PRIME SUPER

A.B.N. 60 562 335 823

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

PRIME SUPER

TABLE OF CONTENTS

The Directors of Prime Super Pty Ltd, the Trustee for Prime Super Fund (the Fund), present their report together with the financial statements of the Fund for the year ended 30 June 2024.

Directors

The names of the Directors in office of Prime Super Pty Ltd during the financial year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Nigel Alexander (Chair)
Benedict Davis (ceased 12 December 2023)
Gemma Dooley
Bev Durston
Allison Harker
Jacqueline Kelly
Gerard Parlevliet
Stuart Read (appointed 29 August 2023)
Matthew Scholten
Ronnie Hayden (appointed 30 April 2024)

Review of operations and results

Net assets available for member benefits at 30 June 2024 grew from $6.6 billion to $7.5 billion during the year, predominantly as a result of the Fund's organic growth and positive investment performance.

<u>Investment Performance</u>

The past financial year has yielded some strong performance for Prime Super, with several of our options providing an annual return above industry medians*.

Our MySuper option delivered an annual return above the median for the industry at 9%. The long term (10-years) rolling average performance is also strong, sitting above the industry median.

With an yearly return of 11.90% the Managed Growth option was rated in the top quartile for the industry for 1 and 10-years.

Our Australian Shares and International Shares investment options have returned an above industry median of 11.94% and 17.99% respectively this year.

Returns on our Property option continue to be affected by the interest rate environment and the challenging trading conditions faced by the property market.

* Past performance is not a reliable indicator of future performance. Median and quartile benchmarks based on SuperRatings Crediting Rate Survey - June 2024.

<u>Fund Membership</u>

The Fund's membership expanded to around 146,125 members (30 June 2023: 143,430). This was largely achieved through organic member growth and the implementation of various marketing & communication campaigns and member retention strategies.

Average member account balances increased to $49,943 (30 June 2023: $46,043). This is a result of positive investment returns for financial year 2024 , and an increase in the Commonwealth Governments' Superannuation Guarantee rate of employer contributions to 11.0% (30 June 2023: 10.5%).

Significant changes in the state of affairs

<u>Leadership change</u>

Leadership change took place during the 2024 financial year. Mr. Lachlan Baird stepped down from Chief Executive Officer position on 1 December 2023. Following his departure, Chief Operating Officer, Mr. Remo Memmolo served as acting Chief Executive Officer from 1 December 2023 to 2 June 2024. Ms. Raelene Seales was appointed as the new Chief Executive Officer for the Fund effective from 3 June 2024.

Principal activities and significant changes

During the financial year the principal continuing activities of the Fund consisted of providing superannuation financial products to members of the Fund. The Fund remains open to new members from all sectors. The Fund is a hybrid fund providing accumulation and defined benefits to members.

No significant changes to the nature of the fund's principal activities occurred during this year.

Significant events after the end of year

There are no other matters or circumstances that have arisen since 30 June 2024 that have significantly affected, or may have a significant effect, on:

i. The operations of the Fund in future financial years
ii. The results of those operations in future financial years
iii. The state of affairs of the Fund in future financial years

Likely developments in the Fund's operations and expected results

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the Trustee's Product Disclosure Statements and the provisions of the Trust Deed.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed, and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

The Fund is planning to transition out from the Fund's current custodian NAB Asset Servicing to Citigroup Pty Limited during 2024-25 financial year.

Environmental regulation and performance

The operations of the Fund are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

Non-audit services

The following non-audit services were provided by the Fund's auditor, Ernst & Young Australia. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied because of the Board Audit Compliance and Risk Committee or its delegate has assessed each service, having regard to auditor independence requirements of applicable laws, rules and regulations, and concluded that the provision of each service or type of service would not impair the independence of Ernst & Young Australia.

Ernst & Young Australia received or are due to receive the following amounts for the provision of non-audit services:

	2024
Assurance services that are required by legislation to be provided by the external auditor	$58,395
Other assurance and agreed-upon-procedures under other legislation or contractual arrangements	$47,500
	$105,895

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

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

Auditor's Independence declaration to the directors of Prime Super Pty Ltd as trustee for Prime Super Fund

As lead auditor for the audit of the financial report of Prime Super Fund for the financial year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b) no contraventions of any applicable code of professional conduct in relation to the audit; and

c) no non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

Ernst & Young

John MacDonald
Partner
23 September 2024

1. Remuneration report overview

The Directors of Prime Super Pty Ltd, (the Trustee) present the Remuneration Report for the Fund for the year ended 30 June 2024. The Remuneration Report forms part of the Directors' Report and has been audited in accordance with section 300C of the *Corporations Act 2001*. The Remuneration Report details the remuneration arrangements for the Key Management Personnel (KMP) of the Fund which include those persons who, directly or indirectly, have authority and responsibility for planning, directing, and controlling the major activities of the Fund.

For Prime Super this includes:

- Directors of Prime Super Pty Ltd, the Trustee for the Fund
- Certain senior executives of Prime Super Pty Ltd who meet the definition of KMP above (collectively the Executive KMP)

The table below lists the KMP and their movements during the year ended 30 June 2024:

Name	Position	Term as Director/KMP
Directors of the Trustee		
Nigel Alexander	Chair	Full financial year
Benedict Davis	AWU Representative Director	Ceased 12 December 2023
Gemma Dooley	Independent Director	Full financial year
Bev Durston	Independent Director	Full financial year
Allison Harker	National Farmers' Federation nominated Director (Committee Chair)	Full financial year
Ronnie Hayden	AWU Representative Director	Appointed 30 April 2024
Jacqueline Kelly	Independent Director (Committee Chair)	Full financial year
Gerard Parlevliet	Independent Director (Committee Chair)	Full financial year
Stuart Read	Independent Director	Appointed 29 August 2023
Matthew Scholten	Independent Director (Committee Chair)	Full financial year
Executive KMP		
Raelene Seales	Chief Executive Officer (CEO)	Appointed 3 June 2024
Lachlan Baird	Chief Executive Officer (CEO)	Ceased 1 December 2023
Remo Memmolo	Acting Chief Executive Officer (Acting CEO)	Appointed Acting CEO 1 December 2023 and Ceased 2 June 2024
Remo Memmolo	Chief Operating Officer (COO)	Full financial year
Mark Ashburn	General Manager Distribution	Full financial year
Helen Whitehead	General Manager Marketing and Communications	Full financial year
Ann Wong	General Manager Risk and Compliance	Ceased 29 February 2024
Elise van der Heyde	General Manager Risk and Compliance	Appointed 18 March 2024

2. Overview of director and executive remuneration

As a profit-to-members super fund, Prime Super is run to benefit members. The Fund's remuneration practices are set out in a Remuneration Policy maintained by the Board.

Elements of remuneration

Director remuneration

The Prime Super Board is responsible for reviewing and setting directors' remuneration. Remuneration is set at a level that recognises the responsibilities of directors, acknowledges the expectations of directors is set at a level that is comparative to market, and encompasses all activities of directors. Directors are separately remunerated for additional activities they undertake on behalf of the Board, outside their normal duties. Remuneration for such activities is only payable where the Chair/Board has approved of those activities. The Chair of the Board, Chair of the Investment Committee, Chair of the Audit Compliance and Risk Committee, the Chair of the Remuneration and Nominations Committee and the Chair of the Member Engagement and Services Committee receive a higher level of remuneration as a reflection of the increased workload and responsibility associated with those roles.

Governance and oversight

The Board has established the Remunerations and Nominations Committee (RNC) that assists the Trustee by advising, reviewing, and making recommendations regarding governance strategy frameworks and systems of directors and executive remuneration. The Board reviews the performance of the RNC annually and ensures that RNC members have the appropriate skills, experience and knowledge to act on the Committee. The Board has ultimate responsibility for the Trustee's remuneration framework.

Executive KMP remuneration

To achieve its goals in relation to executive staff, the Remuneration Policy is designed to:

- create a remuneration structure that will attract, reward and retain qualified Executives to lead the Fund in achieving its strategic objectives;
- to provide and motivate the Executives with a balanced and competitive remuneration;
- to align remuneration structure with the achievement of the Fund Trustee and Fund short-term and long-term objectives; and
- to ensure Executive remuneration is directly and transparently linked with strategy and performance.

Executive officer remuneration may incorporate fixed and variable performance elements with short-term incentives.

In setting any performance-based component of remuneration, the Prime Super Board ensures that the performance-based component supports:

- protecting the interests and meeting the reasonable expectations of members.
- the long-term soundness of the Fund Trustee and the Fund; and
- the risk management framework and Risk Appetite of the Fund Trustee
- balances performance objectives with behaviour aligned with the Funds values

Chief Executive Officer remuneration

The Prime Super Board is responsible for reviewing and setting the level and structure of remuneration of the Chief Executive Officer. The Chief Executive Officer's remuneration has due regard to industry practice and comparative information; it is set at a level and is structured to attract, motivate, reward and retain a good performer to drive the Fund efficiently.

Executive KMP remuneration

With input from the Chief Executive Officer, the RNC will determine the appropriate level of remuneration of the executives and makes recommendations to the Board in that regard for decision. Other executive officer remuneration has due regard to industry practice, comparative information, and the financial posture of the business; it is set at a level and is structured to attract, motivate, reward and retain good performers to drive the Fund efficiently. The Chief Executive Officer undertakes an annual review of the performance of the other executive officers, including the assessment of any annual performance bonus to be awarded to assist the RNC and Board in making decisions.

Executives, except for CEO and those on contracts, receive mainly fixed remuneration and variable remuneration consisting of short-term incentives (STI). No executive KMP receives long term incentives (LTI) opportunities except for long service leave. Executive remuneration levels are reviewed annually by the RNC with reference to the Fund's remuneration framework and market movements with the Board making the final decision regarding any adjustments and STI's .

Fixed remuneration

Fixed remuneration consists of base salary, superannuation and other short-term benefits such as annual leave entitlement and is designed to reward for:

- The scope of the executive's role
- The executive's skills, experience, and qualifications
- Individual performance

It is set with reference to comparable roles at similar funds and is commensurate with performance and risk outcomes.

Short-term incentives (STI)

The STI recognises and rewards annual performance. Under the STI, executive KMPs excluding the CEO, have the opportunity to earn an annual incentive award which is delivered in cash.

How is it paid?	As a cash payment annually
How much can executives earn?	Up to 10% of the remuneration
How is performance measured?	Outperformance when measured against pre-agreed key performance indicators (KPIs). The KPIs include measures relating to the Fund and the individual, and include financial, people, member, strategy, risk and behaviour measures.
When is it assessed and paid?	The STI award is determined after the end of the financial year following a review of individual and fund performance measures over the year set by the Board and by the CEO for all other executives. The Board approves the final STI award based on this assessment of performance. For the COO, General Manager Distribution and General Manager Marketing and Communications, 100% is paid in cash 3 months after the end of the performance period. No STI is available for the CEO and General Manager Risk and Compliance.
Deferral terms	N/A

Long-term incentives (LTI)

Long Service Leave Benefits for eligible KMP for the year ended 30 June 2024 are disclosed under LTI.

3. Performance and executive remuneration outcomes

3A. Performance against STI measures

The following table outlines the proportion of maximum STI earned for the year ended 30 June 2024:

Executive KMP	Maximum STI opportunity (% of fixed remuneration)	% of maximum earned
Raelene Seales	No entitlement	N/A
Lachlan Baird (Ceased 1 December 2023)	No entitlement	N/A
Remo Memmolo	10%	100%
Mark Ashburn	10%	100%
Helen Whitehead	10%	100%
Ann Wong (Ceased 29 February 2024)	10%	0%
Elise van der Heyde	No entitlement	N/A

The proportion of STI forfeited is derived by subtracting the actual % of maximum received from the maximum STI opportunity.

4. Remuneration agreements

4A. Executive employment agreements

Remuneration arrangements for executives are formalised in employment agreements. The following outlines the details of contracts that were negotiated during the year between the Prime Super Pty Ltd and relevant executives:

General Manager Risk and Compliance

The new General Manager Risk and Compliance, Ms. Elise van der Hayde is employed under a 12-month contract which can be terminated with notice by the Board of Prime Super Pty Ltd and the CEO.

Under the terms of the present contract:

- The General Manager Risk and Compliance receives fixed remuneration of $290,000 per annum.
- No STI is available.

All other executives are employed on individual open ended employment contracts that set out the terms of their employment.

The Board has reviewed market data of comparable companies in respect of the fixed remuneration of its executives.

Chief Executive Officer

The new Chief Executive Officer, Ms Raelene Seales is employed under an open ended contract that sets out the terms of employment which can be terminated with notice by the Board.

Under the terms of the present contract:
- The CEO receives fixed remuneration of $700,000 per annum.
- No STI is available.

4B. Termination payments

The following arrangement applied to outgoing executives in office during the financial year ended 30 June 2024:

Mr. Lachlan Baird ceased as CEO on 1 December 2023 and received $565,525 termination payment. Mr. Baird was not eligible for STI.

Ms Ann Wong resigned as General Manager Risk and Compliance on 29 February 2024 and received no termination payment on resignation. Ms Wong was not eligible for STI payment for the financial year ended 30 June 2024.

5. Statutory remuneration

5A. Executive KMP remuneration for the year ended 30 June 2024

Executive	Year	Short-term benefits				Post-employment	Long-term benefits	Termination payments	Total Remuneration[1]
		Salary & fees	Cash bonus	Non-moneytary	Other	Superannuation	Long service leave		
		$	$	$	$	$	$	$	$
Raelene Seales[2]	2024	52,553			4,043	5,781			62,377
Lachlan Baird[3]	2024	530,673				27,500		565,525	1,123,698
Remo Memmolo[4]	2024	467,725	30,511		20,759	31,009	13,331		563,335
Mark Ashburn	2024	274,000	27,044		11,052	32,810	34,798		379,704
Helen Whitehead	2024	264,273	26,031		1,542	32,063			323,909
Ann Wong[5]	2024	303,241				22,268			325,509
Elise van der Heyde[6]	2024	73,354			6,533	8,069			87,956
Total executive KMP	**2024**	**1,965,819**	**83,586**	**-**	**43,929**	**159,500**	**48,129**	**565,525**	**2,866,488**

1 Total remuneration is not a required disclosure, however, is considered good practice

2 Raelene Seales appointed to be CEO on 3 June 2024

3 Lachlan Baird ceased to be CEO on 1 December 2024

4 Remo Memmolo appointed to be Acting CEO on 1 December 2023 and Ceased on 2 June 2024

5 Ann Wong ceased to be General Manager Risk and Compliance on 29 February 2024

6 Elise van der Heyde appointed to be General Manager Risk and Compliance on 18 March 2024 on contract for 12 months

5B. Director remuneration for the year ended 30 June 2024

Director	Year	Short-term benefits	Post-employment	Total
		Board and committee fees	Superannuation	
		$	$	$
Nigel Alexander	2024	144,757	15,923	160,680
Benedict Davis[1]	2024	34,655	3,812	38,467
Gemma Dooley	2024	69,310	7,624	76,934
Bev Durston	2024	69,310	7,624	76,934
Allison Harker	2024	79,684	8,765	88,449
Ronnie Hayden[2]	2024	11,552	1,271	12,823
Jacqueline Kelly	2024	79,684	8,765	88,449
Gerard Parlevliet	2024	79,684	8,765	88,449
Stuart Read[3]	2024	58,558	6,441	64,999
Matthew Scholten[4]	2024	70,857	7,624	78,481
Total director remuneration	**2024**	**698,051**	**76,614**	**774,665**

1 Benedict Davis ceased to be a director on 12 December 2023

2 Ronnie Hayden appointed as a director on 30 April 2024.The Director fees attributable to the services of Mr. Ronnie Hayden were paid to the organisation The Australian Workers Union

3 Stuart Read appointed as a director on 29 August 2023

4 The Director fees attributable to the services of Mr. Matthew Scholten were paid to the organisation Scholten Financial Services Pty Ltd. Mr. Scholten was appointed Chair of Member Services and Engagement Committee on 29 April 2024

6. Rights awarded and held by KMP

No rights awarded or held by KMP for the year ended 30 June 2024.

End of Remuneration report

This report has been made in accordance with a resolution of the Directors.

Chairman Nigel Alexander

Director Allison Harker

Dated this 23rd day of September 2024

Melbourne, Victoria

PRIME SUPER
Statement of Financial Position
As at 30 June 2024

	Note	2024 $'000	2023 $'000
Assets			
Cash and cash equivalents	16	16,029	20,007
Receivables	9	1,092	1,061
Investments			
Cash		752,922	721,449
Australian Shares	8	1,758,383	1,471,185
International Shares	8	2,028,121	1,757,875
Emerging Markets	8	108,212	124,051
Australian Fixed Interest	8	269,272	208,033
International Fixed Interest	8	651,853	625,758
Infrastructure	8	1,178,569	963,608
Property	8	287,701	348,562
Credit Opportunities	8	359,255	463,887
Private Equity	8	9,771	12,795
Absolute Return Strategies	8	34,093	31,500
Derivative assets	8	45,818	20,061
Property, plant and equipment		240	415
Income tax receivable		-	12,341
Total assets		7,501,331	6,782,588
Liabilities			
Payables	10	(14,090)	(11,248)
Income tax payable		(24,218)	-
Derivative liabilities	8	(8,040)	(42,832)
Deferred tax liabilities	13	(103,440)	(79,815)
Total liabilities excluding member benefits		(149,788)	(133,895)
Net assets available for member benefits		7,351,543	6,648,693
Member benefits			
Defined contribution member liabilities	3	(7,238,968)	(6,540,679)
Defined benefits member liabilities	4	(63,347)	(62,551)
Unallocated to members	3	(987)	(147)
Total member liabilities		(7,303,302)	(6,603,377)
Net assets		**48,241**	**45,316**
Equity			
Administration reserve	12	(9,508)	(9,114)
Investment reserve	12	(7,015)	(6,698)
Operational risk reserve	12	(18,730)	(16,850)
Defined benefits that are (over) funded		(12,988)	(12,654)
Total equity		**(48,241)**	**(45,316)**

The above statement of financial position should be read in conjunction with the accompanying notes.

PRIME SUPER

Income Statement
For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Superannuation activities			
Interest		54,835	33,858
Dividends and distributions		204,688	318,496
Changes in assets measured at fair value	11	413,647	255,051
Other income		4,423	14,129
Total superannuation activities income		**677,593**	**621,534**
Investment expenses		(27,376)	(29,324)
Administration expenses		(8,994)	(8,731)
Operating expenses	14	(21,517)	(18,604)
Total expenses		**(57,887)**	**(56,659)**
Net result from superannuation activities		**619,706**	**564,875**
Profit/(Loss) from operating activities		**619,706**	**564,875**
Less: Net benefits allocated to members' accounts		(558,745)	(513,231)
Less: Net change in defined benefit member liabilities		(5,494)	(5,331)
Profit/(Loss) before income tax		**55,467**	**46,313**
Less: Income tax (benefit)/expense	13	50,811	40,798
Profit after income tax		**4,656**	**5,515**

The above income statement should be read in conjunction with the accompanying notes.

PRIME SUPER

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

	DC Members $'000	DB Members $'000	Total $'000
Opening balance of member benefits as at 1 July 2023	6,540,826	62,551	6,603,377
Contributions:			
Employer	491,794	2,520	494,314
Member	98,065	203	98,268
Transfer from other superannuation plans	83,994	-	83,994
Government co-contributions	515	-	515
Income tax on contributions	(72,234)	(312)	(72,546)
Net after tax contributions	**602,134**	**2,411**	**604,545**
Benefits to members/beneficiaries	(465,652)	(519)	(466,171)
Transfers from defined benefit to defined contribution accounts	6,450	(6,450)	-
Insurance premiums charged to members' accounts	(19,872)	(200)	(20,072)
Death and disability insurance benefits credited to members' accounts	17,324	60	17,384
Benefits allocated to members' accounts, comprising:			
Net investment income	591,749	1,207	592,956
Administration fees	(33,004)	(241)	(33,245)
Net change in DB member benefits	-	4,528	4,528
Closing balance of member benefits as at 30 June 2024	**7,239,955**	**63,347**	**7,303,302**

	DC Members $'000	DB Members $'000	Total $'000
Opening balance of member benefits as at 1 July 2022	5,855,985	66,310	5,922,295
Contributions:			
Employer	443,229	2,677	445,906
Member	90,461	238	90,699
Transfer from other superannuation plans	82,553	-	82,553
Government co-contributions	506	-	506
Income tax on contributions	(65,730)	(330)	(66,060)
Net after tax contributions	**551,019**	**2,585**	**553,604**
Benefits to members/beneficiaries	(386,952)	(1,868)	(388,820)
Transfers from defined benefit to defined contribution accounts	9,587	(9,587)	-
Insurance premiums charged to members' accounts	(19,994)	(220)	(20,214)
Death and disability insurance benefits credited to members' accounts	17,950	-	17,950
Benefits allocated to members' accounts, comprising:			
Net investment income	544,169	5,856	550,025
Administration fees	(30,938)	(259)	(31,197)
Net change in DB member benefits	-	(266)	(266)
Closing balance of member benefits as at 30 June 2023	**6,540,826**	**62,551**	**6,603,377**

The above statement of changes in member benefits should be read in conjunction with the accompanying notes.

PRIME SUPER

Statement of Changes in Reserves and Equity
For the year ended 30 June 2024

	Administration reserve $'000	Investment reserve $'000	Operational risk reserve $'000	Defined benefit Surplus $'000	Total Reserves and Equity $'000
Opening balance as at 1 July 2023	9,114	6,698	16,850	12,654	45,316
Net transfers to/from reserves	(2,115)	-	385	-	(1,730)
Profit/(loss)	2,510	317	1,495	334	4,655
Closing balance as at 30 June 2024	**9,508**	**7,015**	**18,730**	**12,988**	**48,241**

	Administration reserves $'000	Investment reserves $'000	Operational risk reserve $'000	Defined benefit Surplus $'000	Total equity $'000
Opening balance as at 1 July 2022	7,637	6,902	15,045	11,762	41,346
Net transfers to/from reserves	(1,953)	-	410	-	(1,543)
Profit/(loss)	3,430	(204)	1,395	892	5,513
Closing balance as at 30 June 2023	**9,114**	**6,698**	**16,850**	**12,654**	**45,316**

The above statement of changes in reserves should be read in conjunction with the accompanying notes.

PRIME SUPER

Statement of Cash Flows

For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Cash flows from operating activities			
Interest received		1,384	579
Insurance proceeds		17,384	17,950
Other general administration expenses		(27,529)	(25,480)
Other income		79	53
Insurance premiums		(20,497)	(19,567)
Investment expenses		(26,844)	(29,090)
Income tax paid		9,373	9,173
Net cash outflows from operating activities	16	(46,650)	(46,381)
Cash flows from investing activities			
Purchase of investments		(1,048,444)	(1,250,911)
Proceeds from sale of investment		952,843	1,133,334
Purchase of Property, Plant and Equipment		(101)	(79)
Net cash outflows from investing activities		(95,703)	(117,656)
Cash flows from financing activities			
Employer contributions		494,314	445,906
Member contributions		98,268	90,699
Transfers from other superannuation plans received		83,994	82,553
Government co-contributions received		515	506
Benefits paid to members		(466,171)	(388,820)
Income tax paid on contributions received		(72,546)	(66,060)
Net cash inflows from financing activities		138,374	164,784
Net increase/(decrease) in cash		(3,979)	747
Cash at the beginning of the financial period		20,007	19,260
Cash at the end of the financial period	16	**16,029**	**20,007**

The above statement of cash flows should be read in conjunction with the accompanying notes.

1. Operation of the Fund

Prime Super Fund (the 'Fund') is a public offer defined contribution and defined benefit fund constituted by the Trust Deed dated 16 November 1993 (as amended). The Fund is domiciled and incorporated in Victoria, Australia. Its registered address is Level 24, 500 Collins Street Melbourne Victoria 3000. The Fund is operated for the purpose of providing its members' superannuation benefits on retirement.

Contributions of the employers and the employees are made in accordance with the terms of the Trust Deed. The members' accounts are credited or debited each year with contributions and their proportionate share of the net investment income, expenses and income tax expense of the Fund.

The Trustee of the Fund is Prime Super Pty Ltd ('the Trustee') and it is the holder of a public offer class Registrable Superannuation Entity Licence (licence no L0000277). In accordance with amendments to the Superannuation Industry (Supervision) Act 1993 the Fund was registered with the Australian Prudential Regulation Authority. The Fund was granted a MySuper licence on 12 April 2013.

2. Material accounting policy information

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

(a) Basis of preparation

The financial statements are a general purpose financial report which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, the Corporations Act 2001 and Corporations Regulations 2001 and the provisions of the Trust Deed of the Fund.

The financials are presented in Australian Dollars and all values are rounded to the nearest $'000 except where otherwise indicated.

The Fund is a not-for-profit entity for the purpose of preparing financial statements.

The financial statements were approved by the Board of Directors of the Trustee, Prime Super Pty Ltd on 23rd September 2024.

(b) New accounting standards and interpretations

Certain Australian Accounting Standards and Interpretations have been issued and are effective for the annual reporting period ended 30 June . The adoption of these standards and amendments has not had any significant financial impact on the financial statements.

2. Material accounting policy information (continued)

(b) New accounting standards and interpretations (continued)

Accounting Standards and Interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Fund for the annual reporting period ended 30 June . None of these are expected to have a material effect on the financial statements of the Fund.

(c) Financial assets and liabilities

Classification
The Fund classifies its financial assets and financial liabilities into the categories below in accordance with AASB 9 Financial Instruments. In applying that classification, a financial asset or financial liability is considered to be held for trading if:
- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial asset
Financial assets measured at fair value through profit or loss (FVPL).

A financial asset is measured at FVPL if:
- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding; or
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis.

The Fund includes in this category:
- Financial instruments held for trading. This includes all instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. This category also includes derivative contracts in an asset position.
- Receivables including short-term receivables.

Financial liabilities
Financial liabilities measured at FVPL. A financial liability is measured at FVPL if it meets the definition of held for trading. The Fund includes, in this category derivative contracts in a liability position and all payables. The Fund classifies its financial assets and financial liabilities into the categories below in accordance with AASB 9.

Financial instruments designated at fair value through profit or loss upon initial recognition
These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategies of the Fund.

2. Material accounting policy information (continued)

(c) Financial assets and liabilities (continued)

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

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

Recognition
The Fund recognises a financial asset or financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

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

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

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

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

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

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

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

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

2. Material accounting policy information (continued)

(d) Fair value measurement

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. Refer to Note 8.

(e) Cash and cash equivalents

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

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

(f) Receivables and payables

Receivables are carried at nominal amounts which approximate their fair value. Receivables are normally settled within 30 days.

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

(g) Revenue recognition

Recognition criteria described below must be met before revenue is recognised:

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

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

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

2. Material accounting policy information (continued)

(h) Income tax

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

Income tax in the income statement for the year comprises current and deferred tax.

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

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

Deferred tax liabilities are recognised for all taxable temporary differences except:

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

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

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

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

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

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

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

(i) Goods and services tax (GST)

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

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

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

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

2. Material accounting policy information (continued)

(j) Investment properties

Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions, at the reporting date. Fair value is determined based on annual evaluation performed by an accredited external independent valuer, applying a valuation model recommended by the International Valuation Standards Committee. Gains or losses arising from changes in the fair value of investment properties are recognised in the income statement in the period which they arise.

Investment properties are derecognised when they have been disposed of or when they are permanently withdrawn from use and no further economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

(k) Foreign currency

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

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

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

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

(l) Member liabilities

Member liabilities are measured at the amount of accrued benefits.

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

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

(m) Reserves

The Fund maintains an Operational Risk Reserve, in accordance with the requirements established by the Australian Prudential Regulatory Authority under Prudential Standard SPS 114 Operational Risk Financial Requirement, and also holds Administration and Investment reserves. The purpose of these additional reserves is set out in Note 12.

The purpose of the Operational Risk Reserve is to provide protection to the Fund in the event that a loss is incurred from an operational risk event. The use of the Operational Risk Reserve is governed by the requirements of SPS 114, which is applicable to all APRA regulated funds.

All reserves operate in accordance with the Fund's Reserving Policy.

Effective from 1 January 2022, the Federal Government passed legislative changes to section 56 and 57 of the Superannuation Industry (Supervision) Act 1993 (Cth) (SIS Act). Trustees of super funds cannot use any assets of their funds to pay for fines or penalties imposed under any Commonwealth laws including inadvertent breaches. Therefore, the Trustee has created a new Trustee Capital Reserve within Prime Super Pty Ltd from 2 May 2022. The Trustee Capital Reserve was established through the payment of a professional trustee fee (Trustee remuneration) from Prime Super to the Trustee. The Reserve will be built over future years with an initial amount of Trustee remuneration transferred from the Administration Reserve to the Trustee Capital Reserve on 2 May 2022 at a rate of 0.025% of Prime Super's net funds under management. The same methodology is adopted for the subsequent years until the Reserve reaches a maximum value of 0.10% of the Fund's total net funds under management.

2. Material accounting policy information (continued)

(n) Significant accounting judgements and estimates and assumptions

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

Fair Value of Investments

When the fair values of the investments recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using alternative valuation techniques. The inputs in these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required to establish fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Changes in assumptions about these factors could affect the reported fair value of these investments.

Assessment as investment entity

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 has the following unconsolidated subsidiaries listed below together with the criteria which define an investment entity:

Unconsolidated subsidiary	Principal place of business	Ownership interest %
Royal Investment Trust	Australia	98%
Infrastructure House Trust	Australia	100%
Citilink Property Trust	Australia	100%
PS Financing Trust	Australia	100%
PS Southern Way Unit trust	Australia	100%
Nest Cooperatief U.A.	Netherlands	50%
Mortons Lane Wind Farm Pty Ltd	Australia	100%
Ferguson Wind Farm Pty Ltd	Australia	100%
Diapur Wind Farm Pty Ltd	Australia	100%
Chepstowe Wind Farm Pty Ltd	Australia	100%
Maroona Wind Farm Pty Ltd	Australia	100%
Savant Energy Power Networks Pty Ltd	Australia	99%
Igasamex PS Investment Trust	Mexico	100%

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Fund’s product disclosure statement details its objective of providing services to members which includes investing in equities, fixed income securities and private equity for the purpose of returns in the form of investment income and capital appreciation.

The Fund reports to its members via an annual report, and to its management, via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by AASB 1056 in the Fund’s annual report. The Fund has a clearly documented exit strategy for all of its investments.

The Trustee has also concluded that the Fund meets the additional characteristics of an investment entity, in that it has more than one investment; the investments are predominantly in the form of equities and similar securities; it has more than one investor and its investors are not related parties.

The Trustee has therefore concluded that the Fund meets the definition of an investment entity. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics change.

Valuation of defined benefit member liabilities

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

2. Material accounting policy information (continued)

(o) Leases

The Fund has performed annual assessment on the impact of Amendments to AASB 16, which included:
- Reviewing all agreements to identify those which contain a lease or an embedded lease;
- Identifying those which have an option to extend and assessing the likelihood of the extension being exercised;
- Considering COVID 19 related impact; and
- Calculated the Lease Liability and corresponding Right of Use Assets.

The Fund has determined that the adoption of AASB 16 and Amendments continue to be immaterial to the financial statements. A lease liability and right of use asset have therefore not been recognised, nor have the disclosure requirements within AASB 16. The Fund will continue to assess the impact of AASB 16 in future years.

3. Defined contribution member liabilities

Member account balances are determined by crediting rates that are determined based on the underlying investment movements.

Members bear the investment risk relating to the underlying assets and crediting rates used to measure the member liabilities.

At 30 June 2024 $987,424 (2023: $ $146,759) has not been allocated to members' accounts. The amount not yet allocated to members’ accounts consists of contributions and insurance proceeds received by the Fund that have not been able to be allocated to members' accounts.

Refer to Note 19 for the Fund’s management of the investment risks.

Member liabilities vest 100% to members.	2024 $'000	2023 $'000
Member liabilities as at end of the financial year	7,238,968	6,540,679

4. Defined benefit member liabilities

(a) Defined benefit arrangements

The liability for accrued benefits is the present obligation to pay benefits to members and beneficiaries for those sub-plans operating as a defined benefit sub-plan and has been calculated on the basis of the present value of expected future payments which arise from membership of the Fund up to the relevant year end of that sub-plan. The figure reported has 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 Trustee has appointed an actuary for the Fund ('Fund Actuary') to conduct periodic comprehensive actuarial reviews on the valuations of accrued benefits.

The last actuarial triennial valuation was performed as at 30 June 2021. The next triennial actuarial valuation review is due to be performed as at 30 June 2024.

Refer to Note 7 (a) for funding arrangement.

The liability for accrued benefits at the last triennial valuation date are set out below for the three defined benefits sub-plans:

		30 June 2021 $'000	
	Caulfield Grammar School	Geelong Grammar School	Xavier College
Liability for accrued benefits	51,383	4,108	19,097
Net assets available to pay benefits	55,254	6,551	24,937

All three defined benefits sub-plans were in a “satisfactory financial position” as at 30 June 2021 as defined in SIS legislation with assets in excess of vested benefits.

4. Defined benefit member liabilities (continued)

(b) Annual financial reporting of accrued liabilities

The Trustee engages the Fund Actuary on an annual basis to measure the defined benefit members liabilities. The Fund has no information that would lead to adjustments to the assumptions.

The actuarial valuation of member liabilities reflects the actuarial assessment of the benefits accrued up to the reporting date and payable to members on retirement, resignation, death and disability. This annual assessment may result in an employer being required to make additional contributions to the Fund.

The key assumptions used to determine the values of accrued benefits for the Fund were:
- The future rate of investment earnings (net of investment taxes and fees)
- The future rate of salary growth

The Trustee has a number of steps in place to manage the risks associated with the defined benefit plan. The Trustee engages the Fund Actuary to advise on the risks, including establishing suitable funding objectives. These funding objectives and the defined benefit plan's circumstances are taken into account by the Fund Actuary when recommending the required employer contribution levels.

The Trustee also uses sensitivity analysis to monitor the potential impact of investment return changes to key variables about which assumptions need to be made. The Fund has identified two assumptions (being the investment return and the rate of salary adjustment) for which changes are reasonably possible that would have a material impact on the amount of the defined benefit member liabilities.

i. The assumed future rate of investment earnings has been determined by reference to investment returns expected on an investment portfolio that reflects the opportunities reasonably available to the Fund in the investment markets, and also reflects the Fund's actual investments and investment strategy in respect of defined benefit member liabilities.
In 2024, the investment return assumptions are based on Mercer's Capital market assumptions as at 30 June 2024 and the sub-plans' asset allocations in the MySuper and Conservative Growth options. The investment return assumption is based on each sub-plan's investment strategy.

ii. The assumed annual salary adjustment has been determined after discussion with the employer-sponsor. The assumption reflects current market rates for inflation, real economic growth, the share of economic growth of employees and promotional increases.
In 2024, Salary increase rate assumptions are based on the same assumptions as those adopted for each Schools' AASB 119 valuations, and represents the respective School's outlook for salary inflation. The key assumptions used in the calculation of accrued benefits as at 30 June 2024 are as follows:

	Investment return	**Salary increase rate**
Caulfield Grammar School	5.5% p.a.	3.5% p.a.
Geelong Grammar School	5.0% p.a.	3.0% p.a.
Xavier College	5.5% p.a.	3.0% p.a.

The other variables about which assumptions have been made in measuring defined benefit member liabilities and for which changes are not considered reasonably possible, or for which reasonably possible changes would not be expected to have a material effect, include: mortality and disability rates and resignations rates.
The following are sensitivity calculations on a univariate basis for the investment return and rate of salary adjustment assumptions for the defined benefit plan.

Key assumption	**Reasonable possible change**	**DB-sub plans**	**Increase in member liabilities $'000**
		Caulfield Grammar School	341
Investment return	1% p.a. lower	Geelong Grammar School	-
		Xavier College	508
		Total	849
		Caulfield Grammar School	455
Salary adjustment rate	1% p.a. higher	Geelong Grammar School	-
		Xavier College	485
		Total	940

For financial reporting purposes, defined benefit members' benefits exclude those members' additional accumulation amounts as these amounts are reported as "DC member benefits" in the Statement of Changes in Members Benefits.
This financial reporting definition of defined benefit liabilities is used in the calculation and reporting of vested benefits and actuarial liabilities in respect of the defined benefit members.

4. Defined benefit member liabilities (continued)

(b) Annual financial reporting of accrued liabilities (continued)

	30 June 2024			
	Caulfield Grammar School $'000	Geelong Grammar School $'000	Xavier College $'000	Total $'000
Accrued defined benefit liabilities reported as DB members benefits	49,528	1,065	12,754	63,347

	30 June 2023			
	Caulfield Grammar School $'000	Geelong Grammar School $'000	Xavier College $'000	Total $'000
Accrued defined benefit liabilities reported as DB members benefits	47,397	980	14,174	62,551

(c) Net assets available to meet liabilities for accrued benefits of the defined benefits arrangements as at 30 June 2024:

	2024 $'000	2023 $'000
Caulfield Grammar School	54,253	51,912
Geelong Grammar School	3,659	3,438
Xavier College	18,423	19,855
Total net assets of the defined benefit sub-plans of the Fund	76,335	75,205

5. Defined benefits that are overfunded

	2024 $'000	2023 $'000
Prime Super defined benefit sub-plans	12,988	12,654

The Fund remains in surplus. The employer-sponsors are contributing at the rates recommended by the Actuary.

6. Guaranteed benefits

No guarantees have been made in respect of any part of the liability for accrued benefits.

7. Funding arrangements

The funding policy adopted in respect of the Fund is directed in ensuring that benefits accruing to members and beneficiaries are fully funded as the benefits fall due.

As such, in framing employer contribution rates, the Fund Actuary has considered long-term trends in factors such as membership, salary growth, investment earnings and average market value of investments of the Fund. Thus, any difference between the Net Assets Available for Member Benefits and the Accrued Benefits has been anticipated.

For members with an accumulation account the percentage of salary or wages of employees prescribed as the rate of compulsory employer (Superannuation Guarantee) contributions between 1 July 2023 to 30 June 2024 was 11% (1 July 2022 to 30 June 2023: 10.5%). Member and additional employer contributions are paid to the Fund at a rate determined by the member and/or employer.

Employees with defined benefits contribute to the Fund at varying rates between 0% and 10% of salary for superannuation purposes. Employees may also make contributions to an accumulation account.

7. Funding arrangements (continued)

(a) Defined benefits arrangements

In determining employer and member contribution rates, the Fund Actuary has considered long-term trends in such factors as Fund membership, salary growth and the average market value of Fund assets.

i) Caulfield Grammar School

The Fund has received a report on the Actuarial Investigation dated 7 December 2021 from the Fund Actuary regarding the financial position of the sub-fund as at 30 June 2021. According to this report, the Plan was in a satisfactory financial position with the coverage of defined vested benefits increased from 108.1% at 1 January 2019 to 109.3% at 30 June 2021.

The main reasons for the increased ratio of assets to vested benefits are the following items of positive experience:

- The Fund earned an investment return of 10.8% p.a which were significantly higher than the assumed long term rate of 5.7% p.a.

Based on the financial position at 30 June 2021, the Fund Actuary recommended that the Employer continue to make regular contributions to the Fund of 10% of members' salaries, plus any salary sacrifice or deemed member contributions.

ii) Geelong Grammar School

The Fund has received a report on the Actuarial Investigation dated 29 November 2021 from the Fund Actuary regarding the financial position of the sub-fund as at 30 June 2021. According to this report, the Plan was in a satisfactory financial position with the coverage of defined vested benefits increased from 119.9% at 1 January 2019 to 159.6% at 30 June 2021.

The main reasons for the increased ratio of assets to vested benefits are the following items of positive experience:

- The Fund earned an investment return of 9.6% of 5.7% p.a.,
- Salary growth of 2.0% p.a which was lower than the expected growth of 4.0% p.a; and
- A reduction in the Plan membership from 7 members to 4 members, thereby spreading the excess assets over a reduced number of members.

This has been partially offset by the School's contribution holiday (in accordance with the recommendations made at the previous actuarial investigation, but which only commenced from 30 June 2020) and actual expenses being slightly higher than assumed.

In the case of the Actuarial Value of Accrued Benefits, it has also been slightly offset by the impact of changes made to the actuarial assumptions where the gap between the assumed rate of investment earnings and the rate of salary increases used to determine the Actuarial Value of Accrued Benefit from 1.7% to 1.5% p.a

The Fund Actuary recommends that the Employer contributes at the following rates:

- School contributions of 10% of total salary plus Responsibility Loading (if applicable) and deemed member contributions of 8.0% (Category A1) of Salary plus Responsibility Loading (if applicable) are to be credited to Defined Benefit members' accumulation accounts from the General reserve if they are not paid by the School;
- Member contributions from before-tax salary (other than Category A1 deemed member contributions met from the General Reserve); and
- Any other contributions agreed between the Employer and a member (e.g. additional salary sacrifice contributions).

iii) Xavier College

The Fund has received a report on the Actuarial Investigation dated 29 October 2021 from the Fund Actuary regarding the financial position of the sub-fund as at 30 June 2021. According to this report, the Plan was in a satisfactory financial position with the coverage of Defined Vested Benefits increased from 120.8% at 1 January 2019 to 140.1% at 30 June 2021.

The asset coverage levels at 30 June 2021 were materially higher than the levels at the previous actuarial investigation, due to the following items of positive experience:

- A reduction in the Plan membership from 69 to 49 members, thereby spreading the excess assets over a reduced number of members;
- Investment earnings of 9.9% p.a., which were significantly higher than the assumed long term rate of 5.7% p.a.; and
- Salary growth of 2.1% p.a., which was slightly lower than the expected growth of 3.0% p.a.

This has been partially offset by the School's defined benefit contribution holiday (in accordance with the recommendations made at the previous actuarial investigation) and actual expenses being slightly higher than assumed.

In the case of the Actuarial Value of Accrued Benefits, it has also been offset by the impact of changes made to the actuarial assumptions where the gap between the assumed rate of investment earnings and the rate of salary increases used to determine the Actuarial Value of Accrued Benefit from 2.7% to 1.0% p.a.

7. Funding arrangements (continued)

iii) Xavier College (continued)

In this report, the Fund Actuary recommended that the Employer contributes at the following rates:

- Nil contribution payable in respect of members under age 65 to finance the members' defined benefit entitlements.
- Ceases contributing deemed member contributions from pre-tax salary and that there are instead financed from Plan assets;
- Ceased contribution the following additional superannuation contributions which are allocated to defined benefit members' additional accumulation accounts from 1 January 2024:
    - Award contributions of (SG rate less 7%) of Ordinary Time Earnings in respect of members under age 65 who elected to have "Award" contributions made to the Plan;
    - 7% of the excess, if any, of Ordinary Time Earnings over salary, in respect of members under age 65;
    - SG Rate of Ordinary Time Earnings, less any amounts paid to other funds, in respect of members who have attained age 65; and
    - Any additional contributions agreed between the Employer and a member (e.g. additional salary sacrifice contributions).

(b) Contribution levels

Each participating employer and member have set their contributions at levels that are within the maximum contributions allowed under the Income Tax Assessment Act.

Caulfield Grammar School, Xavier College and Geelong Grammar School have each set their Defined Benefit contribution rates, at minimum, according to the recommendations contained within their respective actuarial reports as set out in Note 7(a).

8. Fair value of financial instruments

(a) Classification of financial instruments under the fair value hierarchy

AASB 13 Fair Value Measurement requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. The following table shows financial instruments recognised at fair value, categorised between those whose fair value is based on:

- Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	30 June 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	$'000	$'000	$'000
Australian Shares	1,749,299	9,074	10	1,758,383
International Shares	2,028,021	100	-	2,028,121
Australian Fixed Interest	246	269,026	-	269,272
International Fixed Interest	(234)	652,087	-	651,853
Emerging Markets	108,197	15	-	108,212
Property	(9,785)	-	297,486	287,701
Private Equity	-	-	9,771	9,771
Absolute Return Strategies	3,576	30,523	-	34,093
Credit Opportunities	9,112	-	350,143	359,255
Infrastructure	10,266	-	1,168,303	1,178,569
Derivative Assets	-	45,818	-	45,818
Derivative Liabilities	-	(8,040)	-	(8,040)
	3,898,698	**998,603**	**1,825,713**	**6,723,008**

	30 June 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	$'000	$'000	$'000
Australian Shares	1,462,700	8,473	10	1,471,183
International Shares	1,170,597	587,278	-	1,757,875
Australian Fixed Interest	50	207,983	-	208,033
International Fixed Interest	29,422	596,336	-	625,758
Emerging Markets	124,053	-	-	124,053
Property	61	-	348,501	348,562
Private Equity	117	-	12,678	12,795
Absolute Return Strategies	3,153	28,347	-	31,500
Credit Opportunities	6,983	39,128	417,776	463,887
Infrastructure	1,767	-	961,841	963,608
Derivative Assets	-	20,061	-	20,061
Derivative Liabilities	-	(42,832)	-	(42,832)
	2,798,903	**1,444,774**	**1,740,806**	**5,984,483**

8. Fair value of financial instruments (continued)

(a) Classification of financial instruments under the fair value hierarchy (continued)
Valuation technique

Listed equities
When fair values of publicly traded equity securities are based on quoted market prices, or binding dealer price quotations, in an active market for identical assets without any adjustments, the instruments are largely included within Level 1 of the hierarchy. The Fund values these investments at bid price for long positions and ask price for short positions. The Fund has identified listed equities as Australian Shares, International Shares and Infrastructure financial instruments.

Unlisted unit trusts
The Fund invests in these trusts which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets. The Fund has identified these unlisted unit trusts as Australian Shares, International Shares, Emerging Markets, Australian Fixed Interest, International Fixed Interest, Property, Private Equity, Credit Opportunities, Infrastructure and Absolute Return Strategies financial instruments. The Fund considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the Net Asset Value ("NAV") of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the Fund is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the Fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the units of the Fund. Depending on the nature and level of adjustments needed to the NAV and the level of trading in the Fund, the Fund classifies these funds as either Level 2 or 3.

Unlisted debt
The Fund invests in debt securities, corporate and government bonds which are classified as, Australian Fixed Interest, International Fixed Interest and Credit Opportunities financial instruments by the Fund. In the absence of a quoted price in an active market, they are valued using observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers and yield curves. Adjustments are made to the valuations when necessary to recognise differences in the instrument’s terms. To the extent that the significant inputs are observable, the Fund categorises these investments as Level 2.

Private debt and equity investments, and unlisted equities
The Fund invests in private companies which are not quoted in an active market, which covers Australian Shares, Property, Private Equity, Credit Opportunities and Infrastructure financial instruments. Transactions in such investments do not occur on a regular basis. The Fund uses a market based valuation technique for these positions. The Fund’s investment manager determines comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate trading multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the investee company to measure the fair value. The Fund classifies the fair value of these investments as Level 3.

Derivative assets and liabilities
The Fund uses widely recognised valuation models for determining fair values of over-the-counter interest rate swaps, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including both credit and debit valuation adjustments for counterparty and own credit risk, foreign exchange spot and forward rates and interest rate curves. For these financial instruments, significant inputs into models are market observable and are included within Levels 1 and 2.

Valuation process for Level 3 valuations

Valuations are the responsibility of the Board of Directors of the Trustee.
The valuation of these investments will generally require an assessment of their unobservable inputs, such as cash flows, investment terms, financial performance and outlook, comparable market transactions and an assessment of the relevant equity discount rates. As per the valuation policy, independent valuers are appointed to undertake this assessment and provide an estimate of the market value of these investment on at least an annual basis. The independent values are reviewed, and the results presented to the Board of Directors of the Trustee.

For financial instruments classified in Level 3 in the fair value hierarchy some of the inputs to the valuation models are unobservable and therefore subjective in nature. The use of reasonably possible alternative assumptions could produce a different fair value measurement.

Generally the categorisation within the fair value hierarchy is based on the inputs valuation techniques used to measure the fair value. The source of prices and valuation basis will vary depending on the security types. In principle, the observability and market activity determine the categorisation of an input.

Level 3 classification within the fair value hierarchy is determined using inputs that are not based on observable market data (i.e. unobservable inputs) or other Level 3 criteria are met. If a stock is in an inactive/illiquid market and is valued using models and internal data or if there is no vendor coverage for more than 365 days, then it is categorised as Level 3.

If the impact of using those alternative assumptions would cause the fair value of Level 3 assets to be higher or lower by 5% of the net assets of the Fund then the result for the year would have been higher or lower (in thousands) by $58,415 (2023: $48,092) for infrastructure, by $14,874 (2023: $17,425) for property, by $17,507 (2023: $20,889) for credit opportunities and by $489 (2023: $634) for private equity.

8. Fair value of financial instruments (continued)

(a) Classification of financial instruments under the fair value hierarchy (continued)

Description	Level 3 $	Valuation technique	Significant inputs and its relationship to fair value
Australian Shares Property Private Equity Credit Opportunities Infrastructure	2024: $1,825,713 2023: $1,740,806	Discounted cash flow valuation	- Revenue cash flows - Expense cash flows - Debt financing - Equity discount rate - Terminal value of the asset
		Market comparables approach	- EV/EBITDA multiple of comparable listed entity - EV/EBITA multiple of comparable transaction - Asset-specific factors which affect the selling price of a comparable asset
		Market yield approach	- Yield spread - Asset-specific factors which affect the yield spread of comparable assets
		Net asset value based on value of of underlying investment	Similar to key inputs for discounted cash flow valuations and market comparables approach

(b) Level 3 reconciliation

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

30 June 2024	**Property**	**Infrastructure**	**Other ***	**TOTAL**
	$'000	**$'000**	**$'000**	**$'000**
Opening balance	348,501	961,841	430,464	1,740,806
Total realised/unrealised gains and (losses)	(38,359)	74,886	27,017	63,544
Purchases/Applications	30,043	177,242	(482)	206,803
Sales/Redemptions	(52,484)	(35,400)	(97,555)	(185,440)
Closing Balance	287,701	1,178,569	359,444	1,825,713
	-	-		

30 June 2023	**Property**	**Infrastructure**	**Other ***	**TOTAL**
	$'000	**$'000**	**$'000**	**$'000**
Opening balance	461,846	756,823	193,645	1,412,314
Total realised/unrealised gains and (losses)	(20,293)	100,474	29,492	109,673
Purchases/Applications	1,494	128,509	126,407	256,410
Sales/Redemptions	(94,546)	(23,965)	80,920	(37,591)
Closing Balance	348,501	961,841	430,464	1,740,806

*Other includes Australian Shares, Credit Opportunities and Private Equity

(c) Transfers Between Hierarchy Levels

There has been no transfers between the levels of the fair value hierarchy during the financial year. (2023: $Nil)

9. Receivables

	2024 $'000	2023 $'000
Recoverable within 12 months		
GST receivable	502	485
Rental Bond and Deposit	508	576
Prepayments	82	-
	1,092	1,061

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Information regarding credit risk exposure is set out in Note 19.

10. Payables

	2024 $'000	2023 $'000
Insurance premiums payable	1,304	1,729
Investment management fees payable	1,861	1,329
Sundry Creditors	88	47
Provision for employee benefits	872	1,022
Operating expenses payable	9,965	7,121
	14,090	11,248

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in Note 19.

11. Changes in assets measured at fair value

	2024 $'000	2023 $'000
Investments held at balance date		
Australian Shares	135,122	91,860
International Shares	208,186	209,724
Emerging Markets	8,439	5,969
Australian Fixed Interest	2,365	(5,253)
International Fixed Interest	(8,146)	4,411
Infrastructure	49,168	77,173
Property	(55,557)	(122,581)
Credit Opportunities	(2,036)	8,617
Private Equity	(2,182)	(5,500)
Absolute Return Strategies	720	1,429
Derivatives	28,779	(27,170)
Total unrealised gains/(losses)	364,858	238,679
Investments realised during the year		
Australian Shares	(1,343)	37,948
International Shares	69,684	(6,018)
Emerging Markets	72	(846)
Cash	(68)	112
Australian Fixed Interest	(1,659)	(2,851)
International Fixed Interest	(533)	(2,709)
Infrastructure	44	(1,328)
Property	(155)	518
Credit Opportunities	210	1,231
Private Equity	(18)	(1)
Absolute Return Strategies	100	(3,752)
Derivatives	(17,545)	(5,932)
Total realised gains/(losses)	48,789	16,372
Change in fair value of investments	413,647	255,051

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

12. Reserves and Equity

	2024 $'000	2023 $'000
Administration reserve	9,508	9,114
Investment reserve	7,015	6,698
Operational risk reserve	18,730	16,850
	35,253	32,662
Defined benefits that over/(under) funded	12,988	12,654
	48,241	45,316

The purpose of the Operational risk reserve is to provide protection to the Fund in the event that a loss is incurred from an operational risk event. The use of the Operational risk reserve is governed by the requirements of SPS 114, which is applicable to all APRA regulated funds. The current Operational risk reserve represents approximately 0.25% (2023: 0.25%) of the total assets of the Fund. The Trustee intends to maintain this reserve at 0.25% of total assets.

The purpose of the Administration reserve is to cover operational expenses not met by fee deductions from members.
The Investment reserve is used to receive and distribute net investment income to members. Investment related expenses are met from this reserve.

13. Income tax

	2024 $'000	2023 $'000
(a) Major components of income tax expenses for the years ended 30 June 2024 and 30 June 2023:		
Income statement		
Current tax expense		
Current tax (benefit)/charged	25,227	(2,536)
Adjustments in respect of current income tax of previous years	2,014	8,223
Deferred tax		
Relating to origination and reversal of temporary differences	23,570	35,110
Total tax (benefit)/expense as reported in the income statement	50,811	40,798
(b) Reconciliation between income tax expenses and the accounting profit before income tax		
Profit/(loss) from operating activities	55,467	46,313
Income tax at 15%	8,320	6,947
Non-deductible administration expenses	(8)	3
Derecognition of temporary differences	(564,243)	(518,562)
Net (loss)/benefit allocated to member accounts	648,875	596,346
Assessable investment income	48,747	20,519
Non-assessable capital (losses)/gains	44,846	63,561
Non-assessable investment income	(110,442)	(102,218)
Exempt pension income	(5,510)	(4,374)
Net imputation and foreign tax credits	(21,788)	(24,655)
Under provision in the previous year	2,014	8,223
	50,811	45,790

13. Income tax (continued)

(c) Deferred Tax

2024	Opening Balance $'000	(Charged) / Credited to income $'000	Closing Balance $'000
Deferred tax assets			
Fund expenses accrued but not incurred	1,683	431	2,114
	1,683	431	2,114
Deferred tax liabilities			
Income receivable	(903)	(166)	(1,069)
Unrealised gains on investments	(80,595)	(23,890)	(104,485)
	(81,498)	(24,056)	(105,554)
Net deferred tax (liability) / asset	(79,815)	(23,625)	(103,440)

2023	Opening Balance $'000	(Charged) / Credited to income $'000	Closing Balance $'000
Deferred tax assets			
Fund expenses accrued but not incurred	1,363	320	1,683
	1,363	320	1,683
Deferred tax liabilities			
Income receivable	(912)	9	(903)
Unrealised gains on investments	(45,251)	(35,344)	(80,595)
	(46,163)	(35,335)	(81,498)
Net deferred tax (liability) / asset	(44,800)	(35,015)	(79,815)

The Fund offsets deferred tax assets and liabilities if and only if it has a legally enforceable right to offset current tax assets and current tax liabilities.

14. Operating expenses

	2024 $'000	2023 $'000
APRA & ASIC fees	1,111	806
Audit and taxation fees	1,146	932
Consulting fees	845	510
Actuarial fees	37	61
Depreciation, amortisation and impairment costs	276	299
Legal fees	262	151
Marketing expenses	686	658
Sponsorship and advertising expenses	2,182	1,948
Trustee expenses	14,641	12,804
Trustee and other liability insurance	46	29
Other administration expenses	285	406
	21,517	18,604

15. Auditors' remuneration

	2024 $'000	2023 $'000
Amount received or due and receivable by Ernst & Young for:		
Audit of financial statements and annual APRA forms	184	168
Agreed upon procedures for investments	23	17
Amount received or due and receivable by KPMG for:		
General internal audit services		-
Professional taxation services	419	416
Amount received or due and receivable by PWC for:		
General internal audit services	316	274
Professional taxation services	52	57
	994	932

16. Cash flow statement reconciliation

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2024 $'000	2023 $'000
Cash and cash equivalents	16,029	20,007

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

	2024 $'000	2023 $'000
Profit / (loss) after income tax	4,656	5,515
Adjustments for:		
Decrease/(Increase) in assets measured at fair value	(676,119)	(620,891)
Other non-cash items	276	298
Decrease in insurance	(3,113)	(1,617)
Increase in payables	3,243	1,781
(Decrease)/increase in income tax payable	60,184	49,971
Allocation to members' accounts	564,223	518,562
Net cash outflows from operating activities	(46,650)	(46,381)

17. Segment information

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

18. Related party disclosures

(a) Trustee and Key Management Personnel

The Trustee of the Fund is Prime Super Pty Ltd and is a holder of a Registrable Superannuation Entity Licence (Licence No.L0000277).

The following people were directors of Prime Super Pty Ltd during the year ended 30 June 2024 and up to the date of signing these financial statements:

Nigel Alexander
Benedict Davis (ceased 12 December 2023)
Gemma Dooley
Bev Durston
Allison Harker
Jacqueline Kelly
Gerard Parlevliet
Stuart Read (appointed 29 August 2023)
Matthew Scholten
Ronnie Hayden (appointed 30 April 2024)

Other key management personnel of the Fund are:

Raelene Seales - Chief Executive Officer (appointed 3 June 2024)
Lachlan Baird - Chief Executive Officer and Company Secretary (ceased 01 December 2023)
Mark Ashburn - General Manager - Distribution
Remo Memmolo – Acting Chief Executive Officer (appointed 1 December 2023 and ceased 2 June 2024)
Remo Memmolo - Chief Operating Officer
Helen Whitehead - General Manager - Marketing Communications
Ann Wong - General Manager - Risk and Compliance (ceased 29 February 2024)
Elise van der Heyde - General Manager - Risk and Compliance (appointed 18 March 2024)

18. Related party disclosures (continued)

(b) Compensation of Key Management Personnel

	2024 $'000	2023 $'000
Short-term employee benefits (Salaries, Director Fees, Annual Leave)	2,791	2,694
Post-employment benefits (Superannuation)	236	237
Other long-term benefits (Long Service Leave)	48	27
Termination Benefits	566	-
Total Compensation	3,641	2,958

Compensation of key management personnel represents remuneration of the executive officers of the Fund and fees paid to each director of the Trustee for services rendered for the Fund.

Director's remuneration is paid by the Trustee and is reimbursed by the Fund.

There are no other transactions with key management personnel.

The following directors and key management personnel were members of Prime Super during the reporting period and up to the date of the financial statements:

Nigel Alexander
Mark Ashburn
Lachlan Baird (ceased 1 December 2023)
Allison Harker
Jacqueline Kelly
Remo Memmolo
Gerard Parlevliet
Helen Whitehead
Ann Wong (ceased 29 February 2024)

Their membership terms and conditions are the same as those applied to other members of the Fund.

(c) Related Party Transactions

During the financial year the Fund has provided reimbursement for services rendered by Prime Super Pty Ltd, e.g. director fees and superannuation guarantee payments, allowances, training, director travel expenses, KPMG consulting fees and trustee liability insurance. During the financial year the Fund has paid Prime Super Pty Ltd Trustee Services Fees which have established the Trustee Capital Reserve.

The following related party transactions occurred during the 2024 financial year.
(i) Trustee management fees to the value of $1,403,023 (2023: $1,478,005) were charged to Prime Super.
(ii) Trustee services fees to the value of $1,647,132 (2023: $1,477,026) were charged to Prime Super.
(iii) There is currently a receivable from Prime Super for $60,807 as at 30 June 2024 (2023: $64,059).

Remuneration for the ‘other key management personnel of the Fund’ is paid directly by Prime Super.

19. Financial risk management objectives and policies

(a) Introduction

The Fund's principal financial instruments comprise equities, private equity, units in unit trusts, fixed interest securities, infrastructure, properties and cash. The main purpose of these financial instruments is to generate a return on investment.

The Fund also has other financial instruments such as receivables and payables, which arise directly from its operations; these are considered insignificant and are mainly current in nature.

The Fund enters into derivative transactions, principally fixed interest futures and foreign exchange contracts, for the purpose of managing financial risks associated with the Fund's investment transactions, and as a means of effecting a change in the asset mix. Investments in derivatives are limited to the asset allocation limits for the underlying investment class.

Risks arising from holding financial instruments are inherent in the Fund's activities, and are managed through a process of ongoing identification, measurement and monitoring. The Fund is exposed to credit risk, liquidity risk, climate risk and market risk, including interest rate risk, currency risk and other price risk.

The Trustee recognises that there are risks arising from holding financial instruments. These risks are identified, monitored and managed by appropriately applying relevant controls. Oversight of these risks is carried out by the Trustee through the Investment Committee with advice from an external investment adviser and internal management.

The Trustee is responsible for identifying and controlling the risks that arise from these financial instruments. The Trustee reviews and agrees policies for managing each of these risks as summarised below. The Trustee also monitors the market price risk arising from all financial instruments.

This information is prepared and reported to the Trustee on a regular basis.

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or when a number of counterparties are engaged in similar business activities, have activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Trustee monitors its exposure to ensure concentrations of risk remain within acceptable levels as per the Fund's Investment Policy Statement and either reduces exposure or uses derivative instruments to manage the excessive risk concentrations when they arise.

The Fund's accounting policies in relation to derivatives are set out in Note 2.

(b) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Fund. As a means of mitigating the risk of financial loss, the Fund has adopted the policy of spreading the aggregate value of transactions concluded amongst approved counterparties with at least investment grade qualities. The Fund's exposure and the credit ratings of its counterparties are monitored by the Trustee.

Credit risk arising on investments is mitigated by extensive pre-appointment due diligence on investment managers, specific investment agreements, appropriate monitoring and benchmark analysis.

The Fund does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. It is the opinion of the Trustee that the carrying amounts of these financial assets represent the maximum credit risk exposure at the reporting date. There are no financial assets that are past due or impaired.

19. Financial risk management objectives and policies (continued)

(b) Credit Risk (continued)

The following table outlines Standard and Poor's rating categories for direct investments of the Fund held in cash and cash equivalents as reflected on the statement of financial position. The rating category included in the table is that applicable to this Fund. The table excludes any rating categories applicable to the underlying assets of the pooled unit trusts and for other interest bearing securities where a rating is not publicly available.

Direct investments	AAA to AA-	A+ to A	BBB+ to BB-	Unrated Unit Trusts / Cash	Total
2024	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	16,029	-	-	-	16,029
Managed funds/Cash	770,043	-	-	-	770,043
Australian Fixed Interest	240,091	11,659	7,974	9,548	269,272
International Fixed Interest	137,346	82,718	157,992	273,797	651,853
Credit Opportunities	-	-	8,724	350,531	359,255
Total	**1,163,509**	**94,377**	**174,690**	**633,876**	**2,066,452**

Direct investments	AAA to AA-	A+ to A	BBB+ to BB-	Unrated Unit Trusts / Cash	Total
2023	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	20,007	-	-	-	20,007
Managed funds/Cash	742,517	-	-	-	742,517
Australian Fixed Interest	81,491	-	-	126,542	208,033
International Fixed Interest	137,783	52,863	244,002	191,110	625,758
Credit Opportunities	-	-	15,762	448,125	463,887
Total	**981,798**	**52,863**	**259,764**	**765,777**	**2,060,202**

(c) Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund’s financial instruments include investments in unlisted investments that are not traded in an organised public market which generally may be illiquid. As a result, there is a risk that the Fund may not be able to liquidate all of these investments at their fair value in order to meet its liquidity requirements. This risk is controlled through the Fund’s investment monitoring and policies that ensures the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Fund’s significant financial liabilities are payables, current tax liabilities and members' liabilities.

The Fund manages its obligation to pay the defined contribution and defined benefit components on an expected maturity basis based on management’s estimates and past experience of when such funds will be drawn down by members. The Fund considers it is highly unlikely that all defined contribution members will request to roll over their superannuation fund at the same time.

Other financial liabilities of the Fund comprise insignificant trade and other payables which are typically settled within 30 days.

Year ended 30 June 2024	Less than 1 month $’000	Less than 3 months $’000	3 months to 1 year $’000	1-5 years $’000	5+ years $’000	Total $’000
Member liabilities	7,303,302	-	-	-	-	7,303,302
Payables	14,090	-	-	-	-	14,090
Current tax liability	24,218	-	-	-	-	24,218
Derivatives	3,050	1,468	3,522	-	-	8,040
Total	**7,344,660**	**1,468**	**3,522**	**-**	**-**	**7,349,650**

Year ended 30 June 2023	Less than 1 month $’000	Less than 3 months $’000	3 months to 1 year $’000	1-5 years $’000	5+ years $’000	Total $’000
Member liabilities	6,603,377	-	-	-	-	6,603,377
Payables	11,248	-	-	-	-	11,248
Current tax liability	-	-	-	-	-	-
Derivatives	5,731	15,422	21,679	-	-	42,832
Total	**6,620,356**	**15,422**	**21,679**	**-**	**-**	**6,657,457**

19. Financial risk management objectives and policies (continued)

(d) Market risk

Market risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument (or its issuer) or factors affecting all instruments in the market. Market risk is minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

Market risk comprises three types of risk:
- interest rate risk,
- currency risk, and
- other price risk

(i) Interest Rate Risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of interest bearing financial instruments. The Fund has set investment allocation ranges to meet its objectives of holding a balanced portfolio, including limits on investments in interest bearing assets, which are monitored regularly.

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease with all other variables held constant is used when reporting interest rate risk internally to the Trustee and represents the Trustee's assessment of the possible change in interest rates. The analysis is performed on the same basis as for 2024 and is not guaranteed.

The change in interest rates approximates the volatility as measured by the change in the RBA cash rate. This information is then adjusted for reasonableness under current economic circumstances.

			Effect on			
	Change in variables:		**Profit after income tax**		**Net assets available for member benefits**	
	2024	2023	**2024**	2023	**2024**	2023
	+ / -	+ / -	**$'000**	$'000	**$'000**	$'000
Interest rate risk						
Variable interest securities	**0.50%**	0.50%	**480,061**	8	**902**	8
Fixed interest securities	**0.50%**	0.50%	**569,660**	(11,172)	**(4,674)**	(11,172)
Swap	**0.50%**	0.50%	**-**	-	**522**	-
Total			**1,049,721**	(11,164)	**(3,250)**	(11,164)
Interest rate risk						
Variable interest securities	**-0.50%**	-0.50%	**480,321**	(7)	**(901)**	(7)
Fixed interest securities	**-0.50%**	-0.50%	**594,140**	11,177	**4,676**	11,177
Swap	**-0.50%**	-0.50%	**-**	-	**(522)**	-
Total			**1,074,461**	11,170	**3,253**	11,170

(ii) Currency Risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The currency risk disclosures do not take into account the foreign exchange exposures as a result of direct investments denominated in Australian dollars and not on a look through basis. Currency risks in the unit trusts are managed by the respective managers of the unit trusts.

19. Financial risk management objectives and policies (continued)

(d) Market risk (continued)

The Fund's statement of financial position and income statement can be affected by movements in foreign currencies (USD, GBP, Euro, Yen and other currencies) when translated to AUD. The Fund manages its exposure to foreign currency risk and mitigates effects of its foreign currency translation exposure by adhering to the Fund's Investment Policy Statement which limits the portion of the Fund's assets which can be invested in different currencies in addition to taking out foreign exchange contracts. Prime Super's targeted level of foreign exposure is monitored on an ongoing basis and adjusted from time to time in accordance with any meaningful changes in business risk estimates or assessments regarding the medium-term outlook for the Australian dollar.

The table below indicates the currencies to which the Fund had significant exposure at 30 June 2024 on its monetary assets and liabilities and forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Australian Dollar on the statement of financial position, with all other variables held constant where a +10%/-10% change in currency rate represents a depreciation/appreciation of the Australian Dollar relative to the foreign currency.

Currency	2024		2023	
	Change in currency rate %	**Profit after income tax $'000**	Change in currency rate %	Profit after income tax $'000
USD	+10	(66,100)	+10	(41,263)
Euro	+10	(10,148)	+10	(4,174)
Yen	+10	(7,266)	+10	(5,037)
GBP	+10	(4,010)	+10	(1,623)
Other	+10	(32,295)	+10	(23,638)

Currency	2024		2023	
	Change in currency rate %	**Profit after income tax $'000**	Change in currency rate %	Profit after income tax $'000
USD	-10	66,100	-10	41,263
Euro	-10	10,148	-10	4,174
Yen	-10	7,266	-10	5,037
GBP	-10	4,010	-10	1,623
Other	-10	32,295	-10	23,638

The change in currency rates used approximates the volatility as measured by a weighted basket of foreign exchange rate movements over the period between 1993 and 2024.

(iii) Other Price Risk
Other price risk is the risk that the fair value of investments decreases or increases as a result of changes in market prices, whether those changes are caused by factors specific to the individual share price or factors affecting all equity instruments in the market. Equity price risk exposure arises from the Fund's investment portfolio.

To limit price risk the Trustee diversifies its investment portfolio in line with the Fund's Investment Policy Statement. The majority of equity investments are of a high quality, and are publicly traded on recognised, reputable exchanges. The Trustee monitors the Fund's exposure to various indices on an ongoing basis throughout the year ensuring the policy is not breached.

The effect on the income statement due to a reasonably possible change in market factors, as represented by the equity indices, with all other variables held constant is indicated in the table below.

Index/Benchmark	2024		2023	
	Change in investment price %	**Effect on net assets / investment returns $'000**	Change in investment price %	Effect on net assets / Investment returns $'000
Australian Shares	13.50 / (13.50)	201,774 / (201,774)	13.75 / (13.75)	171,945 / (171,945)
International Shares	12.70 / (12.70)	218,936 / (218,936)	12.60 / (12.60)	188,268 / (188,268)
Emerging Markets	16.50 / (16.50)	15,177 / (15,177)	16.75 / (16.75)	17,662 / (17,662)
Cash	0.50 / (0.50)	3,200 / (3,200)	0.50 / (0.50)	3,066 / (3,066)
Australian Fixed Interest	4.00 / (4.00)	9,155 / (9,155)	3.75 / (3.75)	6,631 / (6,631)
International Fixed Interest	6.60 / (6.60)	36,569 / (36,569)	6.30 / (6.30)	33,509 / (33,509)
Derivatives -Net	0.00 / (0.00)	00,000 / (00,000)	0.00 / (0.00)	00,000 / (00,000)
Property	4.25 / (4.25)	10,393 / (10,393)	7.00 / (7.00)	20,739 / (20,739)
Infrastructure	5.50 / (5.50)	55,098 / (55,098)	8.50 / (8.50)	69,621 / (69,621)
Credit Opportunities	5.00 / (5.00)	15,268 / (15,268)	7.50 / (7.50)	29,573 / (29,573)
Private Equity	10.25 / (10.25)	0,851 / (0,851)	16.50 / (16.50)	1,794 / (1,794)

The sensitivity analysis calculation for the infrastructure and other unlisted investments is determined based on the total of the unlisted unit trusts, investment linked insurance policies and private equity and equities within these investments.

19. Financial risk management objectives and policies (continued)

(d) Market risk (continued)

In line with the Federal Governments strong expectation that Australian superannuation funds review their investment portfolios and take steps to divest any holdings in Russian assets, Prime Super reviewed its entire investment portfolio and directed its investment managers to divest any Russian assets. Prime Super's investment managers confirmed where possible they divested all Russian assets and where the assets could not be divested, for example due to suspended trading, these untradable securities are held at nil value until such point they can be divested.

(e) Climate risk

Prime Super Pty Ltd as trustee for Prime Super (the Trustee) has a fiduciary duty to act in the best interests of members. The Trustee believes that considering climate related financial risks and opportunities, where possible, as part of investment decision-making on behalf of members is consistent with this responsibility. Further information on our approach to Climate Change, including our Climate Change Policy, may be found on our website www.primesuper.com.au.

20. Insurance

The Fund provides death and disability benefits to members. These benefits are greater than the members' vested benefits and as such the Trustee has a group policy in place with a third party to insure death and disability benefits in excess of vested benefits. The Trustee acts as an agent for these arrangements.

21. Commitments and contingent liabilities

The Fund has no commitments or contingent liabilities.

22. Significant events after balance date

There have been no other matters or circumstances which have arisen that have significantly affected or may significantly affect the financial position or operating results of the Fund.

PRIME SUPER
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
TRUSTEE STATEMENT

In the opinion of the Trustee of Prime Super Fund:

(i) the accompanying financial statements of Prime Super Fund are properly drawn up so as to present fairly the financial position of the Fund as at 30 June 2024 and the results of their operations and cash flows for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia; and

(ii) the Fund has been conducted in accordance with its constituent Trust Deed dated 16 November 1993 (as amended) and the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations and the Corporations Act 2001 and Regulations during the year.

(iii) at the date of this statement, there are reasonable grounds to believe the Fund will be able to pay its debts as and when they become due.

Signed in accordance with a resolution of the Board of Directors of Prime Super Pty Ltd.

Signed at Melbourne this 23rd day of September 2024.

Chairman Nigel Alexander

Director Allison Harker

Independent auditor's report to the members of Prime Super

Opinion

We have audited the financial report of Prime Super ABN 60 562 335 823 (the RSE), which comprises the statement of financial position as at 30 June 2024 the income statement, statement of changes in member benefits, statement of cash flows and statement of changes in equity for the year then ended, notes to the financial statements, including material accounting policy information, and the directors' declaration.

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

a. Giving a true and fair view of the RSE's financial position as at 30 June 2024, and of its financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly 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 of Prime Super Pty Ltd (the Trustee) 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* and 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 is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the RSE's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the RSE or to cease operations, or have 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.

- Obtain 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude 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 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.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 4 to 8 of the directors' report for the year ended 30 June 2024.

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

Responsibilities

The directors of the Trustee 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.

Ernst & Young

John MacDonald
Partner
Melbourne

23 September 2024