

Total Risk Management Pty Limited

**ABN 62 008 644 353
RSE L0000260
AFSL 238790**

Annual Report for the year ended 31 December 2022

Contents

TOTAL RISK MANAGEMENT PTY LIMITED DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	5
STATEMENT OF COMPREHENSIVE INCOME	6
STATEMENT OF FINANCIAL POSITION	7
STATEMENT OF CHANGES IN EQUITY	8
STATEMENT OF CASH FLOWS	9
NOTES TO THE FINANCIAL STATEMENTS	10
DIRECTORS' DECLARATION	23
INDEPENDENT AUDITOR'S REPORT	24

Total Risk Management Pty Limited

Directors' Report

The Directors present their report on the financial statements of the Company for the year ended 31 December 2022.

Directors

The following persons were directors of Total Risk Management Pty Limited ("the Company") during the whole of the financial year and up to the date of this report, unless indicated otherwise below:

Luan Atkinson
Magali Azema-Barac
Alexis Dodwell
Keith Knapman
Patricia Montague
James O'Connor

Principal activity

The principal activity of the Company is the provision of trustee services to superannuation entities.

Dividends

The Directors do not recommend the payment of a dividend. No dividends were paid or declared during the year ended 31 December 2022 (2021: \$nil).

Review of operations

During the year, the Company continued to operate as a trustee of superannuation entities, and pass through the revenue it collects less the expenses it incurs to affiliates.

The results after income tax for the year ended 31 December 2022 was \$nil (2021: \$nil).

Changes in state of affairs

No significant changes in the state of affairs of the Company occurred during the financial year ended 31 December 2022.

Events since the end of the financial year

There were no significant events occurring after the 2022 year end.

Likely developments and future results

The Company expects to continue with its principal activity of providing trustee services to superannuation entities.

Total Risk Management Pty Limited

Directors' Report (continued)

Environmental regulation

All steps have been taken to ensure that the Company has complied with all relevant Commonwealth and State environmental regulation and legislation.

Insurance of officers and indemnity of auditors

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company against a liability incurred as such a director, to the extent permitted by the Corporations Act 2001. In addition, the Company's U.S. related entity, Russell Investments Group, LLC, paid a premium for Directors' and Officers' Professional Liability Insurance covering all of the Russell Investments global entities which includes the Company.

The Company has agreed to indemnify the directors of the Company against a liability incurred as such a director. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify any other officer of the Company or of any related body corporate against a liability incurred as such an officer.

The Company has agreed to indemnify its auditors, PricewaterhouseCoopers, to the extent permitted by law, against any claim by a third party arising from the Company's breach of their agreement. The indemnity stipulates that the Company will meet the full amount of any such liabilities including a reasonable amount of legal costs.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

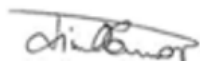
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

This report is made in accordance with a resolution of the board of directors and is signed for and on behalf of the directors by:



Alexis Dodwell
Director



James O'Connor
Director

Sydney
21 March 2023



Auditor's Independence Declaration

As lead auditor for the audit of Total Risk Management Pty Limited for the year ended 31 December 2022, 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, appearing to read 'Simon Cuthbert', is written over a faint, light blue grid background.

Simon Cuthbert
Partner
PricewaterhouseCoopers

Sydney
21 March 2023

Total Risk Management Pty Limited

Statement of comprehensive income

for the year ended 31 December 2022

		2022	2021
	Notes	\$	\$
Revenue from contracts with customers	2	51,137,993	57,738,469
Interest income		1,065	83
Total revenue and other income		51,139,058	57,738,552
Expenses from ordinary activities			
Expenses remitted to Russell Investment Management Ltd	8(c)	48,405,850	55,513,268
General expenses		1,397,327	1,158,381
Intercompany recharge of expenses	8(c)	1,184,920	894,359
Professional fees		143,421	171,250
Travel and entertainment		7,540	1,294
Total expenses		51,139,058	57,738,552
Profit from ordinary activities before income tax expense		—	—
Income tax expense		—	—
Profit from ordinary activities after income tax expense		—	—
Other comprehensive income		—	—
Total comprehensive income for the year		—	—

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

Total Risk Management Pty Limited

Statement of financial position

as at 31 December 2022

	Notes	2022 \$	2021 \$
Current assets			
Cash and cash equivalents	5(a)	1,642,949	1,677,839
Trade receivables	8(c)	6,012,817	6,907,750
Total current assets		7,655,766	8,585,589
Non-current assets			
Deferred tax assets		14,280	16,050
Total non-current assets		14,280	16,050
Total assets		7,670,046	8,601,639
Current liabilities			
Payables	3	5,945,044	6,876,637
Total liabilities		5,945,044	6,876,637
Net assets		1,725,002	1,725,002
Equity			
Contributed equity	4	1,725,002	1,725,002
Retained profits		—	—
Total equity		1,725,002	1,725,002

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

Total Risk Management Pty Limited

Statement of changes in equity

for the year ended 31 December 2022

	Notes	Share capital # of shares	Share capital \$	Retained earnings \$	Total equity \$
Balance as at 1 January 2021		1,725,002	1,725,002	—	1,725,002
Profit/(loss) for the year		—	—	—	—
Other comprehensive income		—	—	—	—
Capital contribution from parent entity		—	—	—	—
Balance as at 31 December 2021	4	1,725,002	1,725,002	—	1,725,002
Profit/(loss) for the year		—	—	—	—
Other comprehensive income		—	—	—	—
Capital contribution from parent entity		—	—	—	—
Balance as at 31 December 2022	4	1,725,002	1,725,002	—	1,725,002

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

Total Risk Management Pty Limited

Statement of cash flows

for the year ended 31 December 2022

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
Fees received (inclusive of GST)		57,350,183	64,401,506
Payments to suppliers (inclusive of GST)		(51,990,021)	(58,045,579)
GST paid		(5,397,887)	(6,487,835)
Interest received		1,065	83
Income taxes paid		1,770	(1,428)
Net cash outflow from operating activities	5(b)	(34,890)	(133,253)
Cash flows from financing activities activities			
Capital contribution from parent entity		—	—
Net cash inflow from financing activities		—	—
Net decrease in cash and cash equivalents		(34,890)	(133,253)
Cash and cash equivalents - beginning of the financial year		1,677,839	1,811,092
Cash and cash equivalents - end of the financial year	5(a)	1,642,949	1,677,839

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

Total Risk Management Pty Limited

Notes to the financial statements

for the year ended 31 December 2022

Note 1. Summary of Significant Accounting Policies

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001.

Compliance with IFRS

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (IFRS).

Basis of Preparation

The financial report has been prepared on the basis of historical cost.

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of accounting standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements. The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied for the year presented, unless otherwise stated.

The financial statements were authorised for issue by the directors on 21 March 2023.

The Company receives management fees from the Russell Investments Pooled Superannuation Trust ("Russell Investments PST") and pays fee rebates to the investors. From these fees it recovers expenses and liabilities that it incurs as the trustee of the Russell Investments PST.

New and Revised Accounting Standards

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that were relevant to its operations and effective for annual reporting periods beginning on 1 January 2022. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Standards and interpretations in issue not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Total Risk Management Pty Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

(a) Revenue recognition

Revenue is recognised on a basis that reflects the transfer of the promised goods and services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods and services. Revenue is recognised by applying a five-step model as follows:

1. Identifying the contract with customer
2. Identifying the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligation
5. Recognise revenue as and when control of the performance obligations is transferred

Management fees

The Company receives management fees from the Russell Investments PST. The Company is the principal to this arrangement as it has the responsibility for providing the service. The revenue is recognised on a monthly basis when the services are rendered. Management services represent one performance obligation as the Company provides a highly integrated service where the individual components are not distinct in the context of the contracts. Fees are based on a percentage of the average assets under management ("AUM"). The variability is resolved at the end of each reporting period when the AUM is known.

As trustee of the Russell Investments PST, the Company pays rebates to superannuation funds that invest in the Russell Investments PST. Rebates paid to clients are a reduction of the management fees received.

Payments from the Russell Investments PST are typically due no more than 30 days.

Performance fees

Performance fees are earned from the Russell Investments PST when contractually agreed performance levels are exceeded by external investment managers within specified performance measurement periods. They are only recognised to the extent that it is highly probable that a significant reversal of the revenue would not result when the uncertainty is resolved.

Intercompany management fees

Intercompany management fees are charged by the Company to Russell Investment Management Ltd ("RIM") and Russell Investments Employee Benefits Pty Ltd ("RIEB"), the immediate parent entity, for the reimbursement of general expenses incurred by the Company. Revenue is recognised on a monthly basis when the services are rendered and costs are incurred. Please refer to Note 1(b) for general expenses.

Other revenue

Other revenue includes fees for trustee services provided to the Russell Investments Master Trust ("RIMT") and reimbursements for certain costs incurred by the Company in providing trustee services to the RIMT and Russell Investments PST. Revenue is recognised when the services are rendered and costs are incurred. Please refer to Note 1(b) for intercompany recharge of expenses and general expenses.

Interest income

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

Total Risk Management Pty Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

(b) Expenses

Expenses are brought to account on an accruals basis and recognised as and when the services are rendered. If not paid by the end of the financial year, they are recorded as a payable.

Expenses remitted to RIM represent management fee revenue received by the Company from the Russell Investments PST less rebates incurred. They also represent performance fee revenue received from the Russell Investments PST when external investment managers meet certain performance targets. The fees paid reimburses RIM for the performance fees paid to external investment managers (see note 8(c)).

General expenses and professional fees represent costs incurred by the Company in its role as trustee of the Trusts (see note 1(g)). These expenses are subsequently charged out as an inter company management fee to the related entities, RIM and RIEB, or charged to the Trusts, depending on the nature of the expense.

Intercompany recharge of expenses represents costs charged by Russell Investment Group Pty Ltd ("RIG"), the employer of all associates of the Russell Investments Australian group, for staff dedicated to supporting the Company in its role as trustee of the Trusts.

(c) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

(d) Trade Receivables

Receivables that have fixed or determinable payments that are not quoted in an active market are classified as "trade receivables." Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore, measures them subsequently at amortised cost using the effective interest method, less loss allowance. Details about the Company's impairment policies and the calculation of the loss allowance are provided in 11(d).

As described in Note 1(a), the Company recognises trade receivables in relation to management and performance fees received from the Russell Investments PST and trustee services to the RIMT.

Total Risk Management Pty Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

(e) Trade Payables

These amounts represent liabilities for client rebates and for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 - 90 days of recognition. The carrying amount of trade payables recorded in the financial statements approximates their net fair values. Trade payables are recognised at amortised cost.

As described in Note 1(b), the Company recognises trade payables in relation to rebates payable to superannuation funds, net management fees payable to RIM, and fees payable to RIG.

(f) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Total Risk Management Pty Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

(f) Income Tax (continued)

Tax consolidation legislation

Russell Investment Group Pty Ltd and its wholly-owned Australian controlled entities implemented the tax consolidation legislation with effect from 1 January 2004. On 1 June 2016, Russell Investments Australia Holdco Pty Limited replaced Russell Investment Group Pty Ltd as the head entity of the tax consolidated group.

The head entity, Russell Investments Australia Holdco Pty Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone tax payer in its own right.

In addition to its own current and deferred tax amounts, Russell Investments Australia Holdco Pty Limited, also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have entered into a tax funding agreement under which the wholly-owned entities fully compensate Russell Investments Australia Holdco Pty Limited for any current tax payable assumed and are compensated by Russell Investments Australia Holdco Pty Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Russell Investments Australia Holdco Pty Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(g) Right of indemnity

The Company acts solely as trustee for the "Trusts", being the RIMT and Russell Investments PST, and on behalf of these Trusts, incurred liabilities at 31 December 2022. The Company has a right of indemnity against the Trusts for liabilities incurred. The assets of the Trusts which lie behind the right of indemnity are not directly available to meet any liabilities of the Company acting in its own right.

Total assets of the Trusts for which the Company acts as trustee exceed the liabilities of those Trusts.

Total Risk Management Pty Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

Note 2. Revenue from contracts with customers

		2022	2021
	Notes	\$	\$
Net profit before income tax expense has been arrived at after crediting the following revenues:			
Management fees		52,778,527	63,922,824
Less rebates paid to superannuation funds		(5,541,818)	(10,316,049)
Net management fees	8(c)	<u>47,236,709</u>	53,606,775
Performance fees	8(c)	1,169,140	1,906,493
Intercompany management fees	8(c)	830,550	687,289
Other revenue	8(c)	<u>1,901,594</u>	1,537,912
		<u>51,137,993</u>	57,738,469
Timing of revenue recognition:			
Over time		49,968,853	55,831,976
At a point in time		<u>1,169,140</u>	1,906,493
		<u>51,137,993</u>	57,738,469

Note 3. Payables

		2022	2021
	Notes	\$	\$
Amounts due to related entities	8(c)	4,950,927	5,597,873
Rebates due to clients		562,857	766,872
GST payable		<u>431,260</u>	511,892
		<u>5,945,044</u>	6,876,637

Note 4. Contributed Capital

	2022	2021
	\$	\$
Issued and paid up:		
1,725,002 Fully paid ordinary shares (2021: 1,725,002)	<u>1,725,002</u>	<u>1,725,002</u>

Fully paid ordinary shares carry one vote per share and carry the right to dividends. The Company does not have a limited amount of authorised capital.

Total Risk Management Pty Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

Note 5. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2022	2021
	\$	\$
Cash and cash equivalents	145,013	179,913
Restricted cash	1,497,936	1,497,926
Total	1,642,949	1,677,839

Restricted cash is used exclusively to satisfy losses arising from operational risks that may affect a specific sub-plan within the Russell Investments Master Trust.

(b) Reconciliation of Net Profit after Income Tax Expense to Net Cash from Operating Activities

	2022	2021
	\$	\$
Net profit after tax	—	—
Changes in assets and liabilities		
Decrease in receivables	894,933	181,276
Decrease/(Increase) in deferred tax assets	1,770	(1,428)
Decrease in payables	(850,961)	(307,027)
Decrease in GST payable	(80,632)	(6,074)
Net cash outflow from operating activities	(34,890)	(133,253)

Total Risk Management Pty Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

Note 6. Key Management Personnel Compensation

The key management personnel of the Company during the year were:

Directors

Luan Atkinson
Magali Azema-Barac
Alexis Dodwell
Keith Knapman
Patricia Montague
James O'Connor

Office of the Superannuation Trustee

Leigh Robinson
Rebecca Devon (appointed 1 March 2022)
Liam Nevin (appointed 1 March 2022)

Key management personnel ("KMP") include persons who were directors of the Company and had authority for planning, directing and controlling the activities of the Company.

The Company has not made, guaranteed or secured, directly or indirectly, any loans to KMP at any time during the reporting period.

The compensation of key management personnel of the Company is set out below:

	2022	2021
	\$	\$
Short-term employee benefits	1,293,690	1,081,089
Post-employment benefits	103,466	80,235
Other long-term benefits	—	51,122
	<u>1,397,156</u>	<u>1,212,446</u>

The compensation of the specified directors is set out below:

	2022	2021
	\$	\$
Short-term employee benefits	519,086	452,949
Post-employment benefits	45,780	40,569
	<u>564,866</u>	<u>493,518</u>

Total Risk Management Pty Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

Note 7. Auditors' Remuneration

The auditor of the Company changed to PricewaterhouseCoopers Australia from Deloitte Touche Tohmatsu commencing with the year ended 31 December 2022.

	2022	2021
	\$	\$
Auditors of the Company - PricewaterhouseCoopers Australia (PwC) and related networks firms		
Audit and review of financial reports	21,500	—
Other statutory assurance services	10,500	—
Other services		
Tax advisory services	—	47,835
	<u>32,000</u>	<u>47,835</u>
Other auditors and their related network firms		
Audit and review of financial reports	—	17,596
Other statutory assurance services	—	12,814
Other assurance services	99,930	70,500
	<u>99,930</u>	<u>100,910</u>

Note 8. Related Party Disclosures

(a) **Directors**

Directors of the Company during the financial year are named in Note 6.

(b) **Holding Company**

The immediate parent entity is Russell Investments Employee Benefits Pty Ltd which is incorporated in Australia. The ultimate Australian parent entity is Russell Investments Australia Holdco Pty Limited. The ultimate parent entity is Russell Investments Group, Ltd. (incorporated in the Cayman Islands).

(c) **Related party transactions**

Russell Investment Management Ltd ("RIM") is a related entity of the Company. The superannuation funds for which the Company is trustee invest predominantly in a pooled superannuation trust and distributing trusts managed by RIM. RIM receives management fees from the pooled superannuation trust and the distributing trusts.

Russell Investment Group Pty Ltd ("RIG") is the master pay agent for its wholly-owned Australian subsidiaries. RIG is also the employer of all associates of the Russell Investments Australian group. The amount payable to RIG at year end represents payments made by RIG on the Company's behalf which have not been reimbursed to RIG as well as for costs associated with staff who are dedicated to supporting the Company.

Russell Investments Group, LLC ("RIGI") is a related entity of the Company which allocates centrally managed costs attributable to each company within the Russell Investments global group.

Total Risk Management Pty Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

Note 8. Related Party Disclosures (continued)

The Company received fees in the nature of management fee revenue of \$47,236,709 (2021: \$53,606,775) from the Russell Investments PST. These fees are net of rebate expenses paid to superannuation funds invested in the Russell Investments PST in accordance with the terms of relevant agreements between the Company and those superannuation funds.

The Company received fees in the nature of performance fee revenue of \$1,169,140 (2021: \$1,906,493) attributable to the Russell Investments PST. These fees are paid to RIM which are then paid to external investment managers.

The Company received fees from related entities RIM of \$551,103 (2021: \$357,390) and RIEB of \$279,447 (2021: \$329,899) for reimbursement of expenses incurred in its role as trustee.

The Company received fees and reimbursements incurred in its role as trustee from the RIMT of \$1,744,626 (2021: \$1,385,638) and the Russell Investments PST of \$156,968 (2021: \$152,274).

Expenses paid to RIM which represent management fee and performance fee revenue earned by the Company from the Russell Investments PST less rebates incurred by the Company during the year were \$48,405,850 (2021: \$55,513,268).

Expenses paid to RIG for costs of staff dedicated to the Company's operations during the year were \$1,184,920 (2021: \$894,359).

At year end there was an amount receivable from the Russell Investments PST of \$4,508,701 (2021: \$4,745,763).

At year end there was an amount receivable from the RIMT of \$639,128 (2021: \$485,454).

At year end there was an amount receivable of \$864,988 from RIM (2021: \$1,560,594) and an amount payable of \$4,912,303 (2021: \$5,596,101) to RIG.

At year end there was an amount payable to RIEB of \$24,624 (2021: \$115,939 receivable).

At year end there was an amount payable to RIGI of \$14,000 (2021: \$1,772).

The Company does not have lease commitments or employee benefits payable as at 31 December 2022 (2021: \$nil).

Note 9. Financing Facilities

The Company has no financing facilities available.

Total Risk Management Pty Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

Note 10. Financial Instruments Note

(a) **Capital risk management**

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders, comprising issued capital.

(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 income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(c) **Financial risk management objectives**

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative, hedging or trading purposes.

(d) **Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from default.

Trade receivables

Receivables from the Russell Investments PST represent the majority of the outstanding balance as at reporting date. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on historical loss rates adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified Australia's GDP and the unemployment rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On this basis, the loss allowance as at 31 December 2022 and 2021 was determined as follows for trade receivables:

2022	Current	Past due 1-60 days	Past due 61-150 days	Past due 151+ days	Total
Expected loss rate	— %	— %	— %	100 %	
Gross - trade receivables	6,012,817	—	—	—	6,012,817
Loss allowance	—	—	—	—	—
2021	Current	Past due 1-60 days	Past due 61-150 days	Past due 151+ days	Total
Expected loss rate	— %	— %	— %	100 %	
Gross - trade receivables	6,907,750	—	—	—	6,907,750
Loss allowance	—	—	—	—	—

Total Risk Management Pty Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

Note 10. Financial Instruments Note (continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and failure to make contractual payments for a period of greater than 150 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(e) *Liquidity and interest rate tables*

The Company is exposed to interest rate risk through primary financial assets and liabilities. The table below summarises interest rate risk for the Company together with the effective interest rate at the end of the reporting period.

The following table also details the Company's expected maturity for its non-derivative financial assets, and the remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets and the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Floating interest rate*	Less than 1 month \$	1-3 months \$	3 months to 1 year \$	1+ years \$	Total \$
2022	%					
Financial assets						
Variable interest rate instruments	0.03%	1,642,949	—	—	—	1,642,949
Non-interest bearing		—	6,012,817	—	—	6,012,817
Total financial assets		1,642,949	6,012,817	—	—	7,655,766
Financial liabilities						
Non-interest bearing		—	(5,945,044)	—	—	(5,945,044)
Total financial liabilities		—	(5,945,044)	—	—	(5,945,044)

* Floating interest rate represents the most recently determined rate applicable to the instrument at the end of the reporting period.

The 2022 effect on cash from possible changes in the interest rates by +/- .50% would have an impact of +/- \$8,215.

Total Risk Management Pty Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

Note 10. Financial Instruments Note (continued)

2021	Floating interest rate* %	Less than 1 month \$	1-3 months \$	3 months to 1 year \$	1+ years \$	Total \$
Financial assets						
Variable interest rate instruments	0.00%	1,677,839	—	—	—	1,677,839
Non-interest bearing		—	6,907,750	—	—	6,907,750
Total financial assets		1,677,839	6,907,750	—	—	8,585,589
Financial liabilities						
Non-interest bearing		—	(6,876,637)	—	—	(6,876,637)
Total financial liabilities		—	(6,876,637)	—	—	(6,876,637)

* Floating interest rate represents the most recently determined rate applicable to the instrument at the end of the reporting period.

The 2021 effect on cash from possible changes in the interest rates by +/- .25% would have an impact of +/- \$4,195.

Note 11. Additional Company Information

The Company is a proprietary company, incorporated and operating in Australia. The principal activity of the Company is disclosed in the Directors' Report. There are no employees of the Company.

For the purposes of preparing the Company's financial statements, the Company is a for-profit entity.

Registered Office and Principal Place of Business:

Level 28
85 Castlereagh Street

Sydney NSW 2000

Note 12. Events occurring after the end of the reporting period

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Total Risk Management Pty Limited

Directors' Declaration

for the year ended 31 December 2022

The directors declare that:

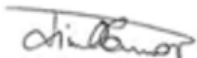
- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements are in compliance with the International Financial Reporting Standards, as stated in Note 1 of the financial statements; and
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards, the Corporations Regulations 2001, and other mandatory professional reporting requirements; and
- (d) giving a true and fair view of the financial position and performance of the Company.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Alexis Dodwell
Director



James O'Connor
Director

Sydney,
21 March 2023



Independent auditor's report

To the members of Total Risk Management Pty Limited

Our opinion

In our opinion:

The accompanying financial report of Total Risk Management Pty 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 31 December 2022 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 31 December 2022
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

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.

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 31 December 2022, but does not include the financial report and our auditor's report thereon.

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

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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.

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.

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/ar3.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 'Simon Cuthbert'.

Simon Cuthbert
Partner

Sydney
21 March 2023