

AON MASTER TRUST

ABN 68 964 712 340

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

AON MASTER TRUST
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AON MASTER TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 \$'000	2020 \$'000
Assets			
Cash and cash equivalents			
Cash and cash equivalents	10(a)	147,642	114,737
Receivables			
Distribution receivable		82,120	75,591
Accrued income		4,379	4,363
GST receivable		1,017	361
Contribution receivable		5,735	4,867
Investment receivable		17,044	-
Other receivables		2	4,891
Investments			
Investments held at fair value	15	5,460,198	4,790,302
Other assets			
Deferred tax assets	9	1,248	2,103
Total assets		5,719,385	4,997,215
Liabilities			
Benefits payable		31,142	20,201
Accounts payable		30,751	25,579
Current tax liabilities	9	2,821	5,529
Deferred tax liabilities	9	55,330	6,450
Total liabilities (excluding member benefits)		120,044	57,759
Net assets available for member benefits		5,599,341	4,939,456
Member benefits			
Defined contribution member liabilities	6(b)	5,353,382	4,720,122
Defined benefit member liabilities	6(c)	136,199	138,570
Total member liabilities		5,489,581	4,858,692
Total net assets		109,760	80,764
Equity			
Operational risk reserve	7(a)	16,732	14,627
General reserve	7(b)	11,659	2,614
Unallocated surplus	7(c)	58,187	44,614
Defined benefit surplus	6(c)	23,182	18,909
Total equity		109,760	80,764

The Statement of Financial Position is to be read in conjunction with the accompanying notes to the financial statements.

AON MASTER TRUST
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$'000	2020 \$'000
Superannuation Activities			
Revenue			
Changes in fair value of investments	5	705,305	(280,115)
Distributions and dividends		292,758	185,966
Interest		2,843	3,482
Other operating income		5,322	2,573
Total revenue/(loss)		1,006,228	(88,094)
Expenses			
Investment expenses		(6,933)	(5,328)
General administration and operating expenses	4	(58,653)	(61,266)
Total expenses		(65,586)	(66,594)
Operating result before income tax expense		940,642	(154,688)
Income tax (expense)/benefit	8(a)(b)	(74,284)	38,816
Operating result after income tax expense		866,358	(115,872)
Net benefits allocated to defined contribution member accounts		(848,577)	117,438
Net change in defined benefit member benefits		(11,528)	(10,507)
Operating result		6,253	(8,941)

The Income Statement is to be read in conjunction with the accompanying notes to the financial statements.

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

	Note	DC Member benefits 2021 \$'000	DB Member benefits 2021 \$'000	Total 2021 \$'000
Opening balance of Member Benefits as at 1 July 2020		4,720,122	138,570	4,858,692
Contributions:				
- Employer contributions		283,760	5,859	289,619
- Member contributions		104,803	-	104,803
- Government co-contributions		119	-	119
Transfers from other superannuation entities		351,877	-	351,877
Transfer from DB member benefits		16,571	-	16,571
Income tax benefit/(expense) on Member Benefit Changes	8(c)	13,916	(561)	13,355
Net after tax contributions		<u>771,046</u>	<u>5,298</u>	<u>776,344</u>
Benefits to members		(250,171)	(593)	(250,764)
Transfers to other superannuation entities		(425,016)	(1,301)	(426,317)
Transfer to DC member benefits		-	(16,571)	(16,571)
Insurance premiums charged to members' accounts		(406,314)	(732)	(407,046)
Death and disability benefits credited to members' accounts		117,271	-	117,271
Reserves transferred from members:				
- General reserve		(18,621)	-	(18,621)
- Unallocated surplus		(4,122)	-	(4,122)
Net benefits allocated, comprising:				
- Net investment income		870,776	-	870,776
- Net administration fees		(22,199)	(624)	(22,823)
Other operating income		610	-	610
Net change in defined benefit member benefits		<u>-</u>	<u>12,152</u>	<u>12,152</u>
Closing balance of Member Benefits as at 30 June 2021	6	<u>5,353,382</u>	<u>136,199</u>	<u>5,489,581</u>

The Statement of Changes in Members Benefits is to be read in conjunction with the accompanying notes to the financial statements.

AON MASTER TRUST
STATEMENT OF CHANGES IN MEMBER BENEFITS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	DC Member benefits 2020 \$'000	DB Member benefits 2020 \$'000	Total 2020 \$'000
Opening balance of Member Benefits as at 1 July 2019		5,064,156	146,890	5,211,046
Contributions:				
- Employer contributions		287,458	876	288,334
- Member contributions		94,575	(391)	94,184
- Government co-contributions		137	4	141
Transfers from other superannuation entities		346,768	-	346,768
Transfer from DB member benefits		11,215	-	11,215
Income tax (expense)/benefit on Member Benefit Changes	8(c)	9,150	(457)	8,693
Net after tax contributions		749,303	32	749,335
Benefits to members		(82,481)	(804)	(83,285)
Transfer to other superannuation entities		(643,810)	(6,101)	(649,911)
Transfer to DC member benefits		-	(11,215)	(11,215)
Insurance premiums charged to members' accounts		(358,699)	(739)	(359,438)
Death and disability benefits credited to members' accounts		108,849	-	108,849
Reserve transferred from members:				
- Unallocated surplus		(1,813)	-	(1,813)
Net benefits allocated, comprising:				
- Net investment loss		(88,154)	-	(88,154)
- Net administration fees		(29,284)	(768)	(30,052)
Other operating income		2,055	-	2,055
Net change in defined benefit member benefits		-	11,275	11,275
Closing balance of Member Benefits as at 30 June 2020	6	4,720,122	138,570	4,858,692

The Statement of Changes in Members Benefits is to be read in conjunction with the accompanying notes to the financial statements.

AON MASTER TRUST
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Operational risk reserve \$'000	General reserve \$'000	AIA expense reserve \$'000	Unallocated surplus \$'000	Defined benefit surplus \$'000	Total equity/ reserves \$'000
Opening balance as at 1 July 2020	14,627	2,614	-	44,614	18,909	80,764
Transfer from DC member accounts	-	18,621	-	4,122	-	22,743
Net Transfers to reserves	-	(838)	-	838	-	-
Operating result	2,105	(8,738)	-	8,613	4,273	6,253
Closing balance as at 30 June 2021	16,732	11,659	-	58,187	23,182	109,760

	Operational risk reserve \$'000	General reserve \$'000	AIA expense reserve \$'000	Unallocated surplus \$'000	Defined benefit surplus \$'000	Total equity/ reserves \$'000
Opening balance as at 1 July 2019	14,297	7,156	3,343	37,370	25,726	87,892
Transfer from DC member accounts	-	-	-	1,813	-	1,813
Net Transfers to reserves	-	1,069	(49)	(1,020)	-	-
Operating result	330	(5,611)	(3,294)	6,451	(6,817)	(8,941)
Closing balance as at 30 June 2020	14,627	2,614	-	44,614	18,909	80,764

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes to the financial statements.

AON MASTER TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Interest received		2,848	3,502
Distributions and dividend received		37,126	12,106
Death and disability proceeds received from insurer		117,272	108,849
Other operating (expense) / income		(13,034)	1,942
General administration and operating expenses paid		(53,102)	(61,200)
Investment expenses paid		(6,933)	(5,328)
Insurance premiums paid		(405,828)	(357,113)
Income tax paid		(19,199)	(7,053)
Net cash outflows from operating activities	10(b)	<u>(340,850)</u>	<u>(304,295)</u>
Cash flows from investing activities			
Proceeds from sale of investments		2,235,403	2,203,488
Payments for purchase of investments		<u>(1,946,350)</u>	<u>(1,905,704)</u>
Net cash inflows from investing activities		<u>289,053</u>	<u>297,784</u>
Cash flows from financing activities			
Employer contributions		288,751	287,336
Member contributions		104,803	94,183
Government co-contributions		119	141
Benefits paid to members		(666,146)	(744,030)
Net transfers from other funds		351,877	346,768
Income tax received on contributions		5,298	24,822
Net cash inflows from financing activities		<u>84,702</u>	<u>9,220</u>
Net increase in cash held		32,905	2,709
Cash at the beginning of the financial year		114,737	112,028
Cash at the end of the financial year	10(a)	<u>147,642</u>	<u>114,737</u>

The Statement of Cash Flows is to be read in conjunction with the accompanying notes to the financial statements.

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. GENERAL INFORMATION

Aon Master Trust (the "Trust") is a hybrid superannuation fund domiciled in Australia, which consists of both a defined benefit section and a defined contribution section. The Trust is constituted by a Trust Deed dated 25 June 1990.

In accordance with amendments to the Superannuation Industry (Supervision) Act 1993, the Trust is registered with the Australian Prudential Regulation Authority ("APRA") as a Registrable Superannuation Entity ("RSE") (L0001458).

The Trustee of the Trust during the reporting period was Equity Trustees Superannuation Limited (the "Trustee") (ABN 50 055 641 757, AFSL 229757, RSE L0001458), domiciled in Australia and registered with APRA. The address of the Trust's registered office is Level 1, 575 Bourke Street, Melbourne, Victoria 3000.

The Administrator and Sponsor of the Trust is Aon Solutions Australia Limited (ABN 48 002 288 646), located at 201 Kent Street, Sydney, NSW 2000. The majority of administration services are outsourced to Mercer Administration Services (Australia) Pty Limited (ABN 48 616 275 980), OneVue Super Services Pty Limited (ABN 74 006 877 872) and to Insurance & Superannuation Administration Services Pty Limited (ABN 31 058 682 876).

The Custodian of the Trust is BNP Paribas Funds Services Australasia Pty Limited (ABN 71 002 655 674).

The Asset Consultant and the Actuary to the Trust is Aon Solutions Australia Limited (ABN 48 002 288 646).

2. BASIS OF PREPARATION

(a) Statement of Compliance

The Financial Statements are a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Interpretations, the Superannuation Industry (Supervision) Act 1993 and provisions of the Trust Deed.

The financial statements were authorised and issued by the board and directors of Equity Trustees Superannuation Limited on 27 September 2021. For the purposes of preparing the financial statements, the Trust is a for-profit entity.

(b) Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The Trust makes estimates and assumptions that affect the reported amounts of assets and liabilities.

Estimates are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. BASIS OF PREPARATION (CONTINUED)

(b) Use of Estimates and Judgements (continued)

The Trust makes estimates and assumptions in relation to the valuation of defined benefit member liabilities details of which are set out in Note 6.

Particular consideration has been given in the preparation of these financial statements, to areas that may be impacted by COVID-19. Refer to Note 19.

(c) New Standards and Interpretations adopted during the year

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2020 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(d) Accounting Standards and Interpretations issued, but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Trust.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2021 and the comparative information presented in these financial statements for the year ended 30 June 2020.

(a) Cash and cash equivalents

Cash comprises cash on hand, on demand deposits and cash equivalents.

Cash equivalents are short term, highly liquid investments with maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(b) Financial Instruments

(i) Classification

The Trust's investments are classified at fair value through profit or loss. They comprise of financial instruments designated at fair value through profit or loss upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold. These are investments in market quoted investments, unlisted unit trusts, equity securities and commercial paper.

These investments are managed, and their performance is evaluated on a fair value basis in accordance with the Trust's investment strategy.

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (continued)

(ii) Recognition/de-recognition

Financial assets and financial liabilities are recognised on the date the Trust becomes a party to the contract relating to the asset. Financial assets are recognised using the quoted price at the trade date. From this date, any gains and losses arising from changes in fair value are recorded. Investments are derecognised when the right to receive cash flows from the investments have expired or the Trust has transferred substantially all of the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Trust measures a financial asset or liability at fair value. Transaction costs are expensed in the Income Statement.

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

The fair values of underlying investments are net of any distributions.

For further details on how the fair values of financial instruments are determined refer to Note 15.

(iv) Offsetting financial instruments

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

(c) Accounts Payable

Accounts payable are recognised when the Trust becomes obliged to make future payments resulting from the purchase of goods and services and are recognised at their nominal value which is equivalent to fair value. These amounts are unsecured and are usually paid within 60 days of recognition.

(d) Benefits Paid/Payable

Benefits paid/payable are valued at the amounts due to members at reporting date. Benefits paid/payable comprise pensions accrued at balance date and lump sum benefits of members who are due a benefit but had not been paid at the reporting date.

(e) Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised to the extent in which it is probable that economic benefits will flow to the Trust and the amount of revenue can be reliably measured.

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue Recognition (continued)

The following recognition criteria relates to the different items of revenue the Trust receives:

(i) Interest revenue

Interest income is recognised in the Income Statement as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

(ii) Dividend income

Dividend income is recognised gross of withholding tax in the period in which the Trust's right to receive payment is established.

(iii) Distributions from investments

Distributions are recognised as at the date the unit value is quoted ex-distribution and if not received at reporting date, are reflected in the Statement of Financial Position as a receivable at fair value.

(iv) Movement in fair value of investments

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

(v) Rebate Revenue

Rebate revenue is recognised when the Trust has established it has a right to receive the rebate.

(f) Contributions received and transfers from other funds

Contributions and transfers in are recognised when the control and the benefits from the revenue have transferred to the Trust and are recognised gross of any taxes.

(g) Income Tax

Income tax as a result of operations for the year comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in members' funds, in which case it is recognised directly in the Statement of Changes in Member Benefits.

Current tax

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

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Income Tax (continued)

Deferred tax

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

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

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

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

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

In line with the expectation to be treated as a compliant superannuation fund, financial assets held for less than 12 months are provided to be taxed at the Trust's rate of 15%. For financial assets held for more than 12 months, the Trust is entitled to a further discount on the tax rate leading to an effective tax rate of 10% on any gains/(losses) arising from the disposal of investments.

(h) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST) recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC), except

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

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Goods and Services Tax (continued)

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

(i) Receivables

Receivables are carried at nominal amounts which approximate fair value. Nominal amounts refer to the actual amounts reasonably expected to be received or paid.

Collectability of receivables is reviewed regularly. Debts which are known to be uncollectable are written off by reducing the carrying amount.

An asset relating to an employer-sponsor receivable is recognised to the extent of the difference between a defined benefit member liability and the fair value of assets available to meet that liability and the employer-sponsor has a legal obligation under its contractual arrangement to fund the difference. This is further subject to the asset meeting the definition and recognition criteria for an asset in the framework for the preparation and presentation of financial statement.

(j) Investments receivable/payable

Investments receivable/payable represent receivables for securities purchased and payables for securities sold that have been contracted for but not yet delivered by the end of the year. Trades are recorded on the trade date. The amount disclosed on the financial statements is the net amount due from/to brokers. A provision for impairment is made when the Trust does not expect to collect all amounts due from the relevant broker.

(k) Functional and Presentation Currency

The financial statements are presented in Australian dollars which is the functional currency of the Trust and have been rounded to the nearest thousand unless otherwise stated.

All foreign currency transactions during the year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in the Income Statement in the year in which they arise.

(l) Comparative Amounts

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

4. GENERAL ADMINISTRATION EXPENSES

	Note	2021 \$'000	2020 \$'000
Administration fees		31,462	33,858
Intrafund advice fees		2,335	1,968
Insurance administration fees		3,146	1,813
Investment consulting fees		1,082	1,077
Commission		1,000	4,515
Adviser services fees		1,593	1,575
Actuarial fees		520	498
Sub-fund Product Admin fee		6,631	6,162
Trustee fees	13(e)	7,534	7,793
Custodian fees		507	411
APRA levies		304	360
Audit fees		295	433
Tax agent fees		69	58
Other expenses		2,175	745
		<u>58,653</u>	<u>61,266</u>

For expenses incurred by and reimbursed to the Trustee, refer to Note 13(f).

5. CHANGES IN FAIR VALUE OF INVESTMENTS

	2021 \$'000	2020 \$'000
Investments held at the end of the financial year:		
Unlisted unit trusts	421,805	(238,895)
Direct investments	171,862	(24,471)
	<u>593,667</u>	<u>(263,366)</u>
Investments Realised during the financial year:		
Unlisted unit trusts	81,727	(15,060)
Direct investments	29,911	(1,689)
	<u>111,638</u>	<u>(16,749)</u>
Total changes in fair value	<u>705,305</u>	<u>(280,115)</u>

6. MEMBER LIABILITIES AND FUNDING ARRANGEMENTS

(a) Recognition and measurement of Member Liabilities

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

(b) Defined Contribution Member Liabilities

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

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

6. MEMBER LIABILITIES AND FUNDING ARRANGEMENTS (CONTINUED)

(b) Defined Contribution Member Liabilities (continued)

Defined contribution members bear the investment risk relating to the underlying assets of the Trust. Unit prices are updated on a daily basis for movements in investment markets. The Trust's management of the investment market risks is as disclosed within Note 14.

As at 30 June 2021, the net assets attributable to defined contribution members have been substantially allocated. Unallocated amounts are shown in the Statement of Financial Position as "Unallocated surplus" under Equity.

Defined contribution members' liabilities are fully vested as at 30 June 2021 and 30 June 2020.

(c) Defined Benefit Member Liabilities

Defined benefit member liabilities are measured as the amount of a portfolio of investments that would be needed as at the reporting date to yield future net cash inflows that would be sufficient to meet accrued benefits as at the date when they are expected to fall due. The amount of accrued benefits has been determined on the basis of the present value of expected future payments which arise from membership of the Trust up to the measurement date. 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 Trust engages qualified actuaries on an annual basis to measure defined benefit member liabilities.

The Trust has no information that would lead it to adjust the assumptions in respect to discount rate, salary adjustment rate, resignation rates, mortality rates and disability rates. The actuaries analyse the assumptions used for each defined benefit sub-plan. Whilst assumptions for most sub-plans remain unchanged from the previous reporting period, some have changed in light of actual experience compared to previous assumptions and after consideration of changes in market expectations.

There were 19 defined benefit sub-plans in the Aon Master Trust (2020: 19) during the year. An actuarial valuation is performed on the date that a new sub-plan enters the Trust and then annually as at 1 July.

The smartMonday PRIME Thames Water Superannuation Plan continues to be under a restoration plan where the Plan is expected to return to a satisfactory funding position by the end of March 2023.

The smartMonday PRIME Esselte Australia Superannuation Plan underfunding was a result of changes in personnel at the Employer at the end of 2020 that resulted in some recommended contributions not being paid during the year. Once the Employer was notified of the underpaid contributions, contributions were paid in full and the Plan was returned to a satisfactory funding position shortly post 30 June 2021.

These underfunded defined benefit employer plans have no material impact on the Trust as a whole and no further remediation has been required.

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

6. MEMBER LIABILITIES AND FUNDING ARRANGEMENTS (CONTINUED)

(c) Defined Benefit Member Liabilities (continued)

The defined benefit plans on an aggregated level are over funded:

	2021	2020
	\$'000	\$'000
Net assets available to pay defined benefits as at 30 June	159,381	157,479
Accrued benefits – defined benefits as at 30 June	(136,199)	(138,570)
Defined benefits surplus	23,182	18,909

A review of each defined benefit sub-plan was conducted and when necessary additional contribution arrangements have been agreed with the relevant employer sponsors for each of these plans. All the sub-plans were in a satisfactory financial position at 1 July 2021, except for two DB plans which were underfunded (as at 1 July 2020, three DB plans were underfunded).

The Trust uses sensitivity analysis to monitor the potential impact of key changes to key variables about which the assumptions need to be made. The Trust has identified two assumptions (being the discount rate and the rate of salary adjustment) for which changes are reasonably possible that would have a material impact on the amount of the defined benefit member liabilities. The rates assumed will vary from plan to plan as a result of their specific experiences and therefore a range has been disclosed.

The assumed discount rate has been determined by reference to the investment returns expected on the investment portfolio of each defined benefit sub-plan that reflects the opportunities reasonably available to the Trust in the investment markets. The assumed annual salary adjustment has been determined by reference to the Wage Price Index produced by the Australian Bureau of Statistics and in consultation with the employer-sponsors.

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 resignation, mortality and disability rates.

The following are sensitivity calculations on a univariate basis for the discount rate and rate of salary adjustment assumptions for the defined benefit member liabilities.

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
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6. MEMBER LIABILITIES AND FUNDING ARRANGEMENTS (CONTINUED)

(c) Defined Benefit Member Liabilities (continued)

Key Assumptions at 30 June 2021	Averaged rate assumed at reporting period %	Reasonably possible change %	Amount of increase in member benefit liability \$'000	Amount of decrease in member benefit liability \$'000
Discount rate	3.7-6.0	± 1.0	3,538	2,752
Salary adjustment rate	2.5-5.2	± 1.0	2,113	1,646

Key Assumptions at 30 June 2020	Averaged rate assumed at reporting period %	Reasonably possible change %	Amount of increase in member benefit liability \$'000	Amount of decrease in member benefit liability \$'000
Discount rate	3.7-6.3	± 1.0	4,276	3,552
Salary adjustment rate	3.1-5.0	± 1.0	2,713	2,315

Vested benefits are benefits which are not conditional upon continued membership of the Trust (or any factor other than resignation from the Trust) and include benefits which members were entitled to receive had they terminated their Trust membership as at the reporting date and an allowance for any member options based on the most recent actuarial assumption.

	2021 \$'000	2020 \$'000
Vested benefits as at 30 June	136,719	139,221
Net assets as at 30 June	159,381	157,479

(d) Funding Arrangements

The funding policy adopted in respect of the Trust is directed at ensuring that benefits accruing to members and beneficiaries are fully funded as the benefits fall due. As such, in framing employer and member contribution rates, the actuary has considered long-term trends in such factors as plan membership, salary growth and average market value of plan assets.

Each sponsoring employer is required to contribute to the Trust on behalf of each of its employees who is a member of any defined benefit sub-plan at no less than the rates stipulated in the most recent Funding and Solvency Certificate of each sub-plan. The contributions include amounts required to provide for the administration expenses, group life insurance and disability cover (where applicable) for members. Funding and Solvency Certificates are provided to the Trustee for each sub-plan at each full actuarial valuation and at other times as deemed necessary by the Actuary.

Members may be required to contribute at certain rates to be eligible for the benefits in their categories which are set out in each sub-plan's Plan Outline. Additional contributions above the required amount are classed as additional contributions and treated as Defined Contribution Member liabilities in these financial statements and are not included in the Defined Benefit Member liabilities.

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
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7. RESERVES

The Trustee maintains an Operational Risk Reserve (ORR), General Reserve (GR) and an Unallocated Surplus.

(a) Operational Risk Reserve (ORR)

Under APRA Prudential Standard SPS114: Operational Risk Financial Requirement (ORFR), the Trustee determined it would maintain an ORFR Target Amount of 0.25% of the Trust's net assets available for member benefits (except for insurance-only products) wholly within the ORFR. The target amount for each insurance-only product is 0.75% of the product's annual in-force premiums as measured at the end of each calendar quarter.

The ORR will continue to be supplemented by the bank interest and investment returns earned on the operating account or the investments of the ORR. The Trustee will review the funding methodology of the ORR if it falls below 90% of the Target Amount. The level and appropriateness of the ORR will be reviewed as part of the annual review of the Risk Management Strategy.

The ORR is part of the financial management of the Trust and is operated in accordance with the ORFR Strategy. The ORR may be used in certain circumstances to address operational risk events or claims against the Trust arising from operational risk.

At 30 June 2021, the ORR represented 0.30% (30 June 2020: 0.30%) of the Trust's Net Asset Value.

(b) General Reserve (GR)

The general reserve is used to cover operating expenses of the Trust or any Trustee expenses related to the Trust in line with the Trustee's Reserve Policy. Up to 0.15% is deducted from all members' unit prices on a monthly basis and credited to the GR.

(c) Unallocated Surplus

This unallocated surplus is utilised by the Trust to maintain the difference between the amounts allocated to members as at the end of the financial period and the net assets of the Trust.

8. INCOME TAX EXPENSE

(a) Recognised in the Income Statement:

	2021	2020
	\$'000	\$'000
Current tax expense		
Current year	22,055	16,707
Adjustment for prior periods	3,033	(829)
Deferred tax expense		
Movement in temporary differences	49,196	(54,694)
Income tax expense/(benefit) in Income Statement	74,284	(38,816)

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

8. INCOME TAX EXPENSE (CONTINUED)

(b) Numerical reconciliation between tax expense and operating result before income tax:

	2021	2020
	\$'000	\$'000
Operating result before income tax expense	940,642	(154,688)
Tax at the complying superannuation fund tax rate of 15% (2020: 15%)	141,096	(23,203)
<i>Increase/(decrease) in income tax expense due to:</i>		
Capital Gains Discount Concession	(42,118)	4,364
Imputation credits & foreign income tax offsets	(21,796)	(19,166)
Adjustment for prior periods	3,033	(829)
Exempt current pension income	(4,984)	1,747
Other Investment adjustments	(947)	(1,729)
Income tax expense/(benefit) as a result of operations	74,284	(38,816)

(c) Recognised in the Statement of Changes in Member Benefits:

	2021	2020
	\$'000	\$'000
Contributions and transfers in recognised in the Statement of Changes in Member Benefits	747,143	729,426
Tax at the complying superannuation fund rate of 15%	112,071	109,414
Member contributions	(11,654)	(12,609)
Transfer from other superannuation entities	(52,717)	(51,899)
No-TFN contribution tax	32	8
Deductible expenses	(61,087)	(53,607)
Income tax (benefit) on Member Benefits Changes	(13,355)	(8,693)

9. TAX ASSETS AND LIABILITIES

Current tax assets and liabilities

The current tax payable for the Trust of \$2,821,119 (2020: \$5,529,192) represents the amount of income taxes payable in respect of current and prior financial periods.

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

9. TAX ASSETS AND LIABILITIES (CONTINUED)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets/(Liabilities)	
	2021	2020
	\$'000	\$'000
<i>Deferred tax assets</i>		
Accrued expenses	1,248	2,103
Total deferred tax assets	1,248	2,103
<i>Deferred tax liabilities</i>		
Net capital gains on investments	(55,666)	(6,312)
Investment income receivable	(419)	(408)
Accrued tax credits	755	270
Total deferred tax liabilities	(55,330)	(6,450)
Net deferred tax liabilities	(54,082)	(4,347)

Movement in temporary differences during the period

	Balance 1 July 2020	Recognised in Income Statement	Balance 30 June 2021
	\$'000	\$'000	\$'000
Deferred tax assets			
Accrued expenses	2,103	(855)	1,248
	2,103	(855)	1,248
Deferred tax liabilities			
Net capital gains on investments	(6,312)	(49,355)	(55,667)
Investment income receivable	(408)	(11)	(419)
Accrued tax credits	270	486	756
	(6,450)	(48,880)	(55,330)
	(4,347)	(49,735)	(54,082)

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

9. TAX ASSETS AND LIABILITIES (CONTINUED)

Movement in temporary differences during the period (continued)

	Balance 1 July 2019	Recognised in Income Statement	Balance 30 June 2020
	\$'000	\$'000	\$'000
Deferred tax assets			
Accrued expenses	1,445	658	2,103
	1,445	658	2,103
Deferred tax liabilities			
Net capital (gains)/losses on investments	(61,201)	54,889	(6,312)
Investment income receivable	(287)	(121)	(408)
Accrued tax credits	865	(595)	270
Accrued contributions	(580)	580	-
	(61,203)	54,753	(6,450)
	(59,758)	55,411	(4,347)

10. CASH FLOWS RECONCILIATION

(a) Reconciliation of cash and cash equivalents

	2021 \$'000	2020 \$'000
Cash at bank	86,383	69,831
Cash with custodian	61,259	44,906
Total cash and cash equivalents	147,642	114,737

(b) Reconciliation of cash flows from operating activities

	2021 \$'000	2020 \$'000
Profit/(Loss) after income tax	6,253	(8,941)
Adjustments for:		
(Increase)/decrease in assets measured at fair value	(705,305)	280,115
Increase in receivable	(19,354)	(36,249)
Decrease in payable	(603)	(1,266)
Increase/(decrease) in income tax payable	55,085	(45,869)
Allocation to members' accounts	572,157	(353,141)
Reinvestment of investment income	(249,083)	(138,944)
Net cash outflows from operating activities	(340,850)	(304,295)

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

11. COMMITMENTS

There are no commitments the Trustee is aware of as of 30 June 2021 (2020: None).

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no outstanding contingent assets or liabilities as at 30 June 2021 (2020: None).

13. RELATED PARTY DISCLOSURES

(a) Trustee

The Trustee of the Trust is Equity Trustees Superannuation Limited (ABN 50 055 641 757, RSE Licensee L0001458).

(b) Directors

Key management personnel include persons who were directors of Equity Trustees Superannuation Limited at any time during the reporting period, or since the end of the reporting period, as follows.

Name	Title	Appointed
Mr Anthony Jude Lally	Non-Executive Director and Chairman	
Mr Michael O'Brien	Managing Director and Executive Director	
Mr Ellis Varejes	Non-Executive Director	
Mr Mark Blair	Executive Director	
Ms Susan Granville Everingham	Non-Executive Director	
Mr Paul Douglas Rogan	Non-Executive Director	
Mr Jezy (George) Zielinski	Non-Executive Director	6-Jul-20

None of the above directors of the Trustee are members of the Trust.

(c) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly during the year.

(d) Remuneration of directors of the Trustee

There have been no transactions between Equity Trustees Superannuation Limited (or its related parties) and the Trust other than the trustee fees, reimbursements for expenses and investment management fees disclosed in the Income Statement and the notes below.

(e) Trustee Fees

	2021	2020
	\$	\$
Trustee Fees to Equity Trustees Superannuation Limited	7,534,450	7,793,339
Total	7,534,450	7,793,339

As at 30 June 2021 \$nil (30 June 2020: \$nil) was payable to the Trustee and is included in the Statement of Financial Position. The directors of the Trustee do not receive remuneration directly from the Trust.

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
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13. RELATED PARTY DISCLOSURES (CONTINUED)

(f) Expenses paid by and reimbursed to the Trustee

The following expenses were paid by and reimbursed to the Trustee by the Trust during the year.

	2021	2020
	\$	\$
External audit fees – RMF & Compliance	47,193	47,250
Internal audit fees	103,872	103,873
Regulatory fees – ASIC & AFCA	54,439	113,245
Other fees – Annual Member Meeting	4,703	-
	<u>210,207</u>	<u>264,368</u>

(g) Other related party transactions

As at 30 June 2021, the Trust has invested \$805,116,343 (2020: \$666,085,593) of its assets in investments that relate to Equity Trustees Limited and Equity Trustees Limited is the issuer and custodian of the EQT Cash Management Fund and EQT Mortgage Income Fund in which the Trust invests. The Trust also invests in investment mandates managed by Equity Trustees Limited.

Transactions between Equity Trustees Superannuation Limited (ABN 50 055 641 757) in its capacity as Trustee of the Trust and Equity Trustees Limited in its capacity as issuer and custodian of the EQT Cash Management Fund and EQT Mortgage Income Fund and Equity Trustees Limited as investment managers for the EQT Australian Equity Portfolio and EQT Diversified Fixed Interest Portfolio are conducted on normal commercial terms and involve conditions no more or less favourable than those available to other parties unless otherwise stated.

Investment Management fees paid from the Trust to Equity Trustees Limited is \$1,743,342 (2020: \$1,980,203) for EQT Australian Equity Portfolio and EQT Diversified Fixed Interest Portfolio.

	Net Market Value of Investments	
	2021	2020
Investment Held	\$	\$
EQT Australian Equity Portfolio (Mandate)	435,693,452	375,698,294
EQT Diversified Fixed Interest Portfolio (Mandate)	110,964,025	100,549,941
EQT Mortgage Income Fund	37,018,052	33,274,995
EQT Cash Management Fund	221,440,814	156,562,363
	<u>805,116,343</u>	<u>666,085,593</u>

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

14. FINANCIAL RISK MANAGEMENT

(a) Financial instruments management

The investments of the Trust (other than cash held for meeting daily administrative and benefit expenses), are managed on behalf of the Trustee by specialist investment managers in accordance with the investment strategy to achieve the Trust's investment objectives.

The Trustee has engaged Aon Solutions Australia Limited (ABN 48 002 288 646), an asset consultant, to monitor and provide regular reports on the Trust's investments to the Trustee. The Trustee may seek information from the manager of each collective investment (and also may seek independent advice from other qualified persons) so as to determine the nature and extent of any risks, and the expected returns, associated with each investment prior to determining its suitability as an investment for the Trust.

BNP Paribas Funds Services Australasia Pty Ltd (ABN 71 002 655 674) acts as a custodian and as such provides services including physical custody and safekeeping of assets, settlement of trades, collection of dividends and accounting for investment transactions.

The Trust's financial assets and liabilities adopted in the Statement of Financial Position are carried at their fair value.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 3 to the Financial Statements.

(c) Capital risk management

The Trustee has established an Operational Risk Reserve ("ORR") to provide funding for incidents where material losses may arise from an operational risk event (as opposed to investment risk) relating to the Trust. The level of reserve is determined by the Trustee based on an assessment of the risks faced by the Trust. The Trustee has an operational risk financial requirement strategy to manage assets held in the ORR. According to Superannuation Prudential Standard 114: Operational Risk Financial Requirement, (SPS 114) which became effective 1 July 2013, the financial resources held to meet the ORR must be held either as;

- An operational risk reserve held within an RSE;
- Operational risk trustee capital held by the RSE licensee; or
- A combination of both an operational risk reserve held within an RSE and operational risk trustee capital held by the RSE Licensee.

The target amount has been met as at the reporting date. The Trust achieves its ORR target amount via an operational risk reserve held within the Trust.

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Financial risk management objectives

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

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

The RMF identifies the Trustee's policies and procedures, processes and controls that comprise its risk management and control systems. These systems address all material risks, financial and non-financial, likely to be faced by the Trust. Annually, the Trustee is required to certify to APRA whether adequate strategies have been put in place to monitor those risks, that the Trustee has systems in place to ensure compliance with legislative and prudential requirements and that the Trustee has satisfied itself as to the compliance with the RMF.

(e) Investment risk

The Trust's assets principally consist of financial instruments which comprise of cash, debt and equity securities and collective investment vehicles such as pooled superannuation trusts and managed investment schemes. The Trustee has determined that this type of investment is appropriate for the Trust and is in accordance with the Trust's investment strategy.

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

- Market risk
- Credit risk
- Liquidity risk

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

To mitigate market risk, the Trust undertakes due diligence prior to the approval of fund managers to ensure that they have appropriate expertise and skill for monitoring of the market conditions and benchmark analysis. Further the Trust's asset consultant provides additional expert advice as required.

(i) Currency risk

Currency risk arises on financial instruments that are denominated in a foreign currency that is in a currency other than that in which they are measured. The Trust is exposed to currency risk through equity securities held in foreign currencies and the managed investments of the Trust have allocations to internationally domiciled assets classes which are exposed to currency fluctuations.

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Investment risk (continued)

Market risk (continued)

(i) Currency risk (continued)

The table below summarises the Trust's directly held financial instruments that are denominated in a foreign currency:

30 June 2021

	Equity Securities	Liquidity	Derivatives	Total
	\$'000	\$'000	\$'000	\$'000
CAD	21,333	128	-	21,461
CHF	15,591	29	-	15,620
DKK	2,957	82	-	3,039
EUR	62,700	419	(11)	63,108
GBP	26,690	470	(6)	27,154
HKD	7,121	165	-	7,286
ILS	1,077	29	-	1,106
JPY	46,749	816	(10)	47,555
NOK	1,522	81	-	1,603
NZD	1,084	17	-	1,101
SEK	9,286	54	-	9,340
SGD	4,021	27	-	4,048
USD	405,276	4,315	47	409,638
Total	605,407	6,632	20	612,059

30 June 2020

	Equity Securities	Liquidity	Derivatives	Total
	\$'000	\$'000	\$'000	\$'000
CAD	16,281	109	-	16,390
CHF	12,152	5	-	12,157
DKK	2,774	26	-	2,800
EUR	49,865	106	-	49,971
GBP	22,630	181	2	22,813
HKD	5,599	57	-	5,656
ILS	1,924	24	-	1,948
JPY	41,689	220	1	41,910
NOK	1,369	36	-	1,405
NZD	1,057	42	-	1,099
SEK	6,840	13	-	6,853
SGD	3,887	85	-	3,972
USD	312,517	2,252	28	314,797
Total	478,584	3,156	31	481,771

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Investment risk (continued)

Market risk (continued)

(i) Currency risk (continued)

The following table demonstrates the sensitivity of the Trust's directly held financial instruments that are denominated in a foreign currency and available for member benefits, where currency rates fluctuate by 10%.

Sensitivity analysis - currency risk

	30 June 2021		30 June 2020	
	+10%	-10%	+10%	-10%
CAD	2,146	(2,146)	1,639	(1,639)
CHF	1,562	(1,562)	1,216	(1,216)
DKK	304	(304)	280	(280)
EUR	6,311	(6,311)	4,997	(4,997)
GBP	2,715	(2,715)	2,281	(2,281)
HKD	729	(729)	566	(566)
ILS	111	(111)	195	(195)
JPY	4,755	(4,755)	4,191	(4,191)
NOK	160	(160)	140	(140)
NZD	110	(110)	110	(110)
SEK	934	(934)	685	(685)
SGD	405	(405)	397	(397)
USD	40,964	(40,964)	31,480	(31,480)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Trust's financial instruments are non-interest bearing with only cash and fixed interest securities being subjected to interest rate risk. The Trust's investment balances that have a significant direct or indirect exposure to interest rate risk is set out below

	2021	2020
	\$'000	\$'000
Cash and cash equivalents	147,642	114,737
Total variable rate instruments	147,642	114,737

The following table demonstrates the sensitivity of the Trust's net assets available to pay benefits, where interest rates - vary by 25bp. This table has been provided to illustrate the sensitivity of the Trust's directly and indirectly held investment portfolio to interest rate fluctuations. This analysis assumes that all other variables remain constant.

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
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14. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Investment risk (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

Cashflow sensitivity analysis - variable rate instruments

	Change in fair value of assets \$'000		Effect on net assets available to pay benefits \$'000	
	25bps Decrease	25bps Increase	25bps Decrease	25bps Increase
2021				
Interest rate risk	(369)	369	(369)	369
	(369)	369	(369)	369
2020				
Interest rate risk	(287)	287	(287)	287
	(287)	287	(287)	287

(iii) Other market price risk

Other market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

The Trust's assets are invested in cash, fixed income securities, equity securities and units in unitised investments. The Trust's exposure to other market price risk is therefore limited to the market price movement of these investments.

The Trustee has determined that these investments are appropriate for the Trust and are in accordance with the Trust's investment strategy.

The table below illustrates the impact of other market price risk to the Trust should each asset class fluctuate by a 10% increase or decrease from the investment objective. This analysis assumes that all other variables remain constant.

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
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14. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Investment risk (continued)

Market risk (continued)

(iii) Other market price risk (continued)

	Change in fair value of assets \$'000		Effect on net assets available to pay benefits \$'000		
	Carrying amount \$'000	10% Decrease	10% Increase	10% Decrease	10% Increase
2021					
Australian cash	221,441	(22,144)	22,144	(22,144)	22,144
Australian equities	1,799,995	(180,000)	180,000	(180,000)	180,000
International equities	1,669,642	(166,964)	166,964	(166,964)	166,964
Australian fixed income	513,989	(51,399)	51,399	(51,399)	51,399
International fixed income	343,718	(34,372)	34,372	(34,372)	34,372
Listed property trusts	326,915	(32,692)	32,692	(32,692)	32,692
Alternatives	584,498	(58,450)	58,450	(58,450)	58,450
	5,460,198	(546,021)	546,021	(546,021)	546,021
2020					
Australian cash	246,148	(24,615)	24,615	(24,615)	24,615
Australian equities	1,501,968	(150,197)	150,197	(150,197)	150,197
International equities	1,396,995	(139,699)	139,699	(139,699)	139,699
Australian fixed income	546,666	(54,667)	54,667	(54,667)	54,667
International fixed income	472,028	(47,203)	47,203	(47,203)	47,203
Listed property trusts	266,721	(26,672)	26,672	(26,672)	26,672
Alternatives	359,776	(35,977)	35,977	(35,977)	35,977
	4,790,302	(479,030)	479,030	(479,030)	479,030

Credit Risk

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

The carrying amounts of financial assets best represent the maximum credit risk exposure at reporting date. No collateral is held as security or other credit enhancement exists for all financial assets held. No financial assets are considered past due as all payments are considered recoverable when contractually due. The Trust's financial assets exposed to credit risk amounted to the following:

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
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14. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Investment risk (continued)

Credit Risk (continued)

	2021	2020
	\$'000	\$'000
Cash	147,642	114,737
Investments	1,079,148	1,264,842
Investment receivables	17,044	-
Other receivables	10,116	14,121
Trust distribution receivable	82,120	75,591
	1,336,070	1,469,291

Liquidity Risk

Liquidity risk is the risk that the Trust will not be able to meet its obligations when they fall due. The risk is controlled through the Trust's investment predominantly in financial instruments which under normal market conditions are readily convertible to cash. In addition, the Trust maintains sufficient cash and cash equivalents to meet normal operating conditions. The Trust's overall liquidity risks are monitored by the Trustee at least annually and in accordance with policies and procedures in place.

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

Maturities of financial liabilities

The tables below show the Trust's financial liabilities based on their contractual maturities using undiscounted cash flows. Liabilities to defined contribution members are payable upon request. The Trust considers it unlikely that all liabilities to members would fall due at the same time.

	Carrying amount \$'000	Less than 1 month \$'000	1-3 Months \$'000	Over 3 Months \$'000
30 June 2021				
Benefits payable	31,142	31,142	-	-
Other payables	30,751	-	30,751	-
Current tax liabilities	2,821	-	2,821	-
Member liabilities	5,489,581	5,489,581	-	-
	5,554,295	5,520,723	33,572	-
30 June 2020				
Benefits payable	20,201	20,201	-	-
Other payables	25,579	-	25,579	-
Current tax liabilities	5,529	-	5,529	-
Member liabilities	4,858,692	4,858,692	-	-
	4,910,001	4,878,893	31,108	-

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Investment risk (continued)

Liquidity Risk (continued)

Member benefits have been included, if applicable, in the “less than one month” column, as this is the amount that members could call upon at year-end. This is the earliest date on which the Trust can be required to pay members' benefits; however, the Trustee does not anticipate that members will call upon amounts accrued to them during this time.

15. FAIR VALUE MEASUREMENTS

Fair value hierarchy

The Trust classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Level 1 fair value measurements are those instruments valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities. These inputs are readily available in the market and are normally obtainable from multiple sources.
- Level 2 fair value measurements are those instruments valued based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices). The Trust values fixed interest securities held by the Trust using broker quotes and units in unit trusts using the redemption price at reporting date as advised by the investment managers. Unit values denominated in foreign currency are then translated to Australian dollars at the current exchange rates.
- Level 3 fair value measurements are those instruments valued based on inputs where one or more of the significant inputs are not based on observable market data, examples include discount rates and other material unobservable inputs. The Trustee values units in unit trusts classified as Level 3 using the unit price provided by the underlying fund manager. These unit trusts hold illiquid investments such as unlisted property and private equity. The Trust classifies suspended and delisted securities that have not been actively traded at least in the last 3 months as Level 3 investments, and these securities are priced in the accounting system based on the last available price.

The table below sets out the Trust's financial assets and liabilities at fair value according to the fair value hierarchy.

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

15. FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value hierarchy (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2021				
Units in unlisted unit trusts	-	4,161,288	-	4,161,288
Fixed interest	97,180	-	-	97,180
Equities	1,201,730	-	-	1,201,730
Total	1,298,910	4,161,288	-	5,460,198
30 June 2020				
Units in unlisted unit trusts	-	3,841,781	-	3,841,781
Fixed interest	99,980	-	-	99,980
Equities	848,541	-	-	848,541
Total	948,521	3,841,781	-	4,790,302

16. STRUCTURED ENTITIES

The table below describes the types of structured entities that the Trust does not consolidate but in which it holds an interest, in all cases is less than 50%, set out by investment strategy.

30 June

Investment Strategy

<i>In thousands of dollars</i>	Fair Value as at 30 June 2021	Fair Value as at 30 June 2020	Exposure % as at 30 June 2021	Exposure % as at 30 June 2020
Australian Cash	221,441	246,148	4.06%	5.14%
Australian Equity	1,799,995	1,501,968	32.97%	31.35%
International Equity	1,669,642	1,396,995	30.58%	29.16%
Australian Fixed Income	513,989	546,666	9.41%	11.41%
International Fixed Income	343,718	472,028	6.29%	9.85%
Australian Property	114,145	99,614	2.09%	2.08%
International Property	212,770	167,107	3.90%	3.49%
Alternative - Defensive	234,262	99,413	4.29%	2.08%
Alternative - Growth	350,236	260,363	6.41%	5.44%
Total Investment	5,460,198	4,790,302	100.00%	100.00%

The above table lists the fair value and the Trust's percentage exposure to each investment strategy as at 30 June. The maximum exposure of loss is limited to the fair value of the investment strategy as at 30 June.

The investments of the Trust are managed in accordance with the investment mandates with respective underlying investment managers. The investment decisions within the investment products are based on the analysis conducted by the investment manager. The return of the Trust is reflective of the variability of the performance of the underlying management of these investments.

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

16. STRUCTURED ENTITIES (CONTINUED)

As at 30 June, there were no significant restrictions (e.g. borrowing arrangements, regulatory requirements or contractual arrangements) on the ability of an unconsolidated entity to transfer funds to the Trust in the form of dividends/distributions.

As at 30 June, the Trust did not have any current commitments or intentions to provide financial or other support to the unconsolidated entity, including commitments or intentions to assist the entity in obtaining financial support.

17. EXTERNAL AUDITOR'S REMUNERATION

	2021	2020
	\$'000	\$'000
Audit and review of financial statements and compliance		
Deloitte – RMF & Compliance fees	41	47
Deloitte	224	270
Total Audit and review services	265	317
Other services		
Deloitte	50	(3)
Total Other services	50	(3)
Total Auditor's Remuneration	315	314

Included in the auditors' remuneration above, \$40,763 (2020: \$47,250) as disclosed in the Related Party Note 13(f) was paid and reimbursed to the Trustee in relation to the audit and review of the risk management framework.

18. INSURANCE ARRANGEMENTS

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

The Trust collects premiums from members on behalf of the insurance companies. Insurance claim amounts are recognised where the insurers have agreed to pay the claim. Therefore, insurance premiums are not revenues or expenses of the superannuation entity and do not give rise to insurance contract liabilities or reinsurance assets. Insurance premiums charged to members' accounts and reinsurance recoveries allocated are recognised in the Statement of Changes in Members' Benefits.

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

- members (or their beneficiaries) will only receive insurance benefits if the external insurer pays the claim,
- insurance premiums are only paid through the Trust for administrative reasons, and
- insurance premiums are effectively set directly by reference to premiums set by an external insurer.

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

19. IMPACT ON THE TRUST DUE TO THE GOVERNMENT'S RESPONSE TO THE CORONAVIRUS (COVID-19) PANDEMIC

Background

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020. Since that time, the pandemic has had a significant impact on the community, the economy, investment markets, and the operations of businesses across the country and world.

On 22 March 2020 the federal government announced a temporary measure due to the effects of coronavirus on the economy. This new rule allowed individuals to access up to \$10,000 of their superannuation in 2019/20 and a further \$10,000 in 2020/21. This measure ended on 31 December 2020.

For the year ended 30 June 2021 the Trust paid out \$46 million (year ended 30 June 2020: \$42 million) in benefits to members seeking early access to their super.

The Trustee has considered the impact of the government's response to COVID-19 and other market volatility in preparing its financial statements. The financial report has been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business and whilst the situation remains uncertain, the Trustee remains confident that the Trust will be able to continue as a going concern and has sufficient liquidity to meet its debts as and when they fall due.

The key areas of impact were as follows:

Investments

The global pandemic has impacted global economic activity and, to varying degrees, financial markets around the world. As a result, assessing fair value as at reporting date involves increased uncertainties around the underlying assumptions for valuations given the very wide range of potential paths forward for both economies, policy responses and asset fundamentals. Additionally, very low, if any, transaction volumes make evidential valuation difficult.

At the previous reporting date, reduced transaction volume was driven by the unfolding crisis, and therefore the quality of estimates of the value of assets was impacted. Whilst liquidity has returned to markets, the price of certain assets has been heavily influenced by government intervention. For example, for most of the reporting period the Reserve Bank of Australia has taken steps to maintain the target of 10 basis points for the cash rate and the yield on 3-year Australian Government bonds, the latter through on market purchase of these bonds. As a result, our assessment of fair value is partly dependent on governments maintaining their stated policies to manage investment market conditions.

The value of more than 99% of the Trust's investments is valued based upon observable market prices as of 30 June 2021.

The Trust holds less than 1% of its investments in an unlisted mortgage income fund, where the underlying investments are independently valued. As at the date of this note, the manager of the mortgage income fund had not reported any impairments for its portfolio.

AON MASTER TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

19. IMPACT ON THE TRUST DUE TO THE GOVERNMENT'S RESPONSE TO THE CORONAVIRUS (COVID-19) PANDEMIC (CONTINUED)

Recoverability of Deferred Tax Balances

In assessing whether a deferred tax asset can be recognised and given the macro-economic conditions arising from COVID-19 existed at the reporting date, the Trustee has ensured the projections of future taxable earnings is robust and based on reasonable assumptions regarding the Trust's future investment performance and taxable contribution levels.

Risk management

The Trustee's robust risk management framework continues to be applied across the Trust's operations and the Trustee continues to monitor the impact of government's response to COVID-19 on the Trust's risk profile. Non-financial risks emerging from global movement restrictions, and remote working by our staff, counterparties, clients and suppliers, are being identified, assessed, managed and governed through timely application of the Trustee's risk management framework.

The management of liquidity risk is a key element of the investment process. The risk is controlled through the Trust's investment in mainly financial instruments which are readily convertible to cash. In addition, the Trust maintains sufficient cash and cash equivalents to meet normal operating conditions as well as additional cash requirements to fund the benefits to members seeking early access to their super.

20. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this financial report any item, transaction or event of an unusual nature likely to affect significantly the operations of the Trust, the result of the operations, or the state of affairs of the Trust.

AON MASTER TRUST
TRUSTEE'S DECLARATION TO THE MEMBERS

In the opinion of the directors of the Trustee of Aon Master Trust:

1. The accompanying Financial Statements and notes set out on pages 1 to 34 are in accordance with:
 - Australian Accounting Standards and other mandatory professional reporting requirements, and;
 - present fairly the Trust's financial position as at 30 June 2021 and of its performance for the financial year ended on that date.
2. The Trust has been conducted in accordance with its constituent Trustee Deed and the requirements of the *Superannuation Industry (Supervision) Act 1993* and its accompanying Regulations; the relevant requirements of the *Corporations Act 2001 and Regulations*; the requirements under section 13 of the *Financial Sector (Collection of Data) Act 2001*, during the year ended 30 June 2021.
3. There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors of Equity Trustees Superannuation Limited (ABN 50 055 641 757) as Trustee for Aon Master Trust.



.....
Director

Melbourne
27 September 2021

Aon Master Trust (ABN 68 964 712 340) Report by the RSE Auditor to the trustee and members

Opinion

We have audited the financial statements of the Aon Master Trust for the year ended 30 June 2021 as set out on pages 1 to 35 attached.

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

Basis for Opinion

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

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

Responsibilities of the trustee for the Financial Statements

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

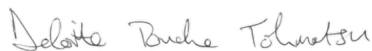
In preparing the financial statements, the trustee is responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the RSE or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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



DELOITTE TOUCHE TOHMATSU



James Oliver
Partner
Chartered Accountants

Melbourne, 27 September 2021