

Provided by



Essential Super

Annual Report 2022

Avanteos Investments Limited

ABN 20 096 259 979

AFS Licence 245531

RSE Licence L0002691



Essential Super is distributed by Commonwealth Bank of Australia.





Your Annual Report

I am pleased to present the Annual Report for the financial year ended 30 June 2022 for Essential Super.

This Annual Report is the final component of the reporting information for the 2021–2022 financial year.

If you have any questions about the Annual Report please call us on 13 4074 Monday to Friday, 8.30am to 6pm, Sydney time.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K Power', with a long horizontal flourish underneath.

Kelly Power

Group Executive, Superannuation and Investments

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The Trustee, Avanteos Investments Limited, can be contacted as follows:

Postal Address: GPO Box 3912 Sydney NSW 2001

Phone Number: 13 4074

Date report finalised: 30 November 2022.

Avanteos Investments Limited ABN 20 096 259 979, AFSL 245531 (AIL) is the Trustee of Commonwealth Essential Super ABN 56 601 925 435 and the issuer of interests in Essential Super. Essential Super is distributed by the Commonwealth Bank of Australia ABN 48 123 123 124, AFSL 234945 (the Bank). Colonial First State (CFS) is Superannuation and Investments HoldCo Pty Limited ABN 64 644 660 882 (HoldCo) and its subsidiaries which include AIL. The Bank holds an interest in CFS through its significant minority interest in HoldCo.

Investment options – Essential Super

Please refer to our website, commbank.com.au/essentialsuper and look for our Investment fact sheets section to find the objectives and strategies of each investment option, or call us on **13 4074** for more information.

Investment options	Underlying manager(s)
Lifestage 1945-49 option	Loomis Sayles, Colchester Global Investors, State Street Global Advisors, Plato Investment Management, PineBridge Investments, Colonial First State Investments Limited and BlackRock Investment Management (Australia) Limited
Lifestage 1950-54 option	Loomis Sayles, Colchester Global Investors, State Street Global Advisors, Plato Investment Management, PineBridge Investments, Colonial First State Investments Limited and BlackRock Investment Management (Australia) Limited
Lifestage 1955-59 option	Loomis Sayles, Colchester Global Investors, State Street Global Advisors, Plato Investment Management, PineBridge Investments, Colonial First State Investments Limited and BlackRock Investment Management (Australia) Limited
Lifestage 1960-64 option	Loomis Sayles, Colchester Global Investors, State Street Global Advisors, Plato Investment Management, PineBridge Investments, Colonial First State Investments Limited and BlackRock Investment Management (Australia) Limited
Lifestage 1965-69 option	Loomis Sayles, Colchester Global Investors, State Street Global Advisors, Plato Investment Management, PineBridge Investments, Colonial First State Investments Limited and BlackRock Investment Management (Australia) Limited
Lifestage 1970-74 option	Colchester Global Investors, State Street Global Advisors, Plato Investment Management, PineBridge Investments, Colonial First State Investments Limited and BlackRock Investment Management (Australia) Limited
Lifestage 1975-79 option	Colchester Global Investors, State Street Global Advisors, Plato Investment Management, PineBridge Investments, Colonial First State Investments Limited and BlackRock Investment Management (Australia) Limited
Lifestage 1980-84 option	Colchester Global Investors, State Street Global Advisors, Plato Investment Management, PineBridge Investments, Colonial First State Investments Limited and BlackRock Investment Management (Australia) Limited
Lifestage 1985-89 option	Colchester Global Investors, State Street Global Advisors, Plato Investment Management, PineBridge Investments, Colonial First State Investments Limited and BlackRock Investment Management (Australia) Limited

Investment options	Underlying manager(s)
Lifestage 1990-94 option	Colchester Global Investors, State Street Global Advisors, Plato Investment Management, PineBridge Investments, Colonial First State Investments Limited and BlackRock Investment Management (Australia) Limited
Lifestage 1995-99 option	Colchester Global Investors, State Street Global Advisors, Plato Investment Management, PineBridge Investments, Colonial First State Investments Limited and BlackRock Investment Management (Australia) Limited
Lifestage 2000-04 option	Colchester Global Investors, State Street Global Advisors, Plato Investment Management, PineBridge Investments, Colonial First State Investments Limited and BlackRock Investment Management (Australia) Limited
Balanced option	First Sentier Investors, State Street Global Advisors, Challenger and AIA
Australian Share option	First Sentier Investors (Australia) IM Ltd*
Cash Deposit option	Commonwealth Bank of Australia

* Formerly Colonial First State Global Asset Management prior to November 2019.

Asset allocation as at 30 June 2022 (%) – Essential Super

Australian Share Option	2021	2022
Australian shares	99.88%	98.26%
International shares	-	-
Property	-	-
Fixed interest	-	-
International fixed interest	-	-
Cash	0.12%	1.74%
Balanced Option	2021	2022
Australian shares	17.80%	17.37%
International shares	26.02%	25.38%
Property	4.77%	4.55%
Fixed interest	17.55%	18.33%
International fixed interest	11.45%	11.75%
Cash	22.41%	22.62%
Cash Deposit	2021	2022
Australian shares	-	-
International shares	-	-
Property	-	-
Fixed interest	-	-
International fixed interest	-	-
Cash	100.00%	100.00%
Lifestage 1945-49 option	2021	2022
Australian shares	8.91%	14.12%
International shares	23.74%	19.03%
Property	2.84%	2.64%
Fixed interest	12.76%	13.09%
International fixed interest	13.00%	11.27%
Cash & Alternatives	37.31%	39.87%
Lifestage 1950-54 option	2021	2022
Australian shares	9.07%	14.21%
International shares	24.15%	18.84%
Property	3.07%	2.79%
Fixed interest	12.55%	13.23%
International fixed interest	12.72%	11.21%
Cash & Alternatives	36.96%	39.72%

Asset allocation as at 30 June 2022 (%) – Essential Super

Lifestage 1955-59 option	2021	2022
Australian shares	8.96%	14.13%
International shares	24.41%	19.12%
Property	2.87%	2.73%
Fixed interest	12.50%	13.15%
International fixed interest	12.71%	11.07%
Cash & Alternatives	37.14%	39.79%
Lifestage 1960-64 option	2021	2022
Australian shares	13.31%	19.07%
International shares	29.02%	24.55%
Property	3.98%	3.89%
Fixed interest	12.40%	13.01%
International fixed interest	10.70%	10.19%
Cash & Alternatives	26.64%	29.29%
Lifestage 1965-69 option	2021	2022
Australian shares	23.42%	30.19%
International shares	40.52%	38.78%
Property	6.64%	5.92%
Fixed interest	5.60%	6.04%
International fixed interest	3.42%	3.92%
Cash & Alternatives	14.30%	15.16%
Lifestage 1970-74 option	2021	2022
Australian shares	27.40%	34.28%
International shares	46.57%	45.56%
Property	7.79%	7.40%
Fixed interest	1.66%	1.77%
International fixed interest	1.60%	1.77%
Cash & Alternatives	8.28%	9.23%
Lifestage 1975-79 option	2021	2022
Australian shares	29.58%	34.05%
International shares	43.69%	45.38%
Property	7.80%	7.46%
Fixed interest	1.78%	1.75%
International fixed interest	1.76%	1.79%
Cash & Alternatives	8.74%	9.56%

Asset allocation as at 30 June 2022 (%) – Essential Super

Lifestage 1980-84 option	2021	2022
Australian shares	30.33%	34.32%
International shares	43.29%	45.75%
Property	7.70%	7.59%
Fixed interest	1.87%	1.82%
International fixed interest	1.76%	1.75%
Cash & Alternatives	8.27%	8.79%
Lifestage 1985-89 option	2021	2022
Australian shares	30.15%	34.26%
International shares	43.04%	45.83%
Property	7.58%	7.61%
Fixed interest	1.89%	1.82%
International fixed interest	1.84%	1.72%
Cash & Alternatives	8.74%	8.77%
Lifestage 1990-94 option	2021	2022
Australian shares	30.12%	34.15%
International shares	43.09%	45.77%
Property	7.59%	7.58%
Fixed interest	1.94%	1.78%
International fixed interest	1.83%	1.74%
Cash & Alternatives	8.68%	8.97%
Lifestage 1995-99 option	2021	2022
Australian shares	30.13%	34.41%
International shares	43.01%	45.68%
Property	7.53%	7.61%
Fixed interest	1.90%	1.85%
International fixed interest	1.86%	1.77%
Cash & Alternatives	8.87%	8.68%
Lifestage 2000-04 option	2021	2022
Australian shares	30.36%	34.74%
International shares	44.12%	45.85%
Property	7.91%	7.58%
Fixed interest	1.66%	1.86%
International fixed interest	1.63%	1.79%
Cash & Alternatives	7.70%	8.18%

Performance returns as at 30 June 2022 (%) – Essential Super

	Annual effective rate of net earnings ¹					5 year compound average rate	Since inception
	2022	2021	2020	2019	2018	of return	
Australian Share Option	-4.48	24.67	-5.99	11.10	11.86	6.82	7.35
Balanced Option	-5.39	11.54	0.46	7.15	5.91	3.77	4.96
Cash Deposit ²	-	-	-	-	-	-	-
Lifestage 1945-49 option	-6.21	9.24	-0.89	5.78	4.89	2.41	3.84
Lifestage 1950-54 option	-6.25	9.45	-1.15	5.66	4.84	2.36	3.87
Lifestage 1955-59 option	-6.26	9.28	-0.94	-	-	-	1.33
Lifestage 1960-64 option	-6.93	13.52	-2.75	6.70	6.92	3.23	5.38
Lifestage 1965-69 option	-7.53	21.19	-5.49	-	-	-	2.96
Lifestage 1970-74 option	-7.67	25.10	-6.52	7.99	8.75	4.86	6.54
Lifestage 1975-79 option	-7.72	25.89	-6.49	-	-	-	3.80
Lifestage 1980-84 option	-7.74	26.63	-7.15	8.06	8.73	4.97	6.61
Lifestage 1985-89 option	-7.74	26.35	-6.88	-	-	-	3.78
Lifestage 1990-94 option	-7.56	26.16	-6.70	8.09	8.74	5.04	6.67
Lifestage 1995-99 option	-7.48	26.34	-6.67	-	-	-	3.93
Lifestage 2000-04 option	-7.26	25.77	-6.43	8.05	8.59	5.07	5.18

1 The annual effective rate of net earnings is calculated on an exit price to exit price basis, net of taxes payable and after ongoing fees and expenses, but excluding entry fees and individual taxes.

2 Current interest rates are available on the Essential Super website.

Past performance is no indication of future performance.

Other important information

This information is relevant to and forms part of the Annual Report contained in this booklet.

Indemnity insurance

The Trustee is responsible for its activities and carries professional indemnity insurance.

Method of allotment of earnings in all investment options

All income, including realised and unrealised capital gains and losses, and expenses for all investment options are brought to account and are fully reflected in the unit price of that option. Income tax as appropriate is provided for in the unit price for each investment option.

Trustee's policy for the use of derivatives

Commonwealth Essential Super Fund (the Fund) has an indirect exposure to derivatives through its investments in managed investment schemes. Derivatives are used in the underlying investments as an alternative to direct purchases or sales and not for trading purposes.

Taxation matters

- Taxation considerations are general and based on present taxation laws and may be subject to change. You should seek independent, professional tax advice before making any decision based on this information.
- Commonwealth Bank and the Trustee are also not a registered tax (financial) adviser under the Tax Agent Services Act 2009 and you should seek tax advice from a registered tax agent or a registered tax (financial) adviser if you intend to rely on this information to satisfy the liabilities or obligations

or claim entitlements that arise, or could arise, under a taxation law.

What to do if you have a complaint

We recognise that even in the best run organisations things can go wrong. If you have a complaint, please tell us so we can work with you to try and fix the problem. We aim to resolve complaints promptly and we will do all we can to resolve the situation for you.

In resolving your complaint, we will: acknowledge your complaint and make sure we understand the issues record your complaint and investigate the matters raised do everything we can to fix the problem keep you informed of our progress give you our name, a reference number and contact details so that you can follow up at any time and provide a written resolution letter which explains our investigation, decision and reasons for our decision.

We will make every effort to resolve your query as quickly as possible, but no later than 45 days, unless your complaint relates to a death benefit distribution, in which case no later than 90 days. Occasionally, there may be delays in responding to your complaint, due to the complexity of the resolution or due to circumstances outside of our control.

If this occurs we will let you know about the delay, the reason for the delay and your options, including your right to complain to the external dispute body.

To lodge a complaint, you can contact us by:
Phone: 13 4074
Email: membercare@cfs.com.au
Mail: Complaints Resolutions
Reply Paid 27
Sydney NSW 2001

External dispute resolution

If at any time you are not satisfied with the handling of your complaint or the resolution we have provided, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

You can contact AFCA by:

Website: www.afca.org.au

Email: info@afca.org.au

Phone: 1800 931 678 (free call)

Mail: Australian Financial Complaints Authority GPO Box 3
Melbourne VIC 3001

Time limits may apply when making a complaint to AFCA so you should act promptly or otherwise consult the AFCA website to find out if or when the time limit relevant to your circumstances expires.

Contact Details of the Trustee

You can contact the trustee, Avanteos Investments Limited, at:

GPO Box 3912
Sydney NSW 2001

Telephone: 13 4074

Email: contactessentialsuper@cfs.com.au

Further information you may request to receive

You may also request the following additional information from the Trustee at any time, free of charge:

- the full audited financial statements for the Fund
- a copy of the most recent Product Disclosure Statement and Reference Guides
- audited financial statements for Avanteos Investments Limited
- the Trust Deed governing Commonwealth Essential Super
- information published on any of the underlying funds that the investment options invest in, and
- Investment Fact Sheets for each of the investment options comprising Essential Super, which are updated quarterly.

Regulatory changes

The information contained in the following sections is general information only and does not take into account your objectives, personal financial situation, or needs. You should assess whether the information is appropriate for you and talk to your financial adviser for further information.

The information in this section is current as of 5 December 2022.

Recent legislative changes to superannuation

The following are some key changes to superannuation legislation which have taken effect recently.

End of the work test for certain contributions for people aged up to 74

Prior to 1 July 2022, you had to meet a work test (or alternatively qualify for a work test exemption) if making most types of voluntary superannuation contributions while aged 67 to 74¹.

From 1 July 2022, super funds can accept all contributions from people in this age group without any work test requirements. Note that existing contributions caps still apply.

However, if you wish to claim a tax-deduction for personal contributions made while aged 67 to 74¹ you must still satisfy the ATO's work test or work test exemption in the financial year of your contribution.

Increase in maximum age to use 'bring-forward rule'

The bring-forward rule may allow you to make up to \$330,000 in non-concessional contributions at one time, which is above the standard cap of \$110,000 per financial year (based on 2022–23 non-concessional contributions cap).

Prior to 1 July 2022, the bring-forward rule was available if you were under age 67 any time during a financial year. From 1 July 2022, access to the bring-forward rule was extended to people aged under 75² any time during a financial year.

It is important to note that your non-concessional contributions cap (including under the bring-forward rule) may also be reduced based on your total superannuation balance.

Increase in maximum releasable amount under the First Home Super Saver Scheme

The First Home Super Saver (FHSS) Scheme allows eligible people to release eligible voluntary contributions plus a deemed earnings amount from super to assist in purchasing their first home.

From 1 July 2022, the maximum eligible contributions that can be released under this scheme increased from \$30,000 to \$50,000.

1 Age 74 includes the period up to 28 days after the end of the month in which you turn 75.

2 Under general contribution eligibility requirements, any non-concessional contributions would need to be made no later than 28 days after the end of the month in which you turn 75.

Reduction of eligibility age for downsizer contributions

The downsizer contribution allows people to make a one-off after-tax contribution to super of up to \$300,000 from the proceeds of selling their home they have held for at least 10 years. Under the rules both members of a couple can make downsizer contributions in respect of the same home, and the contributions do not count towards a member's non-concessional contributions caps.

Previously, you had to be aged 65 or over to make a downsizer contribution. From 1 July 2022, downsizer contribution access has been expanded and you can make a downsizer contribution from age 60 if eligible.

The government has proposed expanding access to downsizer contributions by lowering this eligibility age to 55. As at 5 December 2022, a Bill has passed parliament to implement this change, but it has not yet become law.

Removal of the \$450 per month minimum Super Guarantee threshold

From 1 July 2022, the \$450 per month minimum Super Guarantee income threshold was removed. Under previous rules, an employer was not required to pay Super Guarantee contributions for an employee in any calendar month where they earned less than \$450.

Investments with a market value of over 5% of the Fund

Investments Directly Held	%	Investments Indirectly Held	%
Lifestage 1960-64	5%	Commonwealth Multi Manager Cash Fund	15%
		Colonial First State Investment Fund 8	9%
		Commonwealth Global Listed Infrastructure Fund 6	5%
		Colonial First State Investment Fund 101	7%
		Commonwealth Global Share Fund 30	13%
		Colonial First State Investment Fund 50	7%
		Commonwealth Specialist Fund 51	13%
		Commonwealth Specialist Fund 52	6%
		Colonial First State Wholesale Indexed Australian Bond Fund	13%
Lifestage 1965-69	6%	Colonial First State Investment Fund 22	8%
		Colonial First State Investment Fund 78	6%
		Colonial First State Investment Fund 101	8%
		Commonwealth Global Share Fund 30	19%
		Colonial First State Investment Fund 50	13%
		Commonwealth Specialist Fund 51	24%
		Colonial First State Wholesale Indexed Australian Bond Fund	6%
Lifestage 1970-74	9%	Colonial First State Investment Fund 22	9%
		Colonial First State Investment Fund 78	8%
		Colonial First State Investment Fund 101	8%
		Commonwealth Global Share Fund 30	22%
		Colonial First State Investment Fund 50	15%
		Commonwealth Specialist Fund 51	28%
		Commonwealth Specialist Fund 52	5%
Lifestage 1975-79	10%	Colonial First State Investment Fund 22	9%
		Colonial First State Investment Fund 78	8%
		Colonial First State Investment Fund 101	6%
		Commonwealth Global Share Fund 30	23%
		Colonial First State Investment Fund 50	15%
		Commonwealth Specialist Fund 51	30%

Investments Directly Held	%	Investments Indirectly Held	%
Lifestage 1980-84	15%	Colonial First State Investment Fund 22	9%
		Colonial First State Investment Fund 78	8%
		Colonial First State Investment Fund 101	5%
		Commonwealth Global Share Fund 30	23%
		Colonial First State Investment Fund 50	15%
		Commonwealth Specialist Fund 51	31%
Lifestage 1985-89	19%	Colonial First State Investment Fund 22	9%
		Colonial First State Investment Fund 78	8%
		Commonwealth Global Share Fund 30	23%
		Colonial First State Investment Fund 50	15%
		Commonwealth Specialist Fund 51	31%
		Commonwealth Specialist Fund 52	5%
Lifestage 1990-94	14%	Colonial First State Investment Fund 22	9%
		Colonial First State Investment Fund 78	8%
		Commonwealth Global Share Fund 30	23%
		Colonial First State Investment Fund 50	15%
		Commonwealth Specialist Fund 51	31%
		Commonwealth Specialist Fund 52	5%
Lifestage 1995-99	5%	Colonial First State Investment Fund 22	9%
		Colonial First State Investment Fund 78	8%
		Commonwealth Global Share Fund 30	23%
		Colonial First State Investment Fund 50	15%
		Commonwealth Specialist Fund 51	31%

Abridged financial report

The financial report of Commonwealth Essential Super (the Fund) has been audited by PricewaterhouseCoopers, and in their opinion, present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Fund as at 30 June 2022 and the results of its operations for the year ended 30 June 2022. Set out below is an abridged version of the accounts for the Fund for the year to 30 June 2022 along with comparatives for the year to 30 June 2021. The abridged financial report is unaudited and only the annual financial report has been audited. For a better understanding of the financial report and auditor's report, the abridged financial information should be read in conjunction with the annual financial report for the year ended 30 June 2022.

Statement of Financial Position as at 30 June 2022	2022	2021
	\$'000	\$'000
Assets		
Cash and cash equivalents	240,404	253,404
Contributions receivable	3,822	5,770
Other Receivables	69	199
Income tax receivables	442	-
Financial investments	3,478,588	3,708,813
Deferred tax assets	39,810	-
Total assets	3,763,135	3,968,186
Liabilities		
Benefits payable	854	1,115
Other payables	777	1,646
Income tax payable	-	27,859
Deferred tax liabilities	-	14,283
Total liabilities excluding member benefits	1,631	44,903
Net assets available for member benefits	3,761,504	3,923,283
Defined contribution member liabilities	3,761,508	3,920,374
Total net assets/(liabilities)	(4)	2,909
Equity		
Unallocated surplus/(deficit)	(4)	2,909
Total equity/(deficit)	(4)	2,909

Income Statement for the year ended 30 June 2022	2022	2021
	\$'000	\$'000
Superannuation activities		
Interest income	1,188	326
Distribution income	204,147	265,660
Net changes in fair value of financial investments	(558,728)	485,226
Other income	7,155	6,236
Total income	(346,238)	757,448
Administration expenses	9,461	12,124
Total expenses	9,461	12,124
Results from superannuation activities before income tax expense	(355,699)	745,324
Income tax benefit/(expense)	64,746	(52,181)
Results from superannuation activities after income tax expense	(290,953)	693,143
Net benefits allocated to defined contribution members	288,040	(689,703)
Operating result after income tax	(2,913)	3,440

Statement of Changes in Member Benefits for the year ended 30 June 2022	2022	2021
	\$'000	\$'000
Opening balance of member benefits	3,920,374	3,272,208
Member contributions	38,702	37,609
Employer contributions	528,394	510,598
Transfers from other superannuation funds	29,455	37,501
Transfers to other superannuation funds	(301,503)	(204,805)
Income tax on contributions	(81,333)	(78,269)
Net after tax contributions	213,715	302,634
Benefits to members or beneficiaries	(77,314)	(342,066)
Death and disability benefits credited to member accounts	11,205	13,805
Insurance premiums charged to members	(18,432)	(15,910)
Net benefits allocated comprising:		
- Net investment income	(278,579)	701,827
- Net administration fees	(9,461)	(12,124)
Closing balance of members benefits	3,761,508	3,920,374



Call us on **13 4074**



Email us on **contactessentialsuper@cfs.com.au**



Visit **commbank.com.au/essentialsuper**

Avanteos Investments Limited ABN 20 096 259 979, AFSL 245531 (AIL) is the Trustee of Commonwealth Essential Super ABN 56 601 925 435 and the issuer of interests in Essential Super. Essential Super is distributed by the Commonwealth Bank of Australia ABN 48 123 123 124, AFSL 234945 (the Bank). Colonial First State (CFS) is Superannuation and Investments HoldCo Pty Limited ABN 64 644 660 882 (HoldCo) and its subsidiaries which include ALL. The Bank holds an interest in CFS through its significant minority interest in HoldCo. This information is issued by AIL and may include general financial product advice but does not consider your individual objectives, financial situation, needs or tax circumstances. The Target Market Determination (TMD) for Essential Super can be found at cfs.com.au/tmd and includes a description of who the financial product is appropriate for and any conditions on how the product can be distributed to customers. You should read the Product Disclosure Statement (PDS) and the Reference Guide for Essential Super carefully and consider whether the information is appropriate for you before making any decision regarding this product. Download the PDS and Reference Guide at commbank.com.au/essentialsuper-documents or call us on 13 4074 for a copy. Neither the Bank, AIL, CFS, nor any of their respective subsidiaries guarantee the performance of Essential Super or the repayment of capital by Essential Super. An investment in this product is subject to risk, loss of income and capital invested. An investment in Essential Super is via a superannuation trust and is therefore not an investment in, deposit with or other liability of the Bank or its subsidiaries. Where we mention 'we', 'us' or 'our', we mean ALL.

The insurance provider is AIA Australia Limited ABN 79 004 837 861, AFSL 230043 (AIA Australia). AIA Australia is not part of the Commonwealth Bank Group. The insurance cover is provided under policies issued to the Trustee. 28810/FS7956/1222