

# **Avanteos Investments Limited**

ABN 20 096 259 979

## **Annual Report**

**For the year ended 30 June 2023**



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Registered office:  
Level 15, 400 George Street  
Sydney NSW 2000 Australia

Avanteos Investments Limited, a company limited by shares, is incorporated and domiciled in Australia

The Directors of Avanteos Investments Limited (the "Company") submit their report together with the general purpose financial statements (the "Financial Statements") for the year ended 30 June 2023.

### **Directors**

The names of the Directors of the Company holding office during the year ended 30 June 2023 and up to the date of this report were:

Jo-Anne Bloch  
John Brogden  
Gregory Cooper  
Kelly Ghaleb  
Benjamin Heap

### **Principal activities**

During the year, the Company acted as a Registrable Superannuation Entity Licensee ("RSEL"). The principal activities of the Company were the provision of trustee, investment management and administration services.

There have been no significant changes in the nature of the principal activities of the Company during the year.

### **Review of operations**

The Company recorded a net profit after tax for the year ended 30 June 2023 of \$39,986,000 (2022: \$10,061,000).

The increase in profit was predominantly driven by the full year impact of the trustee restructuring implemented in May 2022 in which the Company was appointed as a trustee to provide services to all superannuation customers of the Colonial First State ("CFS") Group.

### **Dividends**

Total dividends of \$55,000,000 were declared and paid during the year ended 30 June 2023 (2022: \$9,400,000). Dividends paid during the year are disclosed in Note 8 to the financial statements.

### **Significant changes in the state of affairs**

There have been no significant changes in the state of affairs of the Company during the year.

### **Likely developments and expected results of operations**

Information as to the likely developments in the operations of the Company and the expected results of those operations in subsequent years have not been included in this report because, in the opinion of the Directors, they would prejudice the interests of the Company.

### **Environmental regulation**

The Company's operations are not subject to any particular or significant environmental regulations under Australian Commonwealth, State or Territory law.

**Directors' and officers' insurance**

During the year, the CFS Group paid an insurance premium in respect of an insurance policy for the benefit of the Company and the Directors, Secretaries, Officers, and certain Employees of the CFS Group. The insurance is appropriate pursuant to Section 199B of the *Corporations Act 2001*. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy including the nature of the liabilities insured against and the amount of the premium.

**Directors' and officers' indemnity**

The Constitution of the Company provides for the Company to indemnify each Officer on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses ("Liabilities") incurred by the Officer as an Officer of the Company. The Officers of the Company to whom the indemnity presently applies are any person who is, or has been, a Director or Secretary or Senior Manager of the Company. The indemnity is enforceable without the Officer having to first incur any expense or make any payment, is a continuing obligation and is enforceable by the Officer even though the Officer may have ceased to be an Officer of the Company. The indemnity also applies to liabilities incurred by the Officer both before and after the adoption of the Constitution.

In addition, the Company has entered into deeds of indemnity (in the form of individual deeds or an indemnity) to certain current and former Directors and Secretaries of the Company and its subsidiaries (together, Officers). Under these deeds, the Company:

- indemnifies, to the maximum extent permitted by law, Officers against liabilities incurred by the person in the relevant capacity; and
- is also required to maintain and pay the premiums on a contract of insurance covering the Officers against liabilities incurred in respect of the relevant office to the maximum extent permitted by law as described above.

**Events subsequent to the Statement of Financial Position date**

The Directors are not aware of any matters or circumstances that has occurred since the end of the year that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent years.

**Rounding of amounts**

The amounts contained in this report and in the Financial Statements have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the Company under *Australian Securities and Investments Commission* ("ASIC") Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the Instrument applies.

**Auditor's Independence Declaration**

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 4.

This report is signed in accordance with a resolution of the Board of Directors.



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Director

Sydney  
22 September 2023



## Auditor's Independence Declaration

As lead auditor for the audit of Avanteos Investments Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

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

A handwritten signature in blue ink that reads 'Ashley Wood' with a stylized flourish at the end.

A S Wood  
Partner  
PricewaterhouseCoopers

Sydney  
22 September 2023

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**Avanteos Investments Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
For the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
<b>Revenue</b>			
Investment management and administration fee revenue		716,389	116,983
Other revenue		3,532	5,364
Interest income		2,121	88
Distribution income		9,765	478
Fair value losses on financial assets		(54)	(338)
<b>Total revenue</b>		<b>731,753</b>	<b>122,575</b>
<b>Expenses</b>			
Investment management fee expense		227,367	19,324
Product administration expenses		33,335	11,251
Service fee expense		408,656	83,793
Other operating expenses		8,382	3,845
Reversal of provision for legal proceedings		-	(10,000)
<b>Total expenses</b>		<b>677,740</b>	<b>108,213</b>
<b>Net profit before tax</b>		<b>54,013</b>	<b>14,362</b>
Income tax expense	2	14,027	4,301
<b>Net profit after tax</b>		<b>39,986</b>	<b>10,061</b>
Other comprehensive income, net of tax		-	-
<b>Total comprehensive income</b>		<b>39,986</b>	<b>10,061</b>

The above Statement of Profit or Loss and Other Comprehensive Income  
should be read in conjunction with the accompanying notes

**Avanteos Investments Limited**  
**Statement of Financial Position**  
As at 30 June 2023

	Notes	2023 \$'000	2022 \$'000
<b>Current assets</b>			
Cash and cash equivalents		39,301	47,232
Receivables	3	51,466	60,758
Financial assets at fair value through profit or loss		272,229	272,283
Current tax receivables		-	60
<b>Total current assets</b>		<b>362,996</b>	<b>380,333</b>
<b>Total assets</b>		<b>362,996</b>	<b>380,333</b>
<b>Current liabilities</b>			
Payables	4	66,735	82,933
Current tax liability		14,785	-
Provisions		-	92
<b>Total current liabilities</b>		<b>81,520</b>	<b>83,025</b>
<b>Non current liabilities</b>			
Deferred tax liability	2	17	835
<b>Total non current liabilities</b>		<b>17</b>	<b>835</b>
<b>Total liabilities</b>		<b>81,537</b>	<b>83,860</b>
<b>Net assets</b>		<b>281,459</b>	<b>296,473</b>
<b>Equity</b>			
Share capital	5	238,531	238,531
Retained earnings		42,928	57,942
<b>Total equity</b>		<b>281,459</b>	<b>296,473</b>

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

**Avanteos Investments Limited**  
**Statement of Changes in Equity**  
For the year ended 30 June 2023

	Notes	Share Capital \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Balance as at 1 July 2021</b>		<b>5,231</b>	<b>57,281</b>	<b>62,512</b>
Net profit for the year		-	10,061	10,061
Other comprehensive income, net of tax		-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>10,061</b>	<b>10,061</b>
<b>Transactions with owner of the Company in their capacity as the owner</b>				
Issue of ordinary shares	5	233,300	-	233,300
Dividends paid	7	-	(9,400)	(9,400)
<b>Balance as at 30 June 2022</b>		<b>238,531</b>	<b>57,942</b>	<b>296,473</b>
<b>Balance as at 1 July 2022</b>		<b>238,531</b>	<b>57,942</b>	<b>296,473</b>
Net profit for the year		-	39,986	39,986
Other comprehensive income, net of tax		-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>39,986</b>	<b>39,986</b>
<b>Transactions with owner of the Company in their capacity as the owner</b>				
Dividends paid	7	-	(55,000)	(55,000)
<b>Balance as at 30 June 2023</b>		<b>238,531</b>	<b>42,928</b>	<b>281,459</b>

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



**Avanteos Investments Limited**  
**Statement of Cash Flows**  
For the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
<b>Cash flows from Operating Activities</b>			
Investment management fee, administration fee and other revenue received		729,976	75,697
Cash payments in the course of operations		(693,284)	(44,979)
Payments for claims and remediation costs		(746)	(5,564)
Receipts from reimbursements		900	1,500
Interest income received		1,985	88
Income tax paid		-	(2,146)
<b>Net cash provided by / (used in) Operating Activities</b>	8	<b>38,831</b>	<b>24,596</b>
<b>Cash flows from Investing Activities</b>			
Purchase of financial assets		-	(5,800)
Distributions received from financial assets		8,238	478
<b>Net cash provided by / (used in) Investing Activities</b>		<b>8,238</b>	<b>(5,322)</b>
<b>Cash flows from Financing Activities</b>			
Issuance of share capital	5	-	407
Dividends paid	7	(55,000)	(9,400)
<b>Net cash used in Financing Activities</b>		<b>(55,000)</b>	<b>(8,993)</b>
Net (decrease) / increase in cash and cash equivalents		(7,931)	10,281
Cash and cash equivalents at the beginning of the year		47,232	36,951
<b>Cash and cash equivalents at the end of the year</b>		<b>39,301</b>	<b>47,232</b>

**Non-cash item note:**

In 2022, the Company received 233,126,602 units of the FirstChoice Wholesale Cash Fund with market value of \$232,893,476 from a subsidiary of its immediate parent entity Superannuation and Investments FinCo Pty Limited being part of the proceeds for the subscription of 233 million ordinary shares.

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

## **1 Summary of significant accounting policies**

### **(a) General information**

The financial statements of the Company for the year ended 30 June 2023 (the "Financial Statements") were approved and authorised for issue by the Board of Directors on 22 September 2023. The Directors have the power to amend and reissue the Financial Statements.

The Company is incorporated and domiciled in Australia. It is a company limited by shares. The address of the registered office is Level 15, 400 George Street, Sydney NSW 2000, Australia.

The Company acts as a Registrable Superannuation Entity Licensee ("RSEL") for superannuation funds.

The principal accounting policies applied in the preparation of the Financial Statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated. The Financial Statements cover the Company as an individual entity.

As an RSEL, the Company holds an RSE Licence (licence no. L0002691). The Company also holds an Australian Financial Services licence ("AFSL") (licence no. 245531).

### **(b) Basis of preparation**

These general purpose Financial Statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by *Australian Accounting Standards Board* ("AASB") and the *Corporations Act 2001*. The Company is a for-profit entity for the purposes of preparing Financial Statements.

The Financial Statements of the Company also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The amounts contained in the Financial Statements have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the Company under *Australian Securities and Investments Commission* ("ASIC") Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the Instrument applies.

The functional and presentation currency of the Company has been determined to be Australian Dollars ("AUD") as this currency best reflects the economic substance of the underlying events and circumstances relevant to the Company.

These Financial Statements have been prepared on a going concern basis. The Financial Statements have been prepared under the historical cost convention except for certain assets and liabilities as described in the accounting policies below.

The preparation of the Financial Statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. No critical estimates were used in preparing the financial statements.

### **(c) New accounting standards and future accounting developments**

There were no new or amended standards adopted by the Company during the year.

Additionally, there are no other standards or amendments that are effective subsequent to the end of the current year that would have a material impact on the results or financial position of the Company.

## **1 Summary of significant accounting policies (continued)**

### **(d) Revenue recognition**

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

The Company recognised revenue as follows:

#### *(i) Investment management and administration fee revenue*

- The Company provides investment management services to superannuation funds for which it receives compensation in the form of investment management fees. The Company generates investment management fee revenue through agreements and is generally based on a percentage of funds under administration. The provision of investment management services is a single performance obligation and fees are recognised over the service period. Investment management fees are accrued and received monthly in accordance with the rates specified in relevant agreement. Investment management fees are recognised net of any fee rebates.
- In providing investment management services, where the Company outperforms an agreed upon benchmark, revenue is earned in the form of a performance fee. Performance fees are deemed to be a variable component of the investment management service and only recognised when it is highly probable that a significant reversal of the fees will not occur. These fees are received monthly or quarterly in accordance with the relevant agreement.
- The Company provides administration services to superannuation customers for which it receives compensation in the form of administration fees. The Company generates administration fee revenue through agreements and is generally based on a percentage of funds under administration and a flat monthly fee. The provision of administration services is a single performance obligation and fees are recognised over the service period. Administration fees are accrued and received monthly in accordance with the rates specified in the relevant agreement. Administration fees are recognised net of fee rebates or fees reimbursed to customers.
- The Company has entered into an agreement with Commonwealth Bank of Australia ("CBA") whereby the Company places customer deposits with CBA in exchange for a margin on the rate paid to members. The provision of this services is typically a single performance obligation and fees are earned daily and generally collected monthly.

#### *(ii) Other revenue*

Other revenue comprises of the following:

- The Company provides trade execution and settlement services for superannuation funds. In exchange, the Company receives a fee based on the value of the trade. This service is a single performance obligation, and the revenue is recognised and collected on trade execution and settlement.
- The Company provides certain services to external investment managers who have funds on the Wrap platform. In exchange, the Company receives an agreed fee. The services provided are a single performance obligation and are recognised over the service period. Fees are generally earned daily and collected annually.

#### *(iii) Interest income*

Interest income is recognised on an accruals basis using the effective interest rate method.

#### *(iv) Distribution income*

Distribution income from the Company's investments in the Colonial First State FirstChoice Wholesale Cash Fund (the "Fund") is recognised as income when the right to receive payment is established.

## 1 Summary of significant accounting policies (continued)

### (e) Expense recognition

#### (i) *Service fee expenses*

A related party of the Company, Superannuation & Investments Services Pty Ltd (“ServiceCo”), provides a range of resources and services to the Company. Included in these services are staff, property management and associated rent expenses, information technology, accounting and other administration services. These expenses are accrued and paid monthly.

#### (ii) *Investment management fee expenses*

The Company outsources investment management services to a related party investment manager Colonial First State Investments Limited (“CFSIL”). Investment management fees are accrued monthly and paid in accordance with the terms and rates specified in the investment management agreements. These expenses are accrued daily and paid either monthly or quarterly in accordance with the relevant agreement.

#### (iii) *Product administration expenses*

Included in product administration expenses are the following:

- Platforms administration expenses paid to a related party for custody and administration services provided in relation to superannuation customers on the Edge, Wrap and FirstChoice platforms. These expenses are accrued daily and paid monthly.
- Brokerage expenses paid to third-party brokers for trade execution and settlement services. These expenses are accrued on trade execution and settlement and paid monthly.
- Custody expenses paid to third-party custodians for the provision of custodial services. These expenses are accrued and paid monthly.

### (f) Income tax

The income tax expense for the year is the tax paid or payable on the current year’s taxable income based on the applicable income tax rate for Australia adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

Income tax is recognised in the Statement of Profit or Loss and Other Comprehensive Income, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax liability is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the Statement of Financial Position date and which are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

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

## **1 Summary of significant accounting policies (continued)**

### **(f) Income tax (continued)**

Deferred and current tax assets and liabilities have been offset in the Statement of Financial Position where they relate to the same taxation authority and where there is a legal right and intention to settle on a net basis.

#### *Tax consolidation*

The Company is part of a tax consolidated group, of which Superannuation and Investments HoldCo Pty Limited ("HoldCo") is the head entity. The Company has entered into a tax funding agreement with HoldCo. Amounts payable or receivable under the tax funding agreement with the head entity are recognised in accordance with the terms and conditions of the agreement as tax-related amounts receivable or payable. Expenses and revenues arising under this agreement are recognised as income tax expense or benefit.

### **(g) Goods and Services Tax (GST)**

The Company is part of a GST consolidated group, of which HoldCo is the head entity. Net GST payable or recoverable is presented in the Statement of Financial Position as a payable to or a receivable from HoldCo.

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

Commitments and contingencies are disclosed net of any amount of GST recoverable from, or payable to, the taxation authority.

### **(h) Cash and cash equivalents**

Cash and cash equivalents include cash at bank. They are measured at face value, or the gross value of the outstanding balance. Cash at bank earns interest at a floating rate based on daily bank deposit rates.

### **(i) Receivables**

Receivables are financial assets largely due from customers for services performed in the ordinary course of business. They are for fixed amounts and are generally due for settlement within 30 days and are therefore all classified as current.

Receivables are recognised initially at the amount of consideration that is unconditional (at the original invoice amount) unless they contain significant financing components, when they are recognised at fair value. The Company holds the receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method.

### **(j) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss held by the Company relate to a non-controlling interest in the Fund, a trust managed by a related party of the Company. This is a non-derivative financial asset that is designated into this category and not classified in any of the other financial asset categories (i.e. fair value through other comprehensive income or amortised cost).

At initial recognition the Company measures the financial asset at fair value, with transaction costs recognised in the Statement of Profit or Loss and Other Comprehensive Income as incurred. Subsequently, it is measured at fair value and any gains or losses are recognised in other income as they arise.

## **1 Summary of significant accounting policies (continued)**

### **(k) Payables**

Payables are carried at amortised cost and represent liabilities for services provided to the Company prior to the end of the year. These arise when the Company becomes obliged to make future payments in respect of the purchase of these services.

### **(l) Provisions**

A provision is recognised in the Statement of Financial Position when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably measured.

When a cost in relation to a provision is expected to be reimbursed by another party, a receivable is recognised when it is virtually certain that the reimbursement would be received. In the Statement of Profit or Loss and Other Comprehensive Income the reimbursement is netted against the related expense.

### **(m) Share capital**

Ordinary shares are classified as equity. Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction, net of tax, of the share proceeds received.

### **(n) Dividends**

Dividends represent a distribution of profits that holders of ordinary shares receive from time to time. Dividends determined by the Directors are recognised with a corresponding reduction of retained earnings on the dividend payment date. The Directors take into consideration factors including the Company's cash flow requirements and relative capital strength in determining the amount of dividends to be paid.

### **(o) Reclassifications**

Where applicable, certain prior year amounts in the Financial Statements have been reclassified to conform to the current year presentation. The reclassifications have nil effect on previously reported total assets, total liabilities, net profit or net assets.

### **(p) Offsetting**

#### *Offsetting of income and expenses*

Income and expenses are not offset unless required or permitted by an accounting standard. This generally arises in the following circumstances:

- Where gains and losses arise from a group of similar transactions, such as rebates on investment management and administration fees revenue;
- Where amounts are collected on behalf of third parties, where the Company is, in substance, acting as an agent only, such as adviser service fees;
- Where costs are incurred on behalf of customers from whom the Company is reimbursed; or
- Where the Company is reimbursed from an insurer or related party from any remediation or settlements incurred, such as under the Conduct Indemnity Deed with CBA.

#### *Offsetting of assets and liabilities*

Financial assets and liabilities are presented net in the Statement of Financial Position when the Company has a legally enforceable right to offset them and there is an intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously.

**1 Summary of significant accounting policies (continued)**

**(q) Contingent liabilities**

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or where an obligation from a past event exists but is not recognised because the transfer of economic resources is not probable or cannot be reliably measured. Contingent liabilities are not recognised on the Statement of Financial Position but are disclosed unless the outflow of economic resources is remote.

**2 Income tax expense**

**(a) Income tax expense**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Current income tax expense	17,038	354
Deferred income tax (benefit) / expense	(818)	3,934
Adjustments recognised in the period for current tax of prior periods	(2,193)	13
<b>Total income tax expense</b>	<b>14,027</b>	<b>4,301</b>

**(b) Reconciliation of income tax expense to prima facie tax payable**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Net profit before income tax	54,013	14,362
Tax at the Australian tax rate of 30%	16,204	4,308
Non-deductible items	16	-
Other adjustments	-	(20)
Adjustments recognised in the period for current tax of prior periods	(2,193)	13
<b>Income tax expense</b>	<b>14,027</b>	<b>4,301</b>

**(c) Analysis of deferred tax assets and liabilities**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Deferred tax asset - provisions for credit losses	14	311
Deferred tax liability - reimbursement receivables	(31)	(1,146)
<b>Total net deferred tax liability</b>	<b>(17)</b>	<b>(835)</b>

### 3 Receivables

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Fee receivables	45,847	55,655
Reimbursement receivables	101	3,818
Interest income receivable	168	32
Distribution income receivable	1,883	355
Other receivables	3,467	898
<b>Total receivables</b>	<b>51,466</b>	<b>60,758</b>

### 4 Payables

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Fee rebates payable	11,991	6,358
Service fee payable	41,250	60,254
Investment management fee and fund administration expense payables	5,256	10,757
Regulatory fees payable	1,514	3,010
Other payables	6,724	2,554
<b>Total payables</b>	<b>66,735</b>	<b>82,933</b>

### 5 Share capital

	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>No. of Shares</b>	<b>No. of Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - issued and fully paid	233,300,004	233,300,004	238,531	238,531
<b>Closing balance</b>	<b>233,300,004</b>	<b>233,300,004</b>	<b>238,531</b>	<b>238,531</b>

#### Movements in share capital

	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>No. of Shares</b>	<b>No. of Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - issued and fully paid				
Balance at the beginning of the year	233,300,004	4	238,531	5,231
Shares issued during the year	-	233,300,000	-	233,300
<b>Carrying amount at the end of the year</b>	<b>233,300,004</b>	<b>233,300,004</b>	<b>238,531</b>	<b>238,531</b>



## 5 Share capital (continued)

All shares are held by the Company's parent, Superannuation and Investments FinCo Pty Limited ("FinCo"). Ordinary shareholders have the right to receive dividends and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amount paid up on shares held. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital. Ordinary shares carry one vote per share.

## 6 Capital management

The Company's objective when managing its capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure. Capital levels are regulated by external monitoring authorities, ASIC and the Australian Prudential Regulation Authority ("APRA") in accordance with the requirements of its AFSL.

The SIS Act requires the Company to maintain and manage, in accordance with APRA Prudential Standards, financial resources to cover the operational risk that relates to each registrable superannuation entity for which the Company serves as RSEL. *Prudential Standard 114 Operational Risk Financial Requirement* ("ORFR") establishes requirements relating to these financial resources including considering operational risk on its business operations to determine an ORFR Target Amount. The ORFR Target Amount for the Company is set as an amount equivalent to 25 basis points of funds under management ("FUM").

At 30 June 2023, the Company's ORFR Target Amount was \$273,316,000 (2022: \$255,574,000) and the Company held \$272,229,000 (2022: \$272,283,000) to meet this obligation. The amount held by the Company at 30 June 2023 and 2022 was within the Tolerance Limits set by the Board. Management regularly monitors the level of FUM and the required ORFR Target Amount to ensure the capital held is within Tolerance Limits set by the Board.

During the year, the Company complied with all externally imposed capital requirements.

In order to maintain or adjust the capital requirements, the Company may adjust the amount of dividend paid to its shareholders, return capital or issue new shares.

## 7 Dividends

### 2023

Type	Dividend per share \$	Total amount (\$'000)	Date of payment
Interim - ordinary	0.15	35,000	13 December 2022
Interim - ordinary	0.04	10,000	23 March 2023
Final - ordinary	0.04	10,000	29 June 2023
<b>Total</b>		<b>55,000</b>	

### 2022

Type	Dividend per share (\$'000)	Total amount (\$'000)	Date of payment
Interim - ordinary	2,350	9,400	29 November 2021

## 8 Notes to the statement of cash flows

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

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Net profit after tax	39,986	10,061
Distribution income	(8,238)	(478)
Fair value losses on financial assets	54	338
<b>Changes in assets and liabilities</b>		
Decrease / (increase) in receivables	9,292	(45,663)
(Increase) / decrease in deferred tax assets	-	3,099
Decrease / (increase) in current tax receivables	60	(60)
(Decrease) / increase in deferred tax liability	(818)	835
Increase / (decrease) in current tax liability	14,785	(1,719)
(Decrease) / increase in payables	(16,198)	71,214
Decrease in provisions	(92)	(13,031)
<b>Net cash provided by operating activities</b>	<b>38,831</b>	<b>24,596</b>

## 9 Financial risk management

The Company's activities expose it to a variety of financial risks including market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance and financial position of the Company.

### (a) Market risk

Market risk is the risk that the future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and market prices.

#### (i) Foreign exchange risk

The Company predominantly operates within Australia and the carrying amount of the Company's financial assets and liabilities are denominated in AUD. The Company does not have exposure to foreign exchange risk.

#### (ii) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate and foreign currency risk). Price risk primarily arises from the Company's financial assets at fair value through profit or loss.

## 9 Financial risk management (continued)

### (a) Market risk (continued)

The table below demonstrates the impact on the Company's profit after tax and on equity based on a 100bps (2022: 100bps) change in fair values with all other variables held constant.

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Impact on profit / equity</b>	<b>1,906</b>	<b>1,906</b>

The Company is exposed to indirect price risk as a result of movements in investment markets that affects business performance. The key source of indirect price risk is the Company's exposure to fee income earned from the management and administration of investments on behalf of other parties where the fee income is derived directly related to the value of funds under administration or management.

#### (iii) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk primarily arises from cash and cash equivalents.

The table below demonstrates the impact on the Company's profit after tax and on equity based on a 100bps (2022: 150bps) change in interest rates with all other variables held constant.

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Impact on profit / equity</b>	<b>275</b>	<b>496</b>

### (b) Credit risk

Credit risk is the risk of financial loss as a result of a customer or counterparty failing to meet its obligations to the Company.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets on the Statement of Financial Position. The majority of the Company's receivables are from fees based on funds that it administers and acts as the RSEL. Therefore, the credit risk on receivables is highly correlated with the risk management policies and practices of the funds for which the Company is the RSEL.

Exposures to external parties are monitored with an ageing analysis and follow up procedures with clients are implemented on a needs basis. The Company's largest credit risk exposure relates to cash at bank. The Company mitigates its risk by holding its cash and cash equivalents predominately with a related party (CBA), which is a reputable financial institution in Australia.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historic information about counterparty default rates.

## 9 Financial risk management (continued)

### (b) Credit risk (continued)

The following table provides information regarding the credit risk exposure at the end of the year in respect of the Company's major classes of financial assets. The analysis classifies the assets according to Standard & Poor's long-term counterparty credit ratings.

<b>30 June 2023</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>AA-</b>	<b>Not rated</b>	<b>Total</b>
Cash and cash equivalents	39,301	-	39,301
Receivables	269	51,197	51,466
<b>Total financial assets</b>	<b>39,570</b>	<b>51,197</b>	<b>90,767</b>

  

<b>30 June 2022</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>AA-</b>	<b>Not rated</b>	<b>Total</b>
Cash and cash equivalents	47,232	-	47,232
Receivables	3,850	56,908	60,758
Current tax receivable	-	60	60
<b>Total financial assets</b>	<b>51,082</b>	<b>56,968</b>	<b>108,050</b>

At the end of year, there were no financial assets past due or impaired.

### (c) Liquidity risk

Liquidity risk refers to the risk that the Company will not have sufficient cash resources to settle transactions in full as they fall due. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities where necessary. The Company ensures that sufficient liquidity is maintained to meet its operating and regulatory requirements.

The Company's financial liabilities are short term in nature and normally settle within 30-90 days.

### (d) Fair value estimation

The Company discloses fair value measurements by level of the following fair value measurement hierarchy in accordance with AASB 13 *Fair Value Measurement*. The Company uses various methods in estimating fair value. The methods comprise:

**Level 1:** The fair value is calculated using quoted prices unadjusted in active markets.

**Level 2:** The fair value is estimated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

**Level 3:** The fair value is estimated using inputs for the asset or liability that are not based on observable market data.

As at 30 June 2023 and 30 June 2022, the Company owns one financial asset measured at fair value through profit or loss, being an investment in the Fund. As at the reporting date fair value was calculated as the unit price of the Fund as at 30 June 2023 and 30 June 2022 respectively multiplied by the Company's unit holding. The valuation of the investment in the Fund is considered Level 2 in the fair value hierarchy.

## 10 Key management personnel

The Directors of the Company have been determined to be the Key Management Personnel (“KMP”) within the scope of *AASB124: Related Party Disclosures*.

The compensation of KMP paid by ServiceCo on behalf of the Company is outlined as follows:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	973,430	681,654
Post-employment benefits	64,568	41,716
<b>Total compensation</b>	<b>1,037,998</b>	<b>723,370</b>

The Company receives management services from a related entity of CFS Group, ServiceCo, which includes the provision of KMP. The Company does not remunerate these KMP or directly reimburse the related entity of CFS Group for this cost, rather an overall administrative fee is paid to the related entity of CFS Group. It is also the practice of the CFS Group that its employees are not remunerated for director appointments as their role as KMP is incidental to their role as an employee of the CFS Group.

There were no other transactions between the Company and KMP during the year (2022: \$nil).

## 11 Related party transactions

The immediate parent entity of the Company is FinCo and the ultimate parent of the Company is KKR Comet Asia Holdings II Pte Ltd.

### *Related party transactions*

Transactions that have occurred with related parties are conducted on terms and conditions no more favourable than those available to external parties except as indicated otherwise.

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
The following transactions occurred with related parties:		
<b>Revenue</b>		
Interest income – CBA	2,121,254	88,446
Other revenue – CFSIL	340,192	-
<b>Total revenue - related parties</b>	<b>2,461,446</b>	<b>88,446</b>
<b>Expenses</b>		
Investment management fee expenses – CFSIL	221,547,336	18,898,560
Product administration expenses – CBA	5,030	22,426,085
Product administration expenses – CFSIL	28,140,836	2,555,379
Service fee expenses – ServiceCo	408,656,365	61,367,398
<b>Total expenses - related parties</b>	<b>658,349,567</b>	<b>105,247,422</b>

**11 Related party transactions (continued)**

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Assets</b>		
Cash and cash equivalents – CBA	39,300,660	47,231,818
Current tax receivable – HoldCo	-	60,466
Interest income receivables – CBA	168,398	3,850,594
Remediation receivables – CBA	101,499	3,850,594
Receivables – CFSIL	41,540,259	51,907,979
<b>Total assets - related parties</b>	<b>81,110,816</b>	<b>106,901,451</b>
<b>Liabilities</b>		
Current tax liability – HoldCo	14,784,680	-
GST payable – HoldCo	611,917	489,522
Payables – CFSIL	2,724,186	25,639,880
Payables – ServiceCo	41,250,220	34,614,343
<b>Total liabilities - related parties</b>	<b>59,371,003</b>	<b>60,743,745</b>

**12 Interest in unconsolidated structured entities**

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual agreements.

A structured entity often has some or all of the following features or attributes:

- restricted activities;
- a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;
- insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks.

The nature and extent of the Company's exposure are summarised below:

	<b>Jun-23</b>	<b>Jun-22</b>
	\$'000	\$'000
Financial assets at fair value through profit or loss	272,229	272,283
Fees and other receivables	4,307	3,747
<b>Total exposures</b>	<b>276,536</b>	<b>276,030</b>

### **13 Contingent liabilities**

The Company is defending one class action claim in relation to cash products. Contingent liabilities exist with respect to these matters where it is not possible to determine either the extent of any obligation to remediate or the potential liability cannot be reliably estimated. Where it is determined that the disclosure of information in relation to a provision or contingent liability can be expected to seriously prejudice the Company, accounting standards permit the Company not to disclose such information.

On 9 October 2018, a class action was filed against a related party, CFSIL, and CBA in the Federal Court of Australia. The claim initially related to investment in cash and deposit options (which are cash and deposit products provided by CBA) in the Colonial First State First Choice Superannuation Trust (FirstChoice Fund) and Commonwealth Essential Super and later expanded to join the Company as a party in respect of claims regarding the FirstWrap Pooled Cash Account.

The main claims are that members that invested in these cash and deposit options received lower interest rates than they could have received had the Company/CFSIL offered similar products made available in the market by another bank with comparable risk and that the Company/CFSIL retained the margin that arises through the internal transfer pricing process in respect of deposits made with CBA, for their own benefit. It is claimed the Company/CFSIL breached their duties as a trustee of the funds, the Company breached its duties as a Responsible Entity of the underlying managed investment schemes and that CBA was involved in the Company's/CFSIL's breaches. The Company, CFSIL and CBA deny the allegations and are defending the proceedings. The Court has ordered that mediation occur by 14 June 2024.

No provisions have been raised by the Group in relation to the above matters as they are indemnified by CBA under the Conduct Indemnity Deed dated 1 December 2021 where CBA will have primary responsibility for the conduct of the response to and payment of these matters on behalf of the Group. Rather, provisions have been raised by CBA as at 30 June 2023 in accordance with the principles outlined in the accounting policy section of their financial report

The Company has a contingent liability for any settlement arising from this class action to the extent any adverse outcome is not paid for by CBA.

### **14 Remuneration of auditors**

The Company's auditor, PricewaterhouseCoopers, is remunerated by its related party, ServiceCo.

### **15 Events subsequent to the Statement of Financial Position date**

The Directors are not aware of any matter or circumstance that has occurred since the end of the year that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent years.

## Directors' Declaration

In the Directors' opinion:

- (a) The financial statements and notes for the year ended 30 June 2023 are in accordance with the *Corporations Act 2001*, including:
  - i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
  - ii) giving a true and fair view of the Company's financial position as at 30 June 2023 and its performance for the year ended on that date;
- (b) Note 1(b) includes a statement that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board; and
- (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



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Director

Sydney  
22 September 2023





## Independent auditor's report

To the members of Avanteos Investments Limited

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### Our opinion

In our opinion:

The accompanying financial report of Avanteos Investments Limited (the Company) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2023
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the statement of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

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### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

### Independence

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### **Responsibilities of the directors for the financial report**

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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### **Auditor's responsibilities for the audit of the financial report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads 'Ashley Wood'.

A S Wood  
Partner

Sydney  
22 September 2023