)
Net cash collateral (payable) /receivable	1,151	-	-	-	-	1,151
Net derivatives (including net cash collateral)	1,075	(514)	(637)	(46)	29	(93)

Risk mitigation

The Fund maintains a Liquidity Risk Management policy designed to ensure sufficient liquidity within the Fund to meet its financial obligations. The policy contemplates liquidity for the Fund, outlines the procedures for measuring and managing liquidity and considers how liquidity is to be managed under a range of stress scenarios. To the extent possible, potential adverse liquidity circumstances are identified, along with the actions that would be required to deal with these circumstances.

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 2 Financial risk management

The Fund categorises liquidity depending on how readily these assets can be converted to cash to meet the Fund's financial obligations. To meet short term requirements, the Fund maintains sufficient cash and short-term deposits. The majority of the Fund's assets are traded in listed markets which, under normal circumstances, can be liquidated over short periods of time. The Fund's assets include an allocation to unlisted investments that have less-liquid profiles and are expected to take more time to be sold.

The Fund monitors the liquidity with the objective of meeting the liquidity requirements of the Fund in the short and long term. Stress-testing and scenario analysis are completed on a regular basis. The Fund's overall liquidity risk is monitored by the Fund's Investment Committee.

(i) Securities lending

The Fund has securities lending arrangements with 2 market-leading firms under which legal title to certain assets of the Fund may be transferred to another entity, notwithstanding the fact that the risks and benefits of ownership of the assets remain with the Fund including the right to vote.

Loaned Assets and Collateral

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

The carrying amount of securities that are eligible for securities lending activities at reporting date amounted to \$139,680m (2023: \$112,759m). The carrying amount of securities on loan at reporting date was \$21,705m (2023: \$15,945m).

The terms and conditions associated with the use of collateral held as security in relation to the assets lent are governed by a Securities Lending Agreement that requires the borrower to provide the lender with collateral to the value equal to or greater than the loaned securities. Total collateral held at reporting date as security had a fair value of \$23,296m (2023: \$16,881m). The cash collateral held amounted to \$1,326m (2023: \$608m) and is recognised as both a financial asset and a financial liability in the Statement of Financial Position. Non-cash collateral held is not recognised in the Statement of Financial Position.

The lending agents indemnify the Fund for replacement of any loaned securities (or, in certain circumstances, return of equivalent cash value) due to a borrower default on a security loan.

Earnings and Fees

Earnings and fees received during the year for securities lending, on a net basis, were \$49m (2023: \$31m). These amounts were received on behalf of the Fund and have been recognised in the Income Statement.

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 3 Revenue

Revenue recognition and measurement

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and that revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised.

Significant revenue streams

Interest income

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

	2024	2023
	\$m	\$m
Bank term deposits	20	14
Fixed interest securities	1,829	1,068
	1,849	1,082

Dividend revenue

Revenue from dividends is recognised on the date the shares are quoted ex-dividend when the Fund's right to receive payment is established and if not received at balance sheet date, the balance is reflected as a receivable in the statement of financial position.

Distributions

Distributions are recognised as investment income on the date when it is deemed that the Fund is presently entitled to the trust income. If distributions are not received at the reporting date, it is reflected as a receivable in the statement of financial position.

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 3 Revenue

Changes in fair value of investments

Changes in fair value of investments are recognised as revenue and are determined as the difference between the fair value at year end or consideration received (if sold during the year) and the fair value as at the prior year end or cost (if the investment was acquired during the period). Financial assets are stated at fair value, with any gains or losses arising on re-measurement recognised in the income statement.

	2024	2023
	\$m	\$m
Movements in investments held at reporting date		
Cash and cash equivalents	(86)	59
Listed securities	12,501	10,845
Other interest bearing securities	77	284
Derivative assets and liabilities	1,154	(2,210)
Unlisted securities	1,535	2,799
	15,181	11,777

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 4 Income tax

Recognition and measurement

The Fund is taxed as a complying superannuation fund in accordance with the provisions of the Income Tax Assessment Act 1936 (Cth) and Income Tax Assessment Act 1997 (Cth).

Income tax on the change in net assets as a result of operations for the year comprises current and deferred tax. Income tax is recognised as an expense in the income statement.

Current tax

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the statement of financial position date and any adjustment to tax payable in respect of previous years. Current tax includes any amounts relating to penalty and interest charges that may be imposed by tax authorities.

Deferred tax

Deferred tax is determined using the comprehensive 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 substantially enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Fund intends to settle its current tax assets and liabilities on a net basis.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realised.

Key Estimates

Significant judgement is required by the Trustee in determining the provision for income taxes. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 4 Income tax

(a) Major components of income tax

	2024	2023
	\$m	\$m
Current income tax	95	(587)
Adjustments in respect of current income tax of previous years	170	235
Deferred income tax		
Relating to origination and reversal of temporary differences in deferred tax liability	1,057	1,261
Income tax (benefit) / expense reported in income statement	1,322	909

A reconciliation of differences between prima facie tax calculated at 15% of the results from superannuation activities before income tax for the year and the actual tax expense reported in the Income Statement for the year is set out below:

	2024	2023
	\$m	\$m
Results from superannuation activities	22,008	17,105
Prima facie income tax expense / (benefit) at the rate of 15%	3,301	2,566
Tax effect of non-deductible expenses and non-assessable income in calculating the taxable amount:		
Differences between tax and accounting net investment income	(1,165)	(1,062)
Adjustments in respect of current income tax of previous years	170	235
Notional premium for death or disability cover	(20)	(20)
Net imputation and foreign tax credits	(780)	(768)
Exempt current pension income	(184)	(58)
Other	-	16
Income tax expense / (benefit) reported in income statement	1,322	909

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 4 Income tax

(b) Deferred income tax

	Note	2024 \$m	2023 \$m
Movements in deferred tax asset			
Opening balance		118	76
Change to income statement		16	42
Closing balance at 30 June		135	118
Deferred tax asset comprises			
Investments		69	55
Other		65	63
Total deferred tax asset		135	118
Movements in deferred tax liability			
Opening balance		(2,956)	(1,668)
Change to income statement		(1,068)	(1,288)
Closing balance at 30 June		(4,024)	(2,956)
Deferred tax liability comprises			
Unrealised gains in investments		(4,024)	(2,956)
Total deferred tax liability		(4,024)	(2,956)
Net deferred tax asset / (liability)		(3,889)	(2,838)

Australian Taxation Office (ATO) Review

The Australian Taxation Office (ATO) commenced an audit of QSuper in the year ended 30 June 2021, prior to the merger with Sunsuper. The audit relates to the QSuper pre-merger years of income from 1 July 2014 to 30 June 2021. The ATO Audit is continuing.

Prior to the merger, the ATO issued QSuper with notices of amended assessment and penalty notices for the years ended 30 June 2015 to 30 June 2020 relating to equities within QSuper's defined contribution plan. All amounts owing under these notices were paid or raised as a liability for income tax prior to the merger.

QSuper acted in accordance with external tax advice and consequently, the Fund has lodged objections with the ATO in respect of the amended assessments and penalties.

In line with its Tax Governance Policy, ART is also proactively engaging with the ATO on other historical positions that were taken. These positions concern entitlement to imputation credits and are primarily focussed on whether ART is entitled to claim imputation credits in respect of Australian listed equities in view of some derivative contracts that reduce exposure to equities.

These matters involve complex considerations that are highly dependent on their facts.

MEMBER LIABILITIES AND RESERVES

Note 5 Defined contribution member liabilities

The entitlements of members to benefit payments are recognised as liabilities to the Fund. They are measured at the amount of the accrued benefits as at the reporting date, being the benefits that the Fund is presently obliged to transfer to members, or their beneficiaries, in the future as a result of the membership up to the end of the reporting period.

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

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

Unit prices are updated on a daily basis for movements in investment markets. The Fund's management of the investment market risks is as disclosed within Note 1 and Note 2.

Defined contribution members' liabilities are fully vested.

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 6 Defined benefit member liabilities

As at the reporting date, the Fund had 22 defined benefit plans with the largest defined benefit plan being the Queensland Government Defined Benefit Scheme.

The Fund engages qualified actuaries to measure defined benefit member liabilities. In determining the defined benefit member liabilities, the appointed actuary determines appropriate assumptions including discount rate, salary adjustment rate, pension increase rates, resignation rates and mortality rates.

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

A 'defined benefit plan' means a plan of a defined benefit fund that has at least one defined benefit member, separately identifiable assets and separately identifiable beneficiaries and the interest each beneficiary has in the plan is determined wholly or partly by reference to the conditions governing the plan.

'Vested Benefits' are the benefits that would be payable had all members voluntarily resigned on the reporting date.

The amount of vested benefits attributable to the Fund's defined benefit members as at 30 June 2024 is \$31,162m (2023: \$29,733m).

		2024 \$m	2023 \$m
Vested benefits	Note	Amount	Amount
Queensland Government Defined Benefit Scheme	Note 6 (a)	23,859	24,405
Corporate Defined Benefit Plans	Note 6 (b)	7,303	5,328
Total		<u>31,162</u>	<u>29,733</u>

(a) Queensland Government Defined Benefit Scheme Arrangements

All employing authorities within this scheme are required to remit defined benefit employer contributions (excluding salary sacrifice contributions) to Queensland Treasury. These contributions are accumulated in a reserve, managed by Queensland Investment Corporation on behalf of the Queensland Government (Employer Fund), which is maintained to finance the future liability for the employer component of all defined benefits.

Funding from the Employer Fund to the Fund is in the form of funding received at the time the benefit is paid (as described in the Superannuation (State Public Sector) Act 1990 and in the Fund's Trust Deed). Alternatively, the Superannuation (State Public Sector) Act 1990 allows the transfer of amounts from the Employer Fund to the Fund in circumstances and at times other than funding the immediate payment of benefits. Transfers from the Employer Fund to the Fund occurred monthly and amounted to \$2,036m for 2024 (2023: \$1,965m).

Consolidated Notes to the Financial Statements
For the year ended 30 June 2024

Note 6 Defined benefit member liabilities

The Queensland Government through the Queensland Government Defined Benefit Scheme underwrites a capital guarantee for some members that the earning rate for a full financial year will not be negative (Voluntary Preservation Plan). In return for this capital guarantee, Voluntary Preservation Plan members are levied a premium on 30 June each year. The accumulated premiums to 30 June 2024 were \$10m (2023: \$10m) and the reimbursements to 30 June 2024 was \$0m (2023: \$0m).

The Queensland Government Defined Benefit Scheme was closed to new members on 12 November 2008.

Employer-sponsor receivable

As the defined benefits become payable, the full cost is met by the Fund, with the Employer Fund contributing the employers' share of these benefits. Under AASB 1056, the difference between the value of the accrued benefits at 30 June 2024 and net assets held by the Fund is recognised as an employer-sponsor receivable. A summary of the employer-sponsor receivable is as follows:

	2024	2023
	\$m	\$m
Value of Defined Benefit liability (net of contributions tax)	23,287	24,003
Less Defined Benefit assets held by the Fund	(6,772)	(6,761)
Net receivable from Queensland Government	16,515	17,242

Defined Benefit member liabilities

The difference between the net receivable from Queensland Government of \$16,515 (2023: \$17,242m) as recorded on the statement of financial position and the gross value of the Defined Benefit liability of \$19,203m (2023: \$20,048m) as reported by the employer sponsor represents the value of accrued contributions tax.

The Defined Benefit member liabilities have been determined by reference to expected future salary levels and by application of a market-based, risk-adjusted discount rate and relevant actuarial assumptions.

The entitlements of members to benefit payments are recognised as liabilities in the statement of financial position.

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 6 Defined benefit member liabilities

Actuarial review

The last actuarial review of the Queensland Government Defined Benefit Scheme Arrangements (the Scheme) was conducted as at 30 June 2021 by the Queensland State Actuary, Mr W H Cannon BSc(Hons) GradDipAppFin FIAA GAICD.

Internal transfers

Internal transfers disclosed on the Statement of Changes in Member Benefits represent transfers out of member balances from defined benefits to defined contribution accounts for individuals who no longer qualify for inclusion in a defined benefits scheme.

Key estimates

The Fund and the actuary use sensitivity analysis to monitor the potential impact of changes to assumptions. The Fund and the actuary have identified three assumptions (discount rate, price inflation and the rate of salary increases) for which changes are reasonably possible and that would have a material impact on the amount of the defined benefit member liabilities.

Discount rate

The assumed gross discount rate has been determined by reference to the annually convertible yield of a notional duration matched government nominal bond at the relevant date. This represents the expected return of an asset pool that would yield the future net cash flows underpinning the liability, recognising that the defined benefit assets within the Fund represent a minority portion, with the balance met by the Government guarantee. The Queensland State Actuary has recommended the use of this rate. An alternative position would be to utilise an expected portfolio return rate that the scheme actuary assumes will be generated from the overall investment of assets held to fund the liability. There are a range of investment returns that could be used for this purpose; to illustrate we have used a rate of 6.50% (2023: 4.80%) which we think is reasonably within the range. Application of this rate would reduce the accrued benefits (net of contribution tax) liability by \$2,924m (2023: \$1,427m).

Price inflation

The assumed level of price inflation has been determined by reference to the difference between yields on nominal and inflation linked bonds of similar duration to the defined benefit liabilities.

Salary inflation

The assumed annual salary adjustment has been determined by reference to estimates of historical and prospective real salary growth.

The other variables about which assumptions have been made in measuring defined benefit member liabilities and for which reasonably possible changes would not be expected to have a material effect include resignations, retirement and mortality rates.

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 6 Defined benefit member liabilities

The following table shows the sensitivity to the material assumptions as at 30 June 2024:

Assumption	Assumed at reporting date	% Range	Increase/(Decrease) in DB member benefit liability (\$m)
Gross discount rate	2024: 4.3% (2023: 4.0%)	2024: +1.0% (2023: +1.0%)	2024: (1,378) (2023: (1,530))
Price inflation	2024: 2.4% (2023: 2.4%)	2024: +1.0% (2023: +1.0%)	2024: 266 (2023: 128)
Salary inflation	2024: 3.4% (2023: 3.4%)	2024: +1.0% (2023: +1.0%)	2024: 1,194 (2023: 1,579)

Vested Benefits

Vested benefits are benefits that are not conditional upon continued membership of Queensland Government Defined Benefit Scheme (or any factor other than resignation from the scheme) and include benefits which members were entitled to receive had they terminated their Queensland Government Defined Benefit Scheme membership as at the reporting date. This amount has been estimated using actuarial assumptions from the AASB 1056 valuation as at 30 June 2021 and excludes the implied accrued contributions tax.

	2024 \$m	2023 \$m
Vested benefits attributable to defined benefit members (discount rate for underlying member liabilities)	23,859	24,405

Consolidated Notes to the Financial Statements
For the year ended 30 June 2024

Note 6 Defined benefit member liabilities

(b) Corporate Defined Benefit Plans Arrangements

The Fund has 21 (2023: 18) corporate defined benefit plans as at the reporting date.

The Fund and its actuaries use sensitivity analysis to monitor the potential impact of changes to the assumptions. The Fund and its actuaries have identified assumptions (being discount rate, pension increase rate and the salary increase rate) for which changes are reasonably possible and that would have a material impact on the amount of the defined benefit member liabilities.

The assumed discount rate has been determined by reference to the long-term investment returns expected on the investment portfolio of each plan and considers the term of the member liabilities. The assumed annual salary increase has been determined by reference to the long-term salary increases and in consultation with the employer-sponsors. Changes to the other assumptions, including resignations, retirement, and mortality rates, do not have a material impact on the amount of the defined benefit member liabilities.

The discount rate, salary increase rate and pension increase rate used to determine the values of accrued liabilities for each of the defined benefit plans were:

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 6 Defined benefit member liabilities

Corporate Defined Benefit Plans Arrangements

2024

Defined benefit plan	Discount Rate – pre-retirement (net of investment fees and tax) % pa	Discount Rate – post-retirement (net of investment fees and tax) % pa	Pension Increase rate % pa	Salary increase rate % pa
Alcoa ²	5.0	-	-	3.0
Australia Post ¹	6.0	-	-	3.25
Aviation Super ²	5.5	-	-	5.0
CBA Group Super ²	7.0	5.0	2.7	3.5
CCEP (Amatil)	5.5	6.25	2.75	3.5
DuluxGroup	5.25	5.75	0	3.25
DXC	6.0	6.5	0	3.0
Endeavour	7.0	-	-	-
Goodman Fielder	6.0	-	-	4.0
Hanson Australia	6.0	-	-	4.7
IAG	6.0	6.5	2.5	4.0
Incitec Pivot	5.25	5.75	0	3.5
Mondelez	6.0	6.5	2.5	4.0
NRMA	6.0	-	-	4.0
Otis	7.0	-	-	3.75
Procter & Gamble	5.5	-	-	3.75
RACV	5.0	5.5	0	3.5
RB Super	6.75	7.5	3.5	3.5
Swiss Re	-	6.5	2.5	-
Unilever	5.5	6.25	3.0	3.0
Woolworths ²	7.0	-	-	3.5

¹ Australia Post Superannuation Scheme had a short term salary increase rate assumption of 4.5% in the first year.

² New defined plan for the financial year 2024.

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 6 Defined benefit member liabilities

Corporate Defined Benefit Plans Arrangements

2023

Defined benefit plan	Discount Rate – pre-retirement (net of investment fees and tax) % pa	Discount Rate – post-retirement (net of investment fees and tax) % pa	Pension Increase rate % pa	Salary increase rate % pa
Australia Post	5.75	-	-	3.25
CCEP (Amatil)	5.0	5.5	3.0	3.5
Wolters Kluwer (CCH) ²	6.0	-	-	4.0
DuluxGroup	5.25	5.75	-	3.25
DXC	6.0	6.5	-	3.0
Goodman Fielder	6.0	-	-	4.0
Hanson Australia	6.0	-	-	4.5
IAG	6.0	6.5	2.5	3.0
Incitec Pivot ¹	5.25	5.75	-	3.5
NRMA	6.0	-	-	3.0
Mondelez	6.0	6.5	2.5	4.0
Otis	6.5	-	-	3.75
Proctor & Gamble	5.5	-	-	3.75
RACV	5.0	5.5	-	3.0
RB Super	6.75	7.5	3.0	3.0
Simplot Australia ²	6.0	-	-	4.0
Swiss Re	-	6.5	2.5	-
Unilever	5.0	5.75	3.0	3.0

¹ New defined Benefit plan for the financial year 2023.

² The Wolters Kluwer (CCH) and Simplot Australia plans had no defined benefit members remaining at the end of financial year 2024.

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 6 Defined benefit member liabilities

Corporate Defined Benefit Plans Arrangements

Defined Benefit Surplus

The actuarial reviews completed for valuation date of 30 June 2024 and 30 June 2023 reported the below results for the Fund's defined benefit plans:

30 June 2024

Defined benefit plan	Net assets for defined benefit members ² \$'000	Actuarial Value of accrued benefits for defined benefit members \$'000	Funded or (Unfunded) \$'000
Alcoa ¹	515,946	418,596	97,350
Australia Post	3,709,761	3,050,916	658,845
Aviation Super ¹	656,218	500,115	156,103
CBA Group Super ¹	1,039,320	857,427	181,893
CCEP (Amatil)	53,602	43,260	10,342
DuluxGroup	197,460	190,027	7,433
DXC	45,423	31,812	13,611
Endeavour ^{1 3}	1,362	2,927	(1,565)
Goodman Fielder	2,186	1,313	873
Hanson Australia	32,974	26,335	6,639
IAG	198,287	175,327	22,960
Incitec Pivot	58,371	56,606	1,765
NRMA	42,501	32,413	10,088
Mondelez	66,671	59,626	7,045
Otis	176,989	147,347	29,642
Procter & Gamble	4,179	2,947	1,232
RACV	58,130	51,479	6,651
RB Super	1,828,077	1,097,895	730,182
Swiss Re	13,707	11,812	1,895
Unilever	16,733	8,476	8,257
Woolworths ^{1 3}	178,896	203,287	(24,391)
Total	8,896,793	6,969,943	1,926,850

¹ New defined benefit plan for the financial year

² The Net assets for defined benefit members are represented in the Statement of Financial Position by Defined benefit member liabilities and Defined benefits surplus.

³ The underfunded position with respect to coverage of accrued benefits for the Woolworths and Endeavour plans reflect their specific defined benefit design and the funding method adopted for these plans. As at 30 June 2024, the plans' vested benefits were fully funded and the plans were in a satisfactory financial position.

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 6 Defined benefit member liabilities

Corporate Defined Benefit Plans Arrangements

30 June 2023

	Net assets for defined benefit members ² \$'000	Value of accrued benefits for defined benefit members \$'000	Funded or (Unfunded) \$'000
Defined benefit plans			
Australia Post	3,918,235	3,095,793	822,442
CCEP (Amatil)	55,539	43,976	11,563
Wolters Kluwer (CCH) ⁴	1,573	1,493	80
DuluxGroup ³	189,565	192,084	(2,519)
DXC	51,534	35,273	16,261
Goodman Fielder	2,997	2,162	835
Hanson Australia	31,582	26,649	4,933
IAG	192,566	172,116	20,450
Incitec Pivot ¹	58,300	58,521	(221)
NRMA	42,775	34,069	8,706
Mondelez	63,038	55,963	7,075
Otis	170,380	148,796	21,584
Proctor & Gamble	3,701	2,518	1,183
RACV	55,182	49,911	5,271
RB Super	1,704,715	966,859	737,856
Simplot Australia ⁴	1,554	1,350	204
Swiss Re	13,787	12,369	1,418
Unilever	18,143	10,321	7,822
Total	6,575,166	4,910,223	1,664,943

1 New defined benefit plan for the financial year 2023

2 The Net assets for defined benefit members are represented in the Statement of Financial Position by Defined benefit member liabilities and Defined benefits surplus.

3 As at 30 June 2023, the Dulux plan is subject to a Restoration Plan as required under Prudential Standard SPS 160.

4 The Wolters Kluwer (CCH) and Simplot Australia plans had no defined benefit members remaining at the end of the financial year 2024.

The amount of vested benefits attributable to Corporate defined benefit members as at 30 June 2024 is \$7,303m (2023: \$5,328m).

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 6 Defined benefit member liabilities

Corporate Defined Benefit Plans Arrangements

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

Defined benefit plan	2024				2023			
	Amount of (increase)/decrease in the member benefit liability				Amount of (increase)/decrease in the member benefit liability			
	Discount rate \$'000		Salary increase and/or Pension increase \$'000		Discount rate \$'000		Salary increase and/or Pension increase \$'000	
	+0.5%	-0.5%	+1.0%	-1.0%	+0.5%	-0.5%	+1.0%	-1.0%
Alcoa ¹	8,425	(8,426)	(13,303)	13,302	n/a	n/a	n/a	n/a
Australia Post	82,374	(88,477)	(125,088)	115,934	86,682	(99,066)	(139,311)	130,023
Aviation Super ¹	18,843	(19,672)	(34,239)	30,958	n/a	n/a	n/a	n/a
CBA Group Super ¹	55,427	(57,573)	(115,573)	100,427	n/a	n/a	n/a	n/a
CCEP (Amatil)	1,038	(1,082)	(1,860)	1,730	1,143	(1,188)	(2,067)	1,935
DuluxGroup	5,179	(5,937)	(465)	279	4,958	(5,554)	(520)	168 ²
DXC	698	(768)	(117)	90	739	(808)	(142)	121
Endeavour ¹	-	-	-	-	n/a	n/a	n/a	n/a
Goodman Fielder	-	-	-	-	-	-	-	-
Hanson Australia	334	(328)	(311)	549	352	(367)	(528)	504
IAG	7,542	(8,987)	(12,003)	10,455	7,436	(8,972)	(11,896)	10,331
Incitec Pivot	1,867	(2,030)	(28)	27 ²	1,809	(1,967)	(48)	45 ²
NRMA	168	(134)	-	-	153	(154)	-	-
Mondelez	94	(100)	(188)	168	97	(105)	(197)	174
Otis	2,666	(2,666)	(4,146)	3,702	3,484	(3,629)	(4,645)	4,645
Procter & Gamble	1	(22)	(77)	2	6	(37)	(95)	7
RACV	2,474	(2,754)	(369)	184 ²	2,567	(2,793)	(428)	302 ²
RB Super	73,670	(82,954)	(169,769)	136,636	59,930	(67,035)	(136,713)	111,588
Swiss Re	350	(370)	(696)	632	383	(405)	(792)	718
Unilever	261	(281)	(558)	491	282	(303)	(604)	531
Woolworths ¹	85	(171)	(341)	170	n/a	n/a	n/a	n/a
Total	261,496	(282,732)	(479,131)	415,736	170,021	(192,383)	(297,986)	261,092

¹ New defined benefit plan for the financial year

² The assumed pension increase rate was unchanged at 0% per annum.

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 7 Successor fund transfers

In the 2024 financial year, there were 4 successor fund transfers (SFT) (2023: 2). The assets which were transferred have been valued in accordance with the Fund's accounting policies. The transfers occurred as follows:

2024	Transfer Date	Amount \$m
AvSuper Plan (AVSuper)	1 May 2024	2,343
Alcoa Superannuation Plan (Alcoa)	1 March 2024	2,100
CBA Group Super (CBA)	6 November 2023	10,289
Woolworths Group Superannuation Plan and Endeavour Group Superannuation Plan (WOW)	7 August 2023	4,296
		<hr/> 19,028 <hr/>
2023	Transfer Date	Amount \$m
Incitec Pivot Employee Superannuation Fund	July 2022	194
Oracle Superannuation Plan	May 2023	360
Australia Post Superannuation Scheme ¹	-	3
		<hr/> 557 <hr/>

1. In FY23, APSS transferred in additional monies to the Fund after the initial April 2022 SFT date.

Other than deferred taxes, members benefits and reserves, the items detailed below were transferred for the following successor fund transfers at their fair value.

Successor Fund	WOW	CBA	Alcoa	AVSuper	Total
Transfer Date	7 Aug 2023	6 Nov 2023	1 Mar 2024	1 May 2024	
	\$m	\$m	\$m	\$m	\$m
Assets					
Investments	4,296	10,289	2,100	2,343	19,028
Liabilities					
Other liabilities	-	(80)	-	(48)	(128)
Member benefits payable	(4,296)	(10,176)	(2,100)	(2,289)	(18,861)
Net Assets	<hr/> -	33	-	6	39 <hr/> <hr/>
Reserve Allocation					
General Reserve	-	8	0	0	8
Operational Risk Financial Requirement Reserve	-	25	0	6	31
Equity	<hr/> -	33	0	6	39 <hr/> <hr/>

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 8 Reserves

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

The statement of changes in reserves outlines the detailed movements in each reserve for the year.

Recognition and measurement

General Reserve

The Fund maintains a General Reserve to ensure that it can meet both current and future liabilities, including those associated with administration, strategic initiatives and operational risks pertaining to costs associated with the non-member component of operational risk events. The General Reserve provides the Trustee with access to funds to protect members' interests and mitigate the impact of an adverse event. Transfers in and out of the General Reserve are made only on the authorisation of the Trustee and in accordance with the Trustee's approved General Reserve policy.

The General Reserve is invested in:

- The Balanced Option and the Balanced Risk-Adjusted Option maintained by the Fund;
- Low volatility investments (e.g. cash) to fund significant short-term liabilities (e.g. taxes);
- Any other investments approved by the Trustee.

Unallocated Contributions Reserve

This reserve is part of the General Reserve and is held to absorb investment variations which may be caused by the delay between when certain member's funds are received and when the transaction is processed and allocated to the member's selected investment option.

Self Insurance Reserve

The Fund stopped offering self-insurance to members from 30 June 2016. There remains a liability for projected future claims that are covered under the insurance arrangements in place prior to 1 July 2016. The self-insurance reserve continues to hold insurance premiums previously deducted from members' Accumulation accounts for self-insurance cover, so the Trustee can meet its ongoing self-insurance obligations. An actuarial review of the self-insurance arrangements is completed annually to make sure the reserve can meet expected liabilities.

The Self Insurance Reserve is invested in the QSuper Cash option.

Operational Risk Financial Requirement Reserve

The Fund maintains an Operational Risk Financial Requirement Reserve (ORFR) for costs pertaining to the member component of operational risk events. The balance of the reserve as at 30 June 2024 was \$736m (2023: \$614m). The ORFR ensures the Fund has adequate financial resources to address losses arising from operational risks within its business operations, where such costs are not met by third parties, or are recoverable from third parties or insurance only at a later stage. As per the requirements of the APRA Superannuation Prudential Standard SPS 114, the Trustee maintains a target balance of 25 basis points of funds under management plus 10 basis points of the Sunsuper Pooled Superannuation Trust (SPST) net assets. The Trustee maintains a range around this of 20 to 30 basis points of funds under management plus 9 to 11 basis points of the SPST net assets. The SPST is a controlled entity (refer Note 9) and has the same trustee as the Fund.

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 8 Reserves

The amount of ORFR held by the Fund which is attributed to the SPST at 30 June 2024 is \$19m (2023: \$18m). Initial funding of the ORFR and future top-ups or replenishments are made from the General Reserve. The ORFR is invested in the Balanced Option and the Balanced Risk-Adjusted Option of the Fund.

The ORFR is implemented, managed, and maintained in accordance with the Superannuation Industry (Supervision) Act 1993 and the requirements of APRA Prudential Standard SPS 114 – Operational Risk Financial Requirement (SPS 114). APRA has defined 'operational risk' as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. This definition includes legal risk but excludes strategic and reputational risk.

Consolidated Notes to the Financial Statements
For the year ended 30 June 2024

RELATED PARTIES

Note 9 Related parties and controlled entities

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

Key management personnel, who are members of the Fund, contribute to the Fund on the same terms and conditions, and are entitled to the same benefits, as other members.

Investments in Service Providers

The fund owns 100% of the ordinary shares of AGS and PAS which are included in the Investments in Service Providers line in the Statement of Financial Position:

Entity	2024 \$'000
AGS	269,372
PAS	87,742
Total investments in service providers	357,114

(a) ART Group Services Limited (AGS)

AGS provides superannuation administration, procurement and investment services to the Fund and is paid an administration fee. The administration fee incorporates all administration costs including superannuation administration, cost of running self-insurance, medical costs, strategic and change initiatives, and investment services. AGS owns 100% of the ordinary shares of QIL, ART Life, APS and QAM.

The following is a summary of transactions between the Fund and AGS during the period:

	2024 \$'000	2023 \$'000
Sale of goods and services		
Labour hire / procurement fees from AGS	14,397	-
Purchase of goods and services		
Procurement/Asset/Project fees to AGS	(228,341)	(136,366)

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

• Net receivable/(payable) due from/(to) AGS	(38,974)	(26,641)
--	----------	----------

AGS is appointed by the Queensland Government for the administration services for the Judges' Pension Scheme, the Governors' Pension Scheme, and the Long Service Leave and Annual Leave Central Schemes for Queensland State Public Sector employees.

For the year ended 30 June 2024 it received compensation of \$0.4m (2023: \$0.4m) for providing these services.

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 9 Related parties and controlled entities

(b) Precision Administration Services Pty Ltd (PAS)

PAS is a wholly owned entity of the Fund and provides administration services to the Fund.

The following is a summary of transactions between the Fund and PAS during the period:

	2024	2023
	\$'000	\$'000
Sales of goods and services		
Interest income from PAS	516	865
Loan repayments made by PAS	10,000	15,000
Allocation of operating expenses to PAS	1,248	5,151
Purchase of goods and services		
Administration services from PAS	(294,658)	(294,975)
Allocation of operating expenses from PAS	(246)	(881)

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

• Loan receivable	-	10,000
• Net receivable/(payable) due from/(to) PAS	(1,886)	(44,661)

On 10 February 2016, a loan facility was agreed between Sunsuper and PAS for a maximum of \$50m. This loan facility was part of the assets transferred to the Fund on SFT date under the terms of the original agreement. During the year, \$10m was repaid by PAS in line with the terms of the agreement, reducing the outstanding balance of the loan at 30 June 2024 to nil. The date under the loan agreement by when the loan was required to be fully repaid was 30 June 2026.

The Fund entered into a loan agreement with Precision Administration Services Pty Limited (PAS) on 25 June 2024. The agreement provides PAS with a \$150m loan facility at an interest rate equal to the 3-month Australian Bank Bill Swap Rate (AABSY) plus 170 basis points. Interest is payable by PAS quarterly based on the interest rate in effect on the first day of each quarter. The loan is required to be fully repaid by 30 June 2034. As at 30 June 2024, the loan remained undrawn.

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

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 9 Related parties and controlled entities

(c) QInvest Limited (QIL)

QIL provides advice and other regulated financial services to the Fund.

The following is a summary of transactions between the Fund and QIL during the period:

	2024	2023
	\$'000	\$'000
Fees paid by the Fund to QIL for financial planning services and other fees	34,913	31,100
The following balances are included in the Fund's Statement of Financial Position and relate to QIL:		
• Net receivable/(payable) due from/(to) QIL	(2,798)	(1,642)

(d) ART People Services Pty Ltd (APS)

APS provides labour hire services to wholly owned entities of the Fund.

The following is a summary of transactions between the Fund and APS during the period:

	2024	2023
	\$'000	\$'000
Sales of goods and services		
Superannuation contributions paid from APS on behalf of employees who are members of the Fund	43,904	22,726
Purchases of goods and services		
Labour hire to APS	(145,518)	(106,016)
GST Recovery to APS	(107)	-
The following balances are included in the Fund's Statement of Financial Position and relate to APS:		
• Net receivable/(payable) due from/(to) APS	(21,251)	(9,780)

(e) QSuper Asset Management Pty Ltd (QAM)

QAM provides investment management services to the Fund.

The following is a summary of transactions between the Fund and QAM during the period:

	2024	2023
	\$'000	\$'000
Purchase of goods and services		
Fees paid by the Fund to QAM for investment services	(57,327)	(63,757)
The following balances are included in the Fund's Statement of Financial Position and relate to QAM:		
• Net receivable/(payable) due from/(to) QAM	2,013	(8,057)

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 9 Related parties and controlled entities

(f) ART Life Insurance Limited (ART Life)

ART Life provides group lump sum (death and TPD) and group disability (income protection) insurance policies and claims management to some members of the Fund.

The following is a summary of transactions between the Fund and ART Life during the period:

	2024	2023
	\$'000	\$'000
Sales of goods and services		
Claims proceeds received from ART Life on behalf of members	442,067	435,362
Purchase of goods and services		
Claims management services to ART Life	(6,551)	(7,675)
Premiums paid by the Fund to ART Life (refer Note 16)	(685,934)	(749,122)
The following balances are included in the Fund's Statement of Financial Position and relate to ART Life:		
• Net receivable/(payable) due from/(to) ART Life	3,578	1,901

(g) Australian Retirement Trust Pty Ltd (ARTPL)

ARTPL acts as the trustee of the Fund. All expenses incurred by the Trustee in relation to the Trustee and its directors were paid by ARTPL and then charged to the Fund in the form of trustee service fees. All other expenses incurred by the Trustee in relation to administration of the Fund are paid by the Fund.

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

	2024	2023
	\$'000	\$'000
Sales of goods and services		
Allocation of operating expenses to ARTPL	-	137
Purchase of goods and services		
Trustee fees to ARTPL	(2,507)	(26,654)
Allocation of operating expenses from ARTPL	(134)	(231)
The following balances are included in the Fund's Statement of Financial Position and relate to the Trustee:		
• Net receivable/(payable) due from/(to) the Trustee on behalf of the Fund	(579)	830

The Fund received superannuation contributions from ARTPL in relation to superannuation guarantee contributions and salary sacrifice contributions made in relation to the Directors of the Trustee who are also members of the Fund.

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 9 Related parties and controlled entities

(h) Sunsuper Financial Services Pty Ltd (SFS)

SFS was a wholly owned entity of the Fund for part of the financial year and provides financial advice to members and employers, and actuarial consulting services to defined benefit funds held within the Fund and external parties.

On 24 June 2024, the Fund entered into an agreement to transfer all of the shares in SFS to AGS. In consideration, the Fund received a cash settlement. The restructure was implemented to streamline the advice delivery structure of ART

The following is a summary of transactions between the Fund and SFS during the period:

	2024	2023
	\$'000	\$'000
Sales of goods and services		
Actuarial recharges from SFS	64	136
Purchase of goods and services		
Professional fees paid to SFS	(205)	(235)

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

• Net receivable/(payable) due from/(to) SFS	50	78
--	----	----

(i) Sunsuper Pooled Superannuation Trust (SPST)

SPST is an investment vehicle supporting the overall investment strategy of the Fund. The following is a summary of transactions and balances between the Fund and SPST:

	2024	2023
	\$'000	\$'000
• The Fund made a net purchase/(redemption) of units in SPST	629,426	(194,769)
• The estimated fair value of SPST (the fair value is included in investments in the Fund's financial statements)	19,016,197	17,310,160

(j) Sunsuper Infrastructure Trust 3 (SIT3)

SIT3 is an investment vehicle supporting the infrastructure investment strategy of the Fund. The following is a summary of balances between the Fund and SIT3:

	2024	2023
	\$'000	\$'000
• The estimated fair value of SIT3 (the fair value is included in investments in the Fund's financial statements)	246,536	218,553

Note 9 Related parties and controlled entities

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

(k) Galaxy Holdings Pty Ltd ABN 93 624 545 893 (Galaxy)

Galaxy is an investment vehicle supporting the infrastructure investment strategy of the Fund. The following is a summary of balances between the Fund and Galaxy:

	2024 \$'000	2023 \$'000
<ul style="list-style-type: none">The estimated fair value of Galaxy (the fair value is included in investments in the Fund's financial statements)	400,871	-

(l) QSuper Investment Company Pty Ltd ABN 21 163 107 060 (QSIC)

QSIC is an investment vehicle supporting the infrastructure investment strategy of the Fund. The following is a summary of balances between the Fund and QSIC:

	2024 \$'000	2023 \$'000
<ul style="list-style-type: none">The estimated fair value of QSIC (the fair value is included in investments in the Fund's financial statements)	211,154	202,006

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 9 Related parties and controlled entities

(m) Employer sponsors

The Fund has many employer sponsors, a number of which it has investments in as part of the normal investing activities of the Fund. Employer contributions received by the Fund from its employer sponsors are disclosed in the Statement of Changes in Members' Benefits.

(n) Remuneration of key management personnel

Key management personnel include persons who were directors of the Trustee, and other executives at any time during the reporting period. Refer to the Remuneration Report page 14 and 15 for the Fund's key management personnel. The remuneration of key management personnel in relation to services to the Fund, is set out below in aggregate for each of the categories specified in AASB 124 Related Party Disclosures.

	2024	2023
	\$'000	\$'000
Short-term employee benefits	7,812	9,245
Post-employment benefits	779	813
Other long-term benefits	782	417
Termination benefits	393	542
	9,766	11,017

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 9 Related parties and controlled entities

Investments in related entities

(o) Controlled Entities ¹

Parent Entity

Australian Retirement Trust

	Country of Incorporation	Ownership Interest	
		2024	2023
Controlled Entities			
ART Asset Operations Ltd	UK	100%	100%
Sunsuper Financial Services Pty Ltd	Australia	100%	100%
Precision Administration Services Pty Ltd	Australia	100%	100%
Beston Accommodation Parks Trust	Australia	94%	94%
CCP Bidco Trust 2	Australia	76%	76%
Corporate Opportunity Fund 2A LP	Australia	83%	83%
CWC Corporate Opportunity 1A Trust	Australia	0%	100%
CWC Corporate Opportunity 1B Trust	Australia	0%	100%
Discovery Parks Holdings Pty Ltd	Australia	94%	94%
Eveleigh Trust 2	Australia	100%	100%
Riversdale Investment Op Trust	Australia	100%	100%
Riversdale Investment Prop Trust	Australia	100%	100%
Sunsient Ltd	Cayman Islands	100%	100%
Sunsuper Infrastructure Trust 1	Australia	0%	100%
Sunsuper Infrastructure Trust 3	Australia	100%	100%
Sunsuper Infrastructure Trust 4	Australia	100%	100%
Sunsuper Infrastructure Trust 5	Australia	0%	100%
Sunsuper Pooled Superannuation Trust	Australia	100%	100%
SunVest LLC	USA	100%	100%
Sunkina Choice LP	Jersey	100%	100%
Sunrock Discretionary Co-Investment Fund, LLC	USA	100%	100%
Sunvard LP	USA	100%	100%
Sunsuper AUD Collateral Trust	Australia	100%	100%
Sunsuper USD Collateral Trust	USA	100%	100%
SunVest II LLC	USA	100%	100%
Sunstone Real Estate LP	USA	100%	100%
Sunsuper Retail Property Trust 1	Australia	100%	100%
CorSun LLC	USA	100%	100%

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 9 Related parties and controlled entities

	Country of Incorporation	Ownership Interest	
		2024	2023
Controlled Entities			
SunRock Discretionary Co-Investment Fund II , LLC	USA	100%	100%
Sunberg PE Opportunities Fund LLC	USA	99%	99%
PAG-S AR Co-Investment Fund LP	Cayman Islands	100%	100%
Sunstone PE Opportunities Fund LLC	USA	100%	100%
Manikay Sunsuper Co-Investment Fund LLC	USA	0%	100%
Sunbridge Investments LLC	USA	100%	100%
SunSIRA Infrastructure Fund, LLC	USA	100%	100%
Australian Pub Fund	Australia	0%	72%
MHC Lambton Park Trust	Australia	88%	88%
Pacific Equity Partners Secure Assets Fund Coinvestment Trust A	Australia	0%	100%
Sunsuper Asia Co-investment Pte. Ltd.	Singapore	100%	100%
Tanarra Capital Private Investment Fund 1	Australia	100%	100%
Carnegie Catalyst Healthcare Real Estate Trust	Australia	100%	100%
Macquarie Special Situations Limited	Bermuda	69%	69%
Pellicano Trust	Australia	50%	50%
Waud Capital Align Coinvest	USA	59%	59%
Caspian Suncas Fund L.P.	USA	100%	100%
Macquarie Air Finance LP	UK	25%	25%
Sunhay LP	Cayman Islands	100%	100%
Sunman Europe SCSP	Luxembourg	100%	100%
Australian Retirement Trust Co-investment Trust FKA AirTree Sunsuper Co-Investment Opportunity Fund 2019 Trust	Australia	100%	100%
EIG Sunsuper Co-Investment II LP	Cayman Islands	100%	100%
Sunvard Opportunity Fund LP	USA	100%	100%
Sunbern Alternative Opportunities Fund LLC	USA	100%	100%
Summit Coinvestment (Australiasia) Unit Trust	Australia	100%	100%
SC Lowy Suns CI	Cayman Islands	100%	100%
SunVac Locomotive Trust	Australia	100%	100%
NZ Healthcare HoldCo Limited	New Zealand	40%	40%
Stafford Spring Fund Trust	Australia	100%	100%
Stafford Private Credit Income Opportunities Trust (Stafford Private Trust)	Australia	100%	100%
BVF V W3 CO INVESTMENT II L.P	USA	50%	50%
SunMan Europe Parallel SCSP	Luxembourg	100%	100%
Mirvac Industrial Venture Investor Trust	Australia	100%	100%
Voltaire Holding Pty Ltd	Australia	20%	13%
Fiber HoldCo LP	USA	25%	25%
HPS ART Direct Lending Fund, SCSp	Luxembourg	100%	N/A

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 9 Related parties and controlled entities

	Country of Incorporation	Ownership Interest	
		2024	2023
Controlled Entities			
Fairway Coinvestment (Australasia) Unit Trust	Australia	72%	N/A
QInvest Limited ²	Australia	100%	100%
ART Life Insurance Limited ¹	Australia	100%	100%
ART Group Services Limited ¹	Australia	100%	100%
ART People Services Pty Ltd ¹	Australia	100%	100%
QSuper Asset Management Pty Ltd ¹	Australia	100%	100%
ART Group Services UK Ltd ¹	Australia	100%	100%
QSuper Investment Holdings Pty Ltd	Australia	100%	100%
QS International Strategy Trust*	Australia	100%	100%
QS US Strategy Trust*	Australia	100%	100%
QSuper Global Real Estate Trust*	Australia	100%	100%
QSuper US RE Trust No. 1*	Australia	100%	100%
QSuper Global Infrastructure Trust*	Australia	100%	100%
QSuper US Infrastructure Trust*	Australia	100%	100%
QSuper US Infrastructure Trust No. 2 (Open)*	Australia	100%	100%
QSuper European Infrastructure Trust*	Australia	100%	100%
QSuper Australian Infrastructure Equity Trust*	Australia	100%	100%
QS NZ Infrastructure Equity Trust*	Australia	100%	100%
QSuper Investments Trust*	Australia	100%	100%
QSuper Investment Company Pty Ltd*	Australia	100%	100%
QS High Duration Bonds Trust*	Australia	100%	100%
QSuper Diversified Alternatives Trust*	Australia	100%	100%
QSuper Global Private Equity Trust*	Australia	100%	100%
QSuper Global Real Estate Debt Trust*	Australia	100%	100%
QSuper Long Term Risk Hedging 10 Trust*	Australia	100%	100%
QSuper Long Term Risk Hedging 20 Trust*	Australia	100%	100%
QS Diversified Infrastructure Fund No. 1*	Australia	100%	100%
QSuper Diversified Alternatives Trust No. 2*	Australia	100%	100%
QSuper Global Infrastructure Debt Trust*	Australia	100%	100%
QSuper US Infrastructure Trust No. 3*	Australia	100%	100%
QSuper Term Deposit Trust*	Australia	100%	100%
QS Infrastructure Mandate No.2 Trust*	Australia	100%	100%
QS Infrastructure Mandate No.2A Trust*	Australia	100%	100%
QS Ports Trust No.1A*	Australia	100%	100%
QS Ports Trust No.1B*	Australia	100%	100%
QSuper Investments Trust No. 2*	Australia	100%	100%
QSuper Australian Infrastructure Equity Trust No. 2*	Australia	100%	100%

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 9 Related parties and controlled entities

	Country of Incorporation	Ownership Interest	
		2024	2023
Controlled Entities			
QS Australian Infrastructure Equity Trust No. 3*	Australia	100%	100%
QS US Real Estate Trust No. 2*	Australia	100%	100%
QS US Infrastructure Trust No. 4*	Australia	100%	100%
QS Diversified Alternatives Trust No. 3*	Australia	100%	100%
QS Infrastructure Mandate No. 2B Trust*	Australia	100%	100%
QS Infrastructure Mandate No. 1B Trust*	Australia	100%	100%
QS NZ Power Trust No. 2*	Australia	100%	100%
QS UK Infrastructure Trust No. 1*	Australia	100%	100%
QS US Real Estate Trust No. 3*	Australia	100%	100%
QS Australian Infrastructure Equity Trust No. 4*	Australia	100%	100%
QS Global Infrastructure Trust No.2*	Australia	100%	100%
QS US Real Estate Trust No.4*	Australia	100%	100%
QS Iona Holdings Pty Ltd*	Australia	100%	100%
QS High Duration Bonds Trust No.2*	Australia	100%	100%
QS Sovereign Bonds Trust*	Australia	100%	100%
QS Diversified Alternatives Trust No. 4*	Australia	100%	100%
QS Diversified Alternatives Equity Trust No. 5*	Australia	100%	100%
QS US Real Estate Trust No.5*	Australia	100%	100%
QS Cash Management Trust*	Australia	100%	100%
QS Diversified Alternatives Trust No.6*	Australia	100%	100%
QS Global Equity Trust No.1*	Australia	100%	100%
QS Global Real Estate Trust No. 3*	Australia	100%	100%
QS Australian Infrastructure Equity Trust No.5*	Australia	100%	100%
QS Diversified Alternatives Trust No.7*	Australia	100%	100%
QS Global Infrastructure Trust No. 3*	Australia	100%	100%
QS Global Real Estate Trust No.4*	Australia	100%	100%
QSuper Global Assets Pty Limited	Australia	100%	100%
The Bridges Car Park Company Limited	United Kingdom	0%	100%
St Nicholas Car Park Company Limited	United Kingdom	0%	100%
EHP II PA L.P.	Jersey	100%	100%
Real Estate Europe 10 Sarl	Luxembourg	0%	100%
QIC International Property Fund	Australia	59%	59%
QS Property Trust No. 1	Australia	100%	100%
QS 3 63G Trust	Australia	100%	100%
QIC Infrastructure Mandate No.1 Trust	Australia	100%	100%
QIC Diversified Fixed Interest Fund	Australia	99%	87%
QIC Private Equity Fund No. 1	Australia	100%	100%
QIC Private Equity Fund (Q)	Australia	100%	100%

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 9 Related parties and controlled entities

	Country of Incorporation	Ownership Interest	
		2024	2023
Controlled Entities			
Partners Group Gondwana – Private Equity, L.P.	Guernsey	99%	99%
Partners Group Gondwana – Infrastructure, L.P.	Guernsey	99%	99%
Bain Capital Credit Manager Account (Q), L.P.	United States	100%	99%
Partners Group Daintree Credit Co – Invest, L.P.	Guernsey	100%	100%
Partners Group European Direct Lending Strategy 2021 (EUR) L.P. S.C.Sp., SICAV-RAIF	Luxembourg	97%	99%
Berkshire Bridge Loan Investors-MF1 III-A, L.P.	USA	100 %	-
Partners Group Lending Fund, LLC	USA	91 %	-
NB ART Private Debt Fund (Nebula) SCSp	Luxembourg	100 %	-
Park Square Capital Trafalgar, SCSp	Luxembourg	100 %	-
Stradbroke LP	UK	100 %	-
Nest Cooperatief U.A.	Netherlands	50 %	-
PSG Co-Invest A L.P.	USA	100 %	-
Project Galaxy Holdings Pty Ltd	Australia	100%	-
Rowville Transmission Facility Pty Limited	Australia	45%	-
Southern Way OSF Pty Limited	Australia	100%	-
OSF Southern Way Unit Trust	Australia	100%	-
Sustainable Energy Infrastructure Holdings Trust	Australia	50%	-
Sustainable Energy Infrastructure Holdings Pty Ltd	Australia	50%	-

¹ Refer to Section Fund Operations & Basis of Preparation (g) Consolidation

* Trusts are not legal entities in their own right; so Country of Incorporation relates to the Corporate Trustee of these trusts.

Consolidated Notes to the Financial Statements
For the year ended 30 June 2024

OTHER DISCLOSURES

Note 10 Reconciliation of net change in cash from operating activities

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

	2024	2023
	\$m	\$m
Net benefits allocated to / (from) defined contribution members	20,261	15,090
Net change in Defined Benefit member benefits	470	982
Net allocation to / (from) reserves	(45)	124
Operating result after income tax	20,686	16,196
Adjustments for net change in non-operating activities:		
Net change in assets measured at fair value	(15,181)	(11,863)
Change in receivables	(251)	127
Change in payables	(54)	(1,072)
Insurance liabilities	(464)	(235)
Income tax payable	(1,693)	(366)
Self-insurance claims included in benefits	7	7
Total net inflows/(outflows) from operating activities	3,050	2,794

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 11 Other Operating expenses

	2024	2023
	\$m	\$m
Sponsorship and advertising	-	1
Trustee indemnity fee	-	24
Project expenditure	120	98
Salaries and employee benefits	65	76
Statutory charges	13	15
Other expenses	-	17
	198	231

Note 12 Receivables

Receivables include amounts for dividends and distributions, interest, receivables from subsidiaries and cash collateral. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each period. Amounts are generally received within 30 days of being recorded as receivables. There is no expected credit loss on the Fund's receivables.

	2024	2023
	\$m	\$m
GST receivable	5	5
Interest receivable	428	274
Cash collateral	1,326	1,027
Securities Sold / Matured	925	1,892
Dividends and Distributions receivable	385	317
Withholding Tax	145	84
Prepayments	13	-
Other receivables	37	-
	3,264	3,599

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 13 Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the year. They are generally expected to be settled within 30 days of being recorded as a payable.

Trades are recorded on trade date, and normally settled within 3 business days. Purchases of financial instruments that are unsettled at the end of the year are included in payables.

	2024	2023
	\$m	\$m
Premiums payable	127	104
Benefits payable	17	42
Accounts payable	151	49
Securities purchased	2,756	2,211
Payables to subsidiaries	60	46
GST payable	16	-
Other payables	47	193
	<u>3,174</u>	<u>2,645</u>

Note 14 Remuneration of auditors

Auditor's remuneration

	2024	2023
	\$'000	\$'000
Deloitte Touche Tohmatsu		
Fees paid by the Fund		
External audit services	1,557	1,550
Other non-audit services – assurance services	-	204
Fees paid by wholly owned entities		
Audit of financial statements	934	1,002
Other regulatory assurance services	144	91
ASAE 3402 audit services	145	140
Non-audit services	250	45
Total remuneration	<u>3,030</u>	<u>3,032</u>

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 15 Remuneration of actuaries

Actuarial remuneration

	2024	2023
	\$'000	\$'000
Queensland State Actuary		
Actuarial services	435	445
Mercer		
Actuarial services	38	53
Other non-actuarial services	762	323
	800	376
Sunsuper Financial Services Pty Ltd		
Actuarial services	270	130
AON		
Actuarial services	49	20
Tower Watson Australia Pty Ltd		
Actuarial services	21	339
Other non-actuarial services	-	-
	21	339
Total remuneration	1,575	1,310

The Queensland State Actuary Office, Queensland Treasury is the actuary for the Queensland Government Defined Benefit Scheme.

Towers Watson Australia Pty Ltd is the actuary for CBA Group Super, OTIS, Woolworths, Endeavour, Amatil, Unilever, Australia Post Superannuation Scheme and RB Super defined benefit plans.

Mercer is the actuary for Alcoa, IAG, NRMA and RACV defined benefit plans.

AON is the actuary for DXC defined benefit plan.

CHR Consulting is the actuary for Aviation Super defined benefit plans.

Sunsuper Financial Services Pty Ltd (see Note 9) is the actuary for the Fund's other defined benefit plans which comprises of CCH, Dulux Group (Australia), Goodman Fielder, Hanson Australia, Icitec Pivot, Mondelez, Procter & Gamble, Simplot Australia and Swiss RE.

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 16 Insurance arrangements

The Fund provides death and disability benefits to its members. The Trustee has policies in place with insurance companies to insure these death and disability benefits for the members of the Fund. The Fund collects premiums from members on behalf of the insurers. Insurance claim amounts are recognised where the insurer has agreed to pay the claim. Therefore, insurance premiums are not revenues or expenses of the Fund and do not give rise to insurance contract liabilities or reinsurance assets. Insurance premiums charged to members accounts are recognised in the statement of changes in members benefits.

The Fund does not face significant insurance risk due to the following factors:

- Insurance benefits are only disbursed to members or their beneficiaries upon receipt of payment from the insurer
- Insurance premiums are paid through the Fund for administrative purposes
- The insurance premiums are effectively determined by directly referencing the premiums set by an insurer

The main policies in place are with ART Life Insurance Limited and AIA Australia Limited and the arrangements are detailed below.

ART Life Insurance Limited (ART Life) (formerly QInsure Limited)

ART Life is a life insurer registered by APRA and holds an Australian Financial Services Licence (licence number 483057). It is a wholly-owned subsidiary of AGS that provides group lump sum (death and TPD) and group disability (income protection) insurance policies to the Fund only.

The Fund holds a participating life insurance policy with ART Life. Under this policy, the operating profit arising from the participating business is allocated between the shareholder and the participating policyholder and is governed by the Life Insurance Act 1995 (Cth), ART Life's constitution, the in-force Insurance Policy and ART Life's Participating Business Management Framework.

The principles of allocation arising from ART Life profits are as follows:

- i. Investment income on retained earnings in respect of participating business is allocated 80% to the policyholder and 20% to the shareholder.
- ii. Other profits arising from participating business are allocated 80% to the policyholder and 20% to the shareholder.
- iii. All investment income on shareholder capital and retained earnings (excluding those dealt with in (i) above) are fully allocated to the shareholder.

During the year ART Life declared and paid a \$128.3m (2023: \$nil) policyholder bonus payment and a \$263.5m (2023: \$nil) return of capital to the shareholder.

As at reporting date, the value of the unvested policyholder component of the insurance contract liabilities recorded by ART Life is \$517m (2023: \$514m). Payment of this amount requires approval from the Board of ART Life and any such payment would be recognised as income by the Fund once declared by the Board of ART Life.

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Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 16 Insurance arrangements

ART Life has applied *AASB 17 Insurance Contracts* for the first time this financial year effective for the accounting period that began on 1 July 2023. Changes in accounting policies resulting from the adoption of AASB 17 have been applied using a full retrospective approach.

An extract of key operating results and balances of ART Life for the year ended 30 June 2024 are as follows:

	2024 \$'000	2023 (restated) \$'000
Statement of profit or loss and other comprehensive income		
Total insurance service result	28,331	26,006
Net investment result	21,464	16,132
Other Income	6,552	7,676
Other operating expenses	(9,432)	(11,477)
Income tax expense	(14,076)	(11,500)
Total comprehensive income for the year attributable to owners of the ART Life	32,839	26,837
Statement of financial position		
Total assets	1,405,966	1,588,794
Total liabilities	(1,257,060)	(1,209,197)
Net assets	148,936	379,597

Consolidated Notes to the Financial Statements
For the year ended 30 June 2024

Note 16 Insurance arrangements

The assumptions used in the calculation of the policy liabilities are reviewed at each reporting date. Key assumptions used in the calculation of the policy liabilities are as follows:

Assumptions	Details and process used to select assumption	Range of values
Discount rates	ART Life applies a bottom-up approach to determining the AASB17 discount rate. Under the bottom-up approach, the discount rates are based on a risk-free yield curve derived from Australian Commonwealth Government bond market yields at the valuation date, plus an illiquidity premium (where applicable).	The effective discount rates adopted ranged from 3.9% to 5.10% per annum (2023: 3.7% to 4.7% per annum)
Mortality and Morbidity	Allowance was made for inherent delays in reporting claims based on investigations into the historic results since commencement of operations. The Incurred but not reported (IBNR) is determined using a variety of methods. Death, IP and non-IP linked TPD use the Bornhuetter-Ferguson method. The IP-linked TPD IBNR is calculated based on IP claims at valuation date using assumptions on the probability of conversion to TPD and the delay from the IP claim incurred date to the TPD Date of Disability.	<p>The product-level loss ratios were between 34% and 108% (2023: 40% and 109%).</p> <p>The average claims reporting delays were between 2.7 months and 21.9 months (2023: 2.4 months and 22.4 months).</p> <p>The IP to TPD conversion rates were between 0.0% and 44.7% varying by the duration of the IP claim (2023: 0.0% and 44.7%)</p>
Claim Termination	Relates to the duration of income protection claims. Rates are based on FSC-KPMG 2014 – 2018 industry standard tables. Claim termination rates are based on the ART Life's experience since the commencement of operations.	Refer to the FSC-KPMG 2014 – 2018 industry standard tables for values adopted. The range of factors within this table vary from 29% to 571% (2023: 29% to 571%).
Inflation	Certain outstanding income protection claims are assumed to increase each year in line with inflation. The assumed inflation rate is based on the Brisbane "All Groups Consumer Price Index" for the period 1 July 2023 to 30 March 2024.	Where indexation applies to IP claims, the inflation rate assumed was 4.2% for the indexation in August 2024 and reverts to 2.5% for future years (2023: 7.4% in August 2023 and 2.5% in future years).
Risk Adjustment	ART Life has determined the risk adjustment for non-financial risks based on the Cost of Capital approach by basing this on the return on target capital required by the business as stated in the Company's Risk Appetite. ART Life has set the risk adjustment allowing for the actual reinsurance policies held. Changes in the risk adjustment are disaggregated into insurance/reinsurance service result and insurance/reinsurance finance income or expenses. The risk adjustment has been subject to a minimum confidence level which may be periodically revised and would initially be set at 75%.	The risk adjustment applied to the related components is 5.1%
Overheads	Fixed and variable overheads are systematically allocated where directly attributable to fulfilling insurance contracts.	As per underlying shared services agreements and expense allocations models.

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Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 16 Insurance arrangements

AIA Australia Limited

Some members who have insurance cover with AIA have their premiums deducted from their superannuation account each month.

	2024	2023
	\$m	\$m
Insurance premiums charged to members' accounts (net of tax)	459	321
Tax benefit rebated to members	81	56
Member funded group life premiums	540	377
Insurance reserve funded group life premiums	-	-
Total insurance premium expense ¹	540	377

¹ The Fund acts as an agent.

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 17 Commitments, contingent assets, and contingent liabilities

Investment Commitments

The Fund has commitments yet to be funded with investment managers to the value of \$20,119m as at 30 June 2024 (2023: \$17,736m).

Contingent liabilities

A class action was filed in the Victorian Registry of the Federal Court on 24 November 2021 against the QSuper Board (QSB) as trustee of QSuper. The claim relates to changes to insurance policy premiums for members' insurance cover that took effect on 1 July 2016.

QSB strongly refutes and vigorously defends the allegations made in the class action proceedings brought against it and is defending the claim.

There are no other material commitments, contingent assets or contingent liabilities as at 30 June 2024.

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 18 Subsequent events

A new investment option menu was introduced from 1 July 2024 which is available for all ART members.

From 1 July 2024, QInsure Limited changed its company name to ART Life Insurance Limited (ART Life).

On 24 July 2024, ART established a new Executive Committee which is detailed within the Director's Report on page 9.

On 16 July 2024, the Trustee entered a Heads of Agreement (HoA) with Qantas Superannuation Limited (ABN 16 009 661 901) (Qantas Super) and Qantas Airways Limited (ABN 47 003 806 960) to negotiate a merger via Successor Fund Transfer (SFT) of all members interest from Qantas Super to ART. The merger is subject to both ART and Qantas Super completing their respective final members best financial interests and equivalency of rights assessments and signing a Successor Fund Transfer Deed.

ART holds a participating life policy with ART Life. ART pays an additional insurance premium to ART Life that entitles it to participate in 80% of the profits of ART Life. On 17 September 2024, ART Life approved a participating policyholder payment of \$247m which will be paid to the Fund in FY25.

The Board conducted a detailed review of the purpose and accountabilities of each of its Committees during the reporting period to ensure the functions of those Committees continue to meet the emerging needs of the organisation. Further to this review, with effect from 1 July 2024 the remits of several Committees were amended. Specifically, the audit and risk functions were separated, and the audit and finance functions combined to result in an Audit & Finance Committee and a separate Risk Committee. Additionally, a new Technology & Transformation Committee was established.

Except as disclosed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Trustee, to significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future years.

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 19 Other accounting policies

Standards and interpretations adopted during the year

The Fund has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2023.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Fund are:

- AASB 1056 Revised superannuation entities standard
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
- AASB 2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules
- AASB 17 Insurance Contracts and AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts

AASB 1056 Revised superannuation entities standard

This revised version was required as registrable superannuation entities are required to prepare and lodge audited financial reports under the Corporations Act for financial years ending on or after 30 June 2024. This revised standard does not change the financial reporting requirements applying to superannuation entities but makes the standard a legislative instrument under the Corporations Act 2001, which has effect of continuing the overriding of certain requirements in other Australian Accounting Standards by AASB 1056 (which would not have occurred in the absence of reissuance of the standard). Accordingly, the application of the revised standard did not have an impact on the Fund's financial statements.

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

Requires the disclosure of material accounting policy information and clarifies how entities should distinguish changes in accounting policies and changes in accounting estimates. The application of the amendments did not have a material impact on the Fund's financial statements but has changed the disclosure of accounting policy information in the financial statements.

AASB 2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules

The Fund is not in the scope of the Pillar Two top up tax that applies in Australia for income years beginning on or after 1 January 2024 as it is exempt from the regime. Therefore, although the Fund has applied the exception from the recognition and measurement of deferred taxes arising from Pillar Two taxes introduced by *AASB 2023-2 'Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules'*, the amendments have no impact on the Fund.

Consolidated Notes to the Financial Statements
For the year ended 30 June 2024

Note 19 Other accounting policies

AASB 17 Insurance Contracts and AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts

This standard replaces AASB 4 Insurance Contracts and came into effect for the current reporting period. The new standard provides principles for recognition, measurement, and presentation of insurance-related balances in the financial statements. In addition, the standard will require extensive new disclosures showing how the components of recognised amounts have moved during the period.

The Fund's wholly owned subsidiary ART Life is impacted by the Standard.

AASB 17 requires more granular information and a new presentation format for the Statement of Profit or Loss and Other Comprehensive Income as well as significantly increased quantitative disclosures.

Transition

Changes in accounting policies resulting from the adoption of AASB 17 have been applied using a full retrospective approach. Under the full retrospective approach, at 1 July 2023 ART Life identified, recognised and measured each group of insurance and reinsurance contracts as if AASB 17 had always been applied.

ART Life has applied the transition provisions in AASB 17 and has not disclosed the impact of the adoption of AASB 17 on each financial statement line item. The effects of adopting AASB 17 on the consolidated financial statements at 1 July 2023 are presented in ART Life' statement of changes in equity.

Australian Retirement Trust

Consolidated Notes to the Financial Statements For the year ended 30 June 2024

Note 19 Other accounting policies

Standards and interpretations in issue not yet effective

At the date of authorisation of the financial statements, the Fund has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Impact
IFRS 18 Presentation and Disclosure in Financial Statement	1 January 2027	This Standard will not change the recognition and measurement of items in the financial statements but may affect presentation and disclosure in the financial statements, including introducing new categories and subtotals in the statement of profit or loss, requiring the disclosure of management defined performance measures, and changing the grouping of information in the financial statements.
AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback	1 January 2024	The initial application of the Standards and Interpretations issued but not yet effective will not have a material impact on the Fund's financial statements.
AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements	1 January 2024	The initial application of the Standards and Interpretations issued but not yet effective will not have a material impact on the Fund's financial statements.