



Booklet 7

# Annual Financial Report

30 June 2023

**Responsible Entity**

Betashares Capital Limited Ltd

(ABN 78 139 566 868)

Level 11, 50 Margaret,  
Sydney, NSW 2000

[betashares.com.au](http://betashares.com.au)



## **Booklet 7**

**Betashares Western Asset Australian Bond Fund (managed fund) - ASX Code: BNDS** (ARSN 608 058 493)

**Betashares Martin Currie Emerging Markets Fund (managed fund) - ASX Code: EMMG** (ARSN 629 322 247)

**Betashares Martin Currie Equity Income Fund (managed fund) - ASX Code: EINC** (ARSN 621 856 406)

**Betashares Martin Currie Real Income Fund (managed fund) - ASX Code: RINC** (ARSN 621 862 619)

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## Directors' report

The directors of Betashares Capital Ltd, the Responsible Entity of the following managed investment funds (the "Funds"), present their report together with the annual financial report of the Funds for the year ended 30 June 2023 and the auditor's report thereon.

<b>Fund name</b>	<b>Referred to in this document as</b>	<b>Financial reporting year</b>	<b>ARSN</b>
Betashares Western Asset Australian Bond Fund (managed fund)	Australian Bond Fund	1 July 2022 to 30 June 2023	608 058 493
Betashares Martin Currie Emerging Markets Fund (managed fund)	Emerging Markets Fund	1 July 2022 to 30 June 2023	629 322 247
Betashares Martin Currie Equity Income Fund (managed fund)	Equity Income Fund	1 July 2022 to 30 June 2023	621 856 406
Betashares Martin Currie Real Income Fund (managed fund)	Real Income Fund	1 July 2022 to 30 June 2023	621 862 619

## Responsible Entity

The Responsible Entity of the Funds is Betashares Capital Ltd (ABN 78 139 566 868). The Responsible Entity's registered office and principal place of business is Level 11, 50 Margaret Street, Sydney, NSW 2000.

Franklin Templeton Australia Limited is the Investment Manager of the Funds.

## Principal activities

The principal activity of each Fund is to invest in accordance with the investment objective and guidelines as set out in the Fund's current Product Disclosure Statement and its Constitution.

The Funds did not have any employees during the year.

There were no significant changes in the nature of the Funds' activities during the year.

## **Directors' report (continued)**

### **Directors**

The following persons held office as directors of Betashares Capital Ltd during the year or since the end of the year and up to the date of this report:

Mr Alex Vynokur (appointed 21 September 2009)

Mr Jason Gellert (appointed 5 March 2021)

Mr Edward Sippel (appointed 5 March 2021)

### **Review and results of operations**

During the year, the Funds continued to invest in accordance with target asset allocations as set out in their governing documents and in accordance with the provisions of the Funds' Constitutions.

The results of operations of the Funds are disclosed in the statements of comprehensive income. The income distributions payable by each of the Funds are disclosed in the statements of financial position. The income distributions paid and payable by each of the Funds are disclosed in Note 4 to the financial statements.

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

There have been continuous challenging economic conditions as a result of the pandemic such as Covid-19 pandemic supply chain constraints, inflation, increasing interest rates, the Russia - Ukraine war, or other events that may impact the Funds' future performance

In the opinion of the directors, there were no other significant changes in the state of affairs of the Funds that occurred during the financial year.

Effective 8 August 2022, Real Income Fund expanded its investment universe to allow allocation of up to 20% of its portfolio to listed real asset securities from global developed countries, in addition to its holdings of Australian listed real asset securities.

## **Directors' report (continued)**

### **Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect:

- (i) the operations of the Funds in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Funds in future financial years.

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

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

Further information on likely developments in the operation of the Funds and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Funds.

### **Indemnification and insurance of officers and auditors**

No insurance premiums are paid for out of the assets of the Funds in regard to insurance cover provided to either the officers of Betashares Capital Ltd or the auditor of the Funds. So long as the officers of Betashares Capital Ltd act in accordance with the Funds' Constitutions and the law, the officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds. The auditor of the Funds is in no way indemnified out of the assets of the Funds.

### **Fees paid to and interests held in the Funds by the Responsible Entity or its associates**

Fees paid to the Responsible Entity and its associates out of the Funds' property during the year are disclosed in Note 14 to the financial statements.

No fees were paid out of the Funds' property to the directors of the Responsible Entity during the year.

The number of interests in the Funds held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 14 to the financial statements.

### **Interests in the Funds**

The movement in units on issue in the Funds during the year is disclosed in Note 3 to the financial statements.

The value of the Funds' assets and liabilities is disclosed on the statements of financial position and derived using the basis set out in Note 2 to the financial statements.

## **Directors' report (continued)**

### **Environmental regulation**

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

### **Rounding of amounts to the nearest thousand dollars**

The Funds are entities of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

### **Compensation (ASIC Regulatory Guide 94 Unit pricing: Guide to good practice)**

The Responsible Entity may apply a \$20 minimum to compensation amounts in respect of any unit pricing errors for exited investors.

### **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 6.

This report is made in accordance with a resolution of the directors.



Alex Vynokur  
Director

Sydney  
22 September 2023



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Betashares Capital Limited, as Responsible Entity for the Schemes:

Betashares Western Asset Australian Bond Fund (managed fund)

Betashares Martin Currie Equity Income Fund (managed fund)

Betashares Martin Currie Emerging Markets Fund (managed fund)

Betashares Martin Currie Real Income Fund (managed fund)

I declare that, to the best of my knowledge and belief, in relation to the audit of the Schemes for the financial year ended 30 June 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

  
KPMG

  
Nicholas Buchanan  
Partner  
Sydney

22 September 2023

**Booklet 7**  
**Statements of comprehensive income**  
**For the year ended 30 June 2023**

<b>Statements of comprehensive income</b>	<b>Australian Bond Fund</b>		<b>Emerging Markets Fund</b>		<b>Equity Income Fund</b>		<b>Real Income Fund</b>	
	<b>30 June 2023 \$'000</b>	30 June 2022 \$'000						
<b>Investment income</b>								
Interest income	5,561	5,120	58	3	9	-	13	1
Dividend/distribution income	-	-	1,930	1,362	1,282	1,827	3,172	3,090
Net gains/(losses) on financial instruments at fair value through profit or loss	(1,516)	(27,737)	7,983	(28,985)	1,064	(2,275)	(321)	(1,518)
Net foreign exchange gains/(losses)	-	-	253	(204)	-	-	(27)	-
Other operating income	132	42	4	-	-	-	-	-
<b>Total net investment income/(loss)</b>	<b>4,177</b>	<b>(22,575)</b>	<b>10,228</b>	<b>(27,824)</b>	<b>2,355</b>	<b>(448)</b>	<b>2,837</b>	<b>1,573</b>
<b>Expenses</b>								
Management fees	1,096	796	1,091	871	206	238	502	530
Interest expenses	-	1	-	4	-	-	-	-
Transaction costs	7	3	77	53	7	-	51	1
Other operating expenses	1	5	123	72	5	12	12	15
<b>Total operating expenses</b>	<b>1,104</b>	<b>805</b>	<b>1,291</b>	<b>1,000</b>	<b>218</b>	<b>250</b>	<b>565</b>	<b>546</b>
<b>Profit/(loss) for the year</b>	<b>3,073</b>	<b>(23,380)</b>	<b>8,937</b>	<b>(28,824)</b>	<b>2,137</b>	<b>(698)</b>	<b>2,272</b>	<b>1,027</b>
Other comprehensive income	-	-	-	-	-	-	-	-
<b>Total comprehensive income/(loss) for the year</b>	<b>3,073</b>	<b>(23,380)</b>	<b>8,937</b>	<b>(28,824)</b>	<b>2,137</b>	<b>(698)</b>	<b>2,272</b>	<b>1,027</b>

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

<b>Statements of financial position</b>		<b>Australian Bond Fund</b>		<b>Emerging Markets Fund</b>		<b>Equity Income Fund</b>		<b>Real Income Fund</b>	
		<b>30 June 2023</b>	30 June 2022	<b>30 June 2023</b>	30 June 2022	<b>30 June 2023</b>	30 June 2022	<b>30 June 2023</b>	30 June 2022
Notes		<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Assets</b>									
		<b>1,865</b>	2,554	<b>3,624</b>	1,414	<b>349</b>	436	<b>451</b>	313
		<b>1,064</b>	-	-	-	-	-	-	-
	5	<b>366,043</b>	191,862	<b>121,040</b>	97,048	<b>22,594</b>	25,343	<b>56,085</b>	59,558
		<b>936</b>	-	-	640	-	-	-	-
	6	<b>63,209</b>	1,297	<b>570</b>	434	<b>127</b>	151	<b>936</b>	1,043
		<b>433,117</b>	195,713	<b>125,234</b>	99,536	<b>23,070</b>	25,930	<b>57,472</b>	60,914
<b>Liabilities</b>									
	5	<b>174</b>	-	-	-	-	-	-	-
	4	<b>232</b>	230	<b>592</b>	-	<b>174</b>	498	<b>522</b>	1,057
		<b>51,384</b>	903	<b>1,959</b>	1,278	-	-	<b>121</b>	-
	7	<b>119</b>	71	<b>101</b>	84	<b>16</b>	19	<b>165</b>	137
		<b>51,909</b>	1,204	<b>2,652</b>	1,362	<b>190</b>	517	<b>808</b>	1,194
	3	<b>381,208</b>	194,509	<b>122,582</b>	98,174	<b>22,880</b>	25,413	<b>56,664</b>	59,720

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

**Booklet 7**  
**Statements of changes in equity**  
**For the year ended 30 June 2023**

<b>Statements of changes in equity</b>		<b>Australian Bond Fund</b>		<b>Emerging Markets Fund</b>		<b>Equity Income Fund</b>		<b>Real Income Fund</b>	
		<b>30 June 2023</b>	30 June 2022	<b>30 June 2023</b>	30 June 2022	<b>30 June 2023</b>	30 June 2022	<b>30 June 2023</b>	30 June 2022
Notes		<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Total equity at the beginning of the year</b>	3	<b>194,509</b>	178,823	<b>98,174</b>	26,833	<b>25,413</b>	30,498	<b>59,720</b>	52,923
<b>Comprehensive income for the year</b>									
Profit/(loss) for the year		<b>3,073</b>	(23,380)	<b>8,937</b>	(28,824)	<b>2,137</b>	(698)	<b>2,272</b>	1,027
Other comprehensive income		-	-	-	-	-	-	-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>3,073</b>	(23,380)	<b>8,937</b>	(28,824)	<b>2,137</b>	(698)	<b>2,272</b>	1,027
<b>Transactions with unitholders</b>									
Applications	3	<b>189,393</b>	41,622	<b>32,358</b>	120,057	<b>3,896</b>	6,217	<b>5,421</b>	15,702
Redemptions	3	-	-	<b>(16,295)</b>	(19,913)	<b>(7,558)</b>	(8,877)	<b>(8,982)</b>	(7,647)
Units issued upon reinvestment of distributions	3	<b>77</b>	51	-	21	<b>38</b>	37	<b>100</b>	98
Distributions to unitholders	3,4	<b>(5,844)</b>	(2,607)	<b>(592)</b>	-	<b>(1,046)</b>	(1,764)	<b>(1,867)</b>	(2,383)
<b>Total transactions with unitholders</b>		<b>183,626</b>	39,066	<b>15,471</b>	100,165	<b>(4,670)</b>	(4,387)	<b>(5,328)</b>	5,770
<b>Total equity at the end of the year</b>	3	<b>381,208</b>	194,509	<b>122,582</b>	98,174	<b>22,880</b>	25,413	<b>56,664</b>	59,720

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

**Booklet 7**  
**Statements of cash flows**  
**For the year ended 30 June 2023**

<b>Statements of cash flows</b>		<b>Australian Bond Fund</b>		<b>Emerging Markets Fund</b>		<b>Equity Income Fund</b>		<b>Real Income Fund</b>	
		<b>30 June 2023</b>	30 June 2022	<b>30 June 2023</b>	30 June 2022	<b>30 June 2023</b>	30 June 2022	<b>30 June 2023</b>	30 June 2022
Notes		<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>									
Proceeds from sale of financial instruments at fair value through profit or loss									
		<b>17,547</b>	12,611	<b>21,834</b>	24,294	<b>8,603</b>	9,425	<b>25,215</b>	17,780
Payments for purchase of financial instruments at fair value through profit or loss									
		<b>(143,526)</b>	(56,279)	<b>(36,277)</b>	(123,069)	<b>(4,790)</b>	(6,805)	<b>(21,969)</b>	(26,220)
Movements in cash held on collateral									
		<b>(1,064)</b>	-	-	-	-	-	-	-
Dividends/distributions received									
		-	-	<b>1,736</b>	1,241	<b>1,303</b>	1,859	<b>3,161</b>	3,003
Interest income received									
		<b>6,813</b>	4,915	<b>52</b>	3	<b>8</b>	-	<b>12</b>	-
Other operating income received									
		<b>135</b>	44	-	-	<b>1</b>	3	-	5
Management fees paid									
		<b>(1,052)</b>	(796)	<b>(1,072)</b>	(813)	<b>(209)</b>	(242)	<b>(506)</b>	(527)
Transaction costs paid									
		<b>(7)</b>	(3)	<b>(77)</b>	(53)	<b>(7)</b>	-	<b>(51)</b>	(1)
Other operating expenses paid									
		<b>(8)</b>	(4)	<b>(125)</b>	(88)	<b>(5)</b>	(13)	<b>(11)</b>	(18)
	8	<b>(121,162)</b>	(39,512)	<b>(13,929)</b>	(98,485)	<b>4,904</b>	4,227	<b>5,851</b>	(5,978)
<b>Cash flows from financing activities</b>									
Proceeds from applications by unitholders									
		<b>126,237</b>	41,622	<b>32,426</b>	119,869	<b>3,899</b>	6,214	<b>5,539</b>	15,683
Payments for redemptions by unitholders									
		-	-	<b>(16,295)</b>	(19,923)	<b>(7,558)</b>	(8,892)	<b>(8,950)</b>	(7,554)
Distributions paid									
		<b>(5,764)</b>	(2,641)	-	(372)	<b>(1,332)</b>	(1,418)	<b>(2,302)</b>	(2,230)
		<b>120,473</b>	38,981	<b>16,131</b>	99,574	<b>(4,991)</b>	(4,096)	<b>(5,713)</b>	5,899
<b>Net increase/(decrease) in cash and cash equivalents</b>									
		<b>(689)</b>	(531)	<b>2,202</b>	1,089	<b>(87)</b>	131	<b>138</b>	(79)
Cash and cash equivalents at the beginning of the financial year									
		<b>2,554</b>	3,085	<b>1,414</b>	314	<b>436</b>	305	<b>313</b>	392
Effects of foreign currency exchange rate changes on cash and cash equivalents									
		-	-	<b>8</b>	11	-	-	-	-
<b>Cash and cash equivalents at the end of the financial year</b>									
		<b>1,865</b>	2,554	<b>3,624</b>	1,414	<b>349</b>	436	<b>451</b>	313
<b>Non-cash financing activities</b>									
Units issued upon reinvestment of distributions									
		<b>77</b>	51	-	21	<b>38</b>	37	<b>100</b>	98

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

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## 1 General information

These financial statements cover the following managed investment funds (the "Funds"). The Funds are registered managed investment schemes under the *Corporations Act 2001*. The Responsible Entity cannot issue or redeem any units from the 80th anniversary of the day before the day the Funds commenced if that issue or redemption would cause a contravention of the rule against perpetuities or any other rule of law or equity. The Funds may be terminated in accordance with the provisions of their Constitutions. The Funds are domiciled in Australia.

<b>Abbreviated Fund name</b>	<b>Registered date</b>	<b>Commenced date</b>	<b>Financial reporting year</b>
Australian Bond Fund	11 September 2015	7 November 2018	1 July 2022 to 30 June 2023
Emerging Markets Fund	18 October 2018	29 May 2019	1 July 2022 to 30 June 2023
Equity Income Fund	6 October 2017	13 February 2018	1 July 2022 to 30 June 2023
Real Income Fund	6 October 2017	13 February 2018	1 July 2022 to 30 June 2023

The Responsible Entity of the Funds is Betashares Capital Ltd (the "Responsible Entity"). The Responsible Entity's registered office is Level 11, 50 Margaret Street, Sydney, NSW 2000.

The financial statements were authorised for issue by the directors of the Responsible Entity on 22 September 2023. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

### (a) Basis of preparation

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

The Funds operated solely in one segment which is the business of investment management within Australia.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statements of financial position are presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and liabilities at fair value through profit or loss and net assets attributable to unitholders.

The financial statements are presented in Australian dollars, which is the Funds' functional currency.

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

### **(a) Basis of preparation (continued)**

#### *Compliance with International Financial Reporting Standards*

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

#### *Use of estimates and judgement*

Management make estimates and assumptions that affect the reported amounts in the financial statements. These estimates and assumptions are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

For the majority of the Funds' financial instruments, quoted market prices are readily available. However, certain financial instruments are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and regularly reviewed by experienced personnel of the Responsible Entity, independent of the area that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the short-term nature of these financial instruments.

#### *Investment entity exception*

The Funds meet the definition of an investment entity and therefore apply the investment entity amendments to AASB 10 *Consolidated Financial Statements* ("AASB 10"), AASB 12 *Disclosure of Interests in Other Entities* and AASB 127 *Separate Financial Statements*. AASB 10 is applicable to all investees; among other things, it requires the consolidation of an investee if the Funds control the investee on the basis of de facto circumstances. An exception however exists where an entity meets the definition of an investment entity.

The Funds meet the definition of investment entity due to the following factors:

- (a) the Funds obtain funds from one or more unitholders for the purpose of providing the unitholders with investment management services;
- (b) the Funds commit to their unitholders that their business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (c) the Funds measure and evaluate the performance of substantially all of their investments on a fair value basis.

In making the above assessments, the Funds have multiple investments and multiple investors. Their investors are generally unrelated parties of the Funds. Unitholders invest for returns from capital appreciation, investment income, or both. Directors of the Responsible Entity have concluded that the Funds meet the definition of investment entity.

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

### **(a) Basis of preparation (continued)**

#### *Assessment of the Funds' investments as structured entities*

The Funds have assessed whether the securities in which they invest are structured entities. The Funds have considered the voting rights and other similar rights afforded to investors in any managed investment funds in which they invest, including the rights to remove the fund manager or redeem holdings. The Funds have assessed whether these rights are the dominant factor in controlling the relevant funds, or whether the contractual agreement with the fund manager is the dominant factor in controlling such funds. The Funds have concluded that any managed investment funds in which they invest are not structured entities.

### **(b) Australian accounting standards and interpretations**

There are no new accounting standards, interpretations or amendments to existing standards that are effective for the year beginning 1 July 2022 that had a material impact on the Funds.

### **(c) Financial instruments**

#### *(i) Classification*

The Funds classify their investments based on its business model for managing those financial assets and their contractual cash flow characteristics. The Funds' portfolios of financial assets are managed and their performance is evaluated on a fair value basis in accordance with the Funds' documented investment strategy. The Funds evaluate the information about their investments on a fair value basis together with other related financial information.

Equity securities and derivatives are measured at fair value through profit or loss.

For debt securities, the contractual cash flows are solely payments of principal and interest, however, they are neither held for collecting contractual cash flows nor held for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Funds' business model objective. Consequently, the debt securities are measured at fair value through profit or loss.

#### *(ii) Recognition/derecognition*

The Funds recognise financial assets and financial liabilities on the date they become party to the contractual agreement (trade date) and recognise changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Funds have transferred substantially all risks and rewards of ownership.

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

### **(c) Financial instruments (continued)**

#### *(iii) Measurement*

At initial recognition, the Funds measure a financial asset or liabilities at its fair value. Transaction costs are expensed in the statements of comprehensive income as incurred.

Subsequent to initial recognition, all financial assets and financial liabilities are measured at fair value. Gains and losses arising from changes in the fair value measurement are presented in the statements of comprehensive income within net gains/(losses) on financial instruments at fair value through profit or loss during the financial year.

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

For further details on how the fair value of the financial instruments is determined are disclosed in Note 11.

#### *(iv) Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### **(d) Net assets attributable to unitholders**

#### Australian Bond Fund

The Fund considers its net assets attributable to unitholders as equity as the Scheme had made an irrevocable choice to be an Attribution Managed Investment Trust ("AMIT"). Units are normally redeemable only by unitholders being Authorised Participants at the unitholders' option (other unitholders only have a right to redeem units in special circumstances). The units can be put back to the Funds at any time (subject to the *Corporations Act 2001* and the Funds' Constitutions) for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting year if unitholders exercised their right to redeem units in the Funds.

#### Emerging Markets Fund, Equity Income Fund and Real Income Fund

The Funds consider their net assets attributable to unitholders as equity as each Scheme has made an irrevocable choice to be an Attribution Managed Investment Trust ("AMIT"). Subject to market conditions, unitholders may withdraw their units from the Funds at their election by trading on the Australian Securities Exchange at the prevailing market price for sale of the units at the time of the transaction. The Responsible Entity on behalf of each Fund intends to provide liquidity to unitholders by acting as a buyer and seller of units on the exchange. At the end of each trading day, the Responsible Entity will issue or cancel units according to its net position in units bought or sold on the exchange on that day. The price at which the Responsible Entity may buy or sell units will reflect the Responsible Entity's view of the Funds' net asset value per unit. The fair value of units is measured at the net asset value per unit, which approximates fair value at the end of the reporting year if unitholders elected to withdraw units from the Funds.

Income not distributed is included in net assets attributable to unitholders. Where the Funds' units are classified as liabilities, movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs.

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

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

For the purpose of presentation in the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. The carrying amount of cash approximates fair value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

### **(f) Cash held on collateral**

Margin accounts comprise cash held for derivative transactions. The cash is held by the broker and is only available to meet margin calls. Unrestricted margin account balances and restricted margin accounts balances, where the derivative transactions' original maturities are within three months, are classified as cash and cash equivalents. Restricted margin accounts where the derivative transactions' original maturities are not within three months are classified as cash held on collateral.

### **(g) Investment income**

Interest income earned on cash balances is recognised on an accrual basis in the statements of comprehensive income using the nominated interest rates available on the bank accounts held.

Interest income earned from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities. Other changes in fair value for such instruments are recorded in accordance with the accounting policies described in Note 2(c).

Dividend and distribution income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income and distribution income when the Funds' right to receive payments is established.

Trust distributions are recognised on an entitlements basis and stated net of foreign withholding tax.

### **(h) Expenses**

All expenses are recognised in the statements of comprehensive income on an accruals basis.

### **(i) Income tax**

The Funds are not subject to income tax as all taxable income and other relevant amounts are attributed to unitholders in each financial year under the AMIT tax regime. Such amounts form part of unitholders' assessable incomes for the relevant financial year. The benefits of imputation credits and foreign tax paid are passed onto unitholders.

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

### **(j) Distributions**

Distributions are payable, either by cash or reinvestment, as set out in the Funds' product disclosure statements and/or Funds' Constitutions.

The distributions are recognised in the statements of changes in equity as transactions with unitholders.

### **(k) Foreign currency translation**

#### *(i) Functional and presentation currency*

Items included in the Funds' financial statements are measured using the currency of the primary economic environment in which they operate (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Funds compete for funds and are regulated. The Australian dollar is also the Funds' presentation currency.

#### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statements of comprehensive income on a net basis within net gains/(losses) on financial instruments held at fair value through profit or loss.

### **(l) Due from/to brokers**

Amounts due from/to brokers (if applicable) represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and for equities normally settled within three business days. These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

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

### **(m) Other receivables**

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting year from the time of last payment in accordance with the policy set out in Note 2(f) above. The Funds' receivables are measured at amortised cost under AASB 9 and the impact of any expected credit losses (ECL) is not material as amounts are generally received within 30 days of being recorded as receivables. The carrying amount of receivables approximates fair value.

### **(n) Other payables**

Other payables include liabilities and accrued expenses owing by the Funds which are unpaid as at the end of the reporting year.

The distribution amount payable to unitholders as at the end of each reporting year is recognised separately in the statements of financial position when unitholders are presently entitled to the distributable income.

### **(o) Applications and redemptions**

Applications received for units in the Funds are recorded net of any entry fees payable (if applicable) prior to the issue of units in the Funds. Redemptions from the Funds are recorded gross of any exit fees payable (if applicable) after the cancellation of units redeemed.

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

The GST incurred on the costs of various services provided to the Funds by third parties such as custodial services and investment management fees have been passed onto the Funds. The Funds qualify for Reduced Input Tax Credits (RITC) at a rate of 55% to 85%; hence investment management fees, custodial fees and other expenses have been recognised in the statements of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net of the amount of goods and services tax (GST) recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC) is included in the payables in the statement of financial position. This change does not have a material impact on prior years and no restatement was made to the comparative year.

### **(q) Rounding of amounts**

The Funds are entities of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

### 3 Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders. The units can be put back to the Funds at any time for cash based on the redemption price, which is equal to a proportionate share of the Funds' net asset value attributable to the unitholders.

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Funds shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

	Australian Bond Fund				Emerging Markets Fund			
	30 June 2023 Units '000	30 June 2022 Units '000	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 Units '000	30 June 2022 Units '000	30 June 2023 \$'000	30 June 2022 \$'000
<b>Net assets attributable to unitholders</b>								
Opening balance	8,356	6,704	194,509	178,823	18,344	3,704	98,174	26,833
Applications	8,051	1,650	189,393	41,622	5,950	16,792	32,358	120,057
Redemptions	-	-	-	-	(3,120)	(2,155)	(16,295)	(19,913)
Units issued upon reinvestment of distributions	3	2	77	51	-	3	-	21
Distribution to unitholders	-	-	(5,844)	(2,607)	-	-	(592)	-
Profit/(loss) for the year	-	-	3,073	(23,380)	-	-	8,937	(28,824)
<b>Closing balance</b>	<b>16,410</b>	<b>8,356</b>	<b>381,208</b>	<b>194,509</b>	<b>21,174</b>	<b>18,344</b>	<b>122,582</b>	<b>98,174</b>
	Equity Income Fund				Real Income Fund			
	30 June 2023 Units '000	30 June 2022 Units '000	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 Units '000	30 June 2022 Units '000	30 June 2023 \$'000	30 June 2022 \$'000
<b>Net assets attributable to unitholders</b>								
Opening balance	3,236	3,541	25,413	30,498	7,057	6,176	59,720	52,923
Applications	474	718	3,896	6,217	628	1,716	5,421	15,702
Redemptions	(931)	(1,027)	(7,558)	(8,877)	(1,060)	(846)	(8,982)	(7,647)
Units issued upon reinvestment of distributions	5	4	38	37	12	11	100	98
Distribution to unitholders	-	-	(1,046)	(1,764)	-	-	(1,867)	(2,383)
Profit/(loss) for the year	-	-	2,137	(698)	-	-	2,272	1,027
<b>Closing balance</b>	<b>2,784</b>	<b>3,236</b>	<b>22,880</b>	<b>25,413</b>	<b>6,637</b>	<b>7,057</b>	<b>56,664</b>	<b>59,720</b>

### 3 Net assets attributable to unitholders (continued)

#### Capital risk management

The Funds consider their net assets attributable to unitholders as equity. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Funds are subject to daily applications and redemptions at the discretion of eligible unitholders.

Under the terms of the Funds' Constitutions, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

#### 4 Distributions to unitholders

Distributions are payable as set out in the Funds' Product Disclosure Statement and/or Funds' Constitution. Such distributions are recognised as payable when they are determined by the Responsible Entity.

The distributions for the year were as follows:

	Australian Bond Fund				Emerging Markets Fund <sup>5</sup>			
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2023	2023	2022	2022	2023	2023	2022	2022
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid - July	249	2.79	225	3.28	-	-	-	-
Distributions paid - August	149	1.58	258	3.69	-	-	-	-
Distributions paid - September	474	4.78	208	2.87	-	-	-	-
Distributions paid - October	468	4.54	204	2.77	-	-	-	-
Distributions paid - November	381	3.54	210	2.86	-	-	-	-
Distributions paid - December	830	7.34	211	2.83	-	-	-	-
Distributions paid - January	570	4.95	211	2.83	-	-	-	-
Distributions paid - February	584	4.97	195	2.56	-	-	-	-
Distributions paid - March	461	3.73	217	2.83	-	-	-	-
Distributions paid - April	606	4.77	204	2.65	-	-	-	-
Distributions paid - May	840	6.31	234	2.92	-	-	-	-
Distributions payable - June	232	1.42	230	2.74	592	2.80	-	-
<b>Total distributions</b>	<b>5,844</b>	<b>50.72</b>	<b>2,607</b>	<b>34.83</b>	<b>592</b>	<b>2.80</b>	<b>-</b>	<b>-</b>

<sup>5</sup>Emerging Markets Fund is an annual distributing fund. The Fund distributed \$nil in June 2022.

#### 4 Distributions to unitholders (continued)

	Equity Income Fund				Real Income Fund			
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2023	2023	2022	2022	2023	2023	2022	2022
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid - September	399	12.53	447	13.17	301	4.23	165	2.51
Distributions paid - December	252	8.81	539	17.45	747	10.71	936	13.59
Distributions paid - March	221	7.62	280	8.91	297	4.40	225	3.21
Distributions payable - June	174	6.26	498	15.37	522	7.86	1,057	14.76
<b>Total distributions</b>	<b>1,046</b>	<b>35.22</b>	1,764	54.90	<b>1,867</b>	<b>27.20</b>	2,383	34.07

The distribution information shown above refers to cash distributions paid by the relevant Fund for the year. Under the AMIT tax rules, a Fund may distribute cash that is different to the taxable income attributed by the Fund to unitholders.

During the year, some distributions were satisfied by the issue of units (reinvestment). See Note 3.

#### 5 Financial assets and liabilities at fair value through profit or loss

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

	Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets at fair value through profit or loss</b>								
Futures	2	23	-	-	-	-	-	-
Fixed interest securities	357,555	185,681	-	-	-	-	-	-
Floating rate notes	7,006	6,158	-	-	-	-	-	-
Forward foreign exchange contracts	-	-	1	-	-	-	-	-
Listed securities	-	-	121,039	97,048	22,594	25,343	56,085	59,558
Money market securities	1,480	-	-	-	-	-	-	-
<b>Total financial assets at fair value through profit or loss</b>	<b>366,043</b>	191,862	<b>121,040</b>	97,048	<b>22,594</b>	25,343	<b>56,085</b>	59,558
<b>Financial liabilities at fair value through profit or loss</b>								
Futures	174	-	-	-	-	-	-	-
<b>Total financial liabilities at fair value through profit or loss</b>	<b>174</b>	-	-	-	-	-	-	-

An overview of the fair value measurements relating to financial instruments at fair value through profit or loss is included in Note 11 to the financial statements.

**6 Other receivables**

	<b>Australian Bond Fund</b>		<b>Emerging Markets Fund</b>		<b>Equity Income Fund</b>		<b>Real Income Fund</b>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2023</b>	2022	<b>2023</b>	2022	<b>2023</b>	2022	<b>2023</b>	2022
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Applications receivable	<b>63,156</b>	-	<b>187</b>	255	<b>2</b>	5	<b>-</b>	118
Dividends/Distributions receivable	<b>-</b>	-	<b>352</b>	158	<b>121</b>	142	<b>926</b>	915
Interest receivable	<b>31</b>	1,283	<b>6</b>	-	<b>1</b>	-	<b>1</b>	1
GST receivable	<b>22</b>	14	<b>25</b>	21	<b>3</b>	4	<b>9</b>	9
<b>Total other receivables</b>	<b>63,209</b>	1,297	<b>570</b>	434	<b>127</b>	151	<b>936</b>	1,043

**7 Other payables**

	<b>Australian Bond Fund</b>		<b>Emerging Markets Fund</b>		<b>Equity Income Fund</b>		<b>Real Income Fund</b>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2023</b>	2022	<b>2023</b>	2022	<b>2023</b>	2022	<b>2023</b>	2022
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Redemptions payable	<b>-</b>	-	<b>-</b>	-	<b>-</b>	-	<b>125</b>	93
Management fee payable	<b>110</b>	66	<b>101</b>	82	<b>16</b>	19	<b>39</b>	43
Other payable	<b>9</b>	5	<b>-</b>	2	<b>-</b>	-	<b>1</b>	1
<b>Total other receivables</b>	<b>119</b>	71	<b>101</b>	84	<b>16</b>	19	<b>165</b>	137

**8 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities**

	Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
	30 June 2023 \$'000	30 June 2022 \$'000						
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>								
Profit/(loss)	3,073	(23,380)	8,937	(28,824)	2,137	(698)	2,272	1,027
Proceeds from sale of financial instruments at fair value through profit or loss	17,547	12,611	21,834	24,294	8,603	9,425	25,215	17,780
Payments for the purchase of financial instruments at fair value through profit or loss	(143,526)	(56,279)	(36,277)	(123,069)	(4,790)	(6,805)	(21,969)	(26,220)
Net (gains)/losses on financial instruments at fair value through profit or loss	1,516	27,737	(7,983)	28,985	(1,064)	2,275	321	1,518
Movements in cash held on collateral	(1,064)	-	-	-	-	-	-	-
Net foreign exchange (gains)/losses	-	-	(253)	204	-	-	27	-
Net change in dividends/distributions receivable	-	-	-	(121)	-	32	-	(87)
Net change in receivables and other assets	1,244	(203)	(204)	(14)	21	2	(11)	1
Net change in payables and other liabilities	48	2	17	60	(3)	(4)	(4)	3
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(121,162)</b>	<b>(39,512)</b>	<b>(13,929)</b>	<b>(98,485)</b>	<b>4,904</b>	<b>4,227</b>	<b>5,851</b>	<b>(5,978)</b>

**(b) Components of cash and cash equivalents**

Cash as at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the Statements of Financial Position as follow:

Cash	1,865	2,162	3,624	1,414	349	436	451	313
Margin accounts	-	392	-	-	-	-	-	-
	<b>1,865</b>	<b>2,554</b>	<b>3,624</b>	<b>1,414</b>	<b>349</b>	<b>436</b>	<b>451</b>	<b>313</b>

## **9 Financial risk management**

The Funds are exchange traded managed funds that primarily invest in Australian equity securities, including unit trusts, cash and cash equivalents and futures.

The Funds' activities expose them to a variety of financial risks which may include: market risk (including price risk, foreign exchange risk and interest rate risk), counterparty/credit risk and liquidity risk. The Funds use different methods to measure different types of risk to which they are exposed. Methods include sensitivity analysis in the case of price risk.

The Funds' overall risk management programs focus on ensuring compliance with the Funds' Product Disclosure Statements (PDSs) and seek to maximise the returns derived for the level of risk to which the Funds are exposed. Financial risk management is carried out by an investment manager under policies approved by the Board of Directors of the Responsible Entity (the Board).

The Board of Directors of the Responsible Entity has overall responsibility for the establishment and oversight of the Funds' risk management framework. The Funds' overall risk management programs focus on ensuring compliance with the Funds' PDSs and investment guidelines.

Compliance with the Funds' PDSs, Constitutions and investment guidelines are reported to the Board on a regular basis.

### **(a) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity market prices will affect the Funds' income or the carrying value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Included in the following analysis are tables that summarise the sensitivity of the operating profit and net assets attributable to unitholders to changes in market prices (e.g. equity prices, foreign exchange rates and interest rates). The analysis is based on reasonably possible movements in the specified risk variable with other variables held constant. Actual movements in the risk variables in any year may be greater or less than indicated. The market price risk information is intended to be a relative estimate of risk rather than a precise and accurate number. It represents a hypothetical outcome and is not intended to be predictive. The analysis is based on historical data and cannot take account of the fact that future market price movements (e.g. in times on market stress) may bear no relation to historical patterns.

#### *(i) Price risk*

The Funds except Australian Bond Fund are exposed to equity securities price risk. This arises from investments held by the Funds for which prices in the future are uncertain. Equity securities are classified on the statements of financial position as at fair value through profit or loss. All securities investments present a risk of loss of capital.

The Australian Bond Fund holds cash (including cash denominated in currencies other than the Australian dollar) and interest bearing securities. These investments have exposure to interest rate risk and credit risk.

The Funds' overall market positions are reported to the Board on a regular basis.

## 9 Financial risk management (continued)

### (a) Market risk (continued)

#### (i) Price risk (continued)

##### Sensitivity analysis

A 10% movement at the report date of the market prices attributable to financial assets or financial liabilities by the relevant Funds would have the following impact on the Funds' profit/(loss) and net assets attributable to unitholders. The calculations include the impact of any derivatives that may be held by a Fund. It is assumed that the relevant change occurs at the balance date.

	Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
	30 June 2023 \$'000	30 June 2022 \$'000						
+10% Price movement - impact on the Funds' profit/(loss) and net assets attributable to unitholders	<b>2,294</b>	-	<b>12,115</b>	9,705	<b>2,259</b>	2,534	<b>5,609</b>	5,956
-10% Price movement - impact on the Funds' profit/(loss) and net assets attributable to unitholders	<b>(2,294)</b>	-	<b>(12,115)</b>	(9,705)	<b>(2,259)</b>	(2,534)	<b>(5,609)</b>	(5,956)

#### (ii) Interest rate risk

##### Australian Bond Fund

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

Interest bearing financial assets are exposed to fluctuations in the prevailing levels of market interest rates on their financial position and cash flows. Financial instruments with variable interest rate expose Funds to cash flow interest rate risk. Financial instruments with fixed interest rates expose the Fund to fair value interest rate risk. This risk is measured using sensitivity analysis.

Interest rate risk is not considered to be significant to the Funds, except for Australian Bond Fund (see next page), other than its cash holdings.

## 9 Financial risk management (continued)

### (a) Market risk (continued)

#### (ii) Interest rate risk (continued)

The table below summaries the Fund's exposure to interest rate risks.

Australian Bond Fund	Floating	Fixed	Non-interest	Total	Floating	Fixed	Non-interest	Total
	interest rate	interest rate	bearing		interest rate	interest rate	bearing	
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2023	2023	2023	2023	2022	2022	2022	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>								
Cash and cash equivalents	1,865	-	-	1,865	2,162	-	-	2,162
Cash held on collateral	1,064	-	-	1,064	392	-	-	392
Financial assets at fair value through profit or loss	7,006	359,035	2	366,043	6,158	185,681	23	191,862
Due from brokers - receivable for securities sold	-	-	936	936	-	-	-	-
Other receivables	-	-	63,209	63,209	-	-	1,297	1,297
<b>Liabilities</b>								
Financial liabilities at fair value through profit or loss	-	-	(174)	(174)	-	-	-	-
Distributions payable	-	-	(232)	(232)	-	-	(230)	(230)
Due to brokers - payable for securities purchased	-	-	(51,384)	(51,384)	-	-	(903)	(903)
Other payables	-	-	(119)	(119)	-	-	(71)	(71)
<b>Net exposure</b>	<b>9,935</b>	<b>359,035</b>	<b>12,238</b>	<b>381,208</b>	<b>8,712</b>	<b>185,681</b>	<b>116</b>	<b>194,509</b>

#### Sensitivity analysis - Interest rate risk

The table below summarises the sensitivities of the interest rate risk. The analysis is based on the assumption that interest rates increase or decrease by a "predetermined basis points" from the year end rates with all other variables held constant. The impact mainly arises from changes in the fair value of debt securities. The "predetermined basis points" for 30 June 2023 and 30 June 2022 are noted in the table below. Management have considered the movements for each investment asset type to be reasonable given the Fund's economic environment.

Australian Bond Fund (\$'000)	Impact on net assets attributable to unitholders					
	Currency	Sensitivity	Increase	Decrease	Increase	Decrease
		rate (basis	30 June	30 June	30 June	30 June
		points)	2023	2023	2022	2022
Australian Dollars	100*		(21,946)	21,946	(11,583)	11,583

\*100 basis points used for 30 June 2022

The other Funds are exposed to interest rate risk on their cash holdings. Interest income from cash holdings is earned at variable interest rates. Investments in cash holdings are at call.

## 9 Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Foreign exchange risk

#### Emerging Markets Fund

Except Emerging Markets Fund, all other Funds are not directly subject to significant foreign exchange risk as securities held are predominately domiciled in Australia.

The Fund may hold both monetary and non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk not foreign exchange risk. Foreign exchange risk arises as the value of monetary assets denominated in other currencies fluctuates due to changes in exchange rates. The risk is measured using sensitivity analysis.

The table below summarises the Fund's assets and liabilities, monetary and non-monetary, that are denominated in a currency other than the Australian dollar (calculated after the effect of associated foreign derivatives).

	<b>Equity Income Fund</b>			
	<b>HKD</b>	<b>25,446</b>	HKD	24,492
	<b>USD</b>	<b>6,914</b>	USD	8,091
	<b>KRW</b>	<b>20,332</b>	KRW	14,786
	<b>INR</b>	<b>22,517</b>	INR	16,428
	<b>TWD</b>	<b>15,977</b>	TWD	11,421
	<b>Others</b>	<b>29,422</b>	Others	22,029
		<b>120,608</b>		<b>97,247</b>

#### Net foreign currency exposure

#### Sensitivity analysis - Foreign exchange risk

The following table summarises the sensitivity of the Fund's monetary assets and liabilities to foreign exchange risk.

	<b>Emerging Markets Fund</b>	
	<b>30 June</b>	30 June
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
Impact on profit/(loss) from operating activities and net assets attributable to unitholders		
10% AUD appreciation against foreign currency (2022: 10%)	<b>(41)</b>	(19)

10% AUD depreciation against foreign currency would have an equal, but opposite effect to the amounts shown in the table above.

## 9 Financial risk management (continued)

### (b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds.

The main concentration of credit risk to which the Funds are exposed arise from the Funds' investment in cash and cash equivalents, and investment in debt securities.

#### (i) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is considered low as the Funds only invest their assets into bank deposit accounts held with banks that are regulated in Australia by the Australian Prudential Regulatory Authority as authorised deposit taking institutions, and all counterparties have a credit rating of at least A-.

In accordance with the Funds' policy, the Responsible Entity monitors the Funds' credit position on a regular basis.

#### (ii) Settlement of securities transactions

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

#### (iii) Debt securities

Certain Funds invest in debt securities being bank issued senior floating rate notes. An analysis of debt securities by rating of the issuer is set out in the table below for Fund which have such securities.

	<b>Australian Bond Fund</b>	
	<b>30 June 2023 \$'000</b>	30 June 2022 \$'000
<b>Rating</b>		
AAA	<b>122,373</b>	60,961
AA+ to AA-	<b>121,669</b>	54,810
A+ to A-	<b>66,201</b>	43,581
BBB+ to BBB-	<b>54,319</b>	31,035
<b>Total</b>	<b>364,562</b>	190,387

## 9 Financial risk management (continued)

### (b) Credit risk (continued)

#### (iv) Other

The custody of the Funds' assets are mainly concentrated with one counterparty, namely Citigroup Pty Ltd. Citigroup Pty Ltd is a subsidiary of a company listed on a major securities exchange, and at 30 June 2023 had a credit rating of A by Standard & Poor's (S&P) (30 June 2022 : "A" by S&P). At 30 June 2023, substantially all cash and cash equivalents, balances due from brokers and investments are held in custody by Citigroup Pty Ltd.

The Funds are not materially exposed to credit risks on other financial assets.

### (c) Liquidity risk

Liquidity risk is the risk that the Funds will encounter difficulty in meeting obligations associated with financial liabilities.

The Funds are exposed to daily cash redemptions of redeemable units. The Funds' investments in cash and cash equivalents and debt securities are considered to be readily realisable and the Funds maintain adequate liquidity to pay withdrawals and distributions when required.

Certain Funds may invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Funds may not be able to quickly liquidate their investments in these instruments at an amount close to their fair value to meet their liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty.

The following tables analyse the Funds' non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting year to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows.

	<b>Australian Bond Fund</b>							
	<b>On demand</b>	<b>Less than</b>	<b>Greater than</b>	<b>Total</b>	<b>On demand</b>	<b>Less than</b>	<b>Greater than</b>	<b>Total</b>
	<b>30 June</b>	<b>6 months</b>	<b>6 months</b>		<b>30 June</b>	<b>30 June</b>	<b>6 months</b>	
	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
Distributions payable	-	232	-	232	-	230	-	230
Due to brokers - payable for securities purchased	-	51,384	-	51,384	-	903	-	903
Other payables	-	119	-	119	-	71	-	71
<b>Contractual cash flows (excluding net settled derivatives)</b>	<b>-</b>	<b>51,735</b>	<b>-</b>	<b>51,735</b>	<b>-</b>	<b>1,204</b>	<b>-</b>	<b>1,204</b>
Futures	-	174	-	174	-	-	-	-
<b>Net settled derivatives</b>	<b>-</b>	<b>174</b>	<b>-</b>	<b>174</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**9 Financial risk management (continued)**

**(c) Liquidity risk (continued)**

	<b>Emerging Markets Fund</b>							
	<b>On demand</b>	<b>Less than</b>	<b>Greater than</b>	<b>Total</b>	<b>On demand</b>	<b>Less than</b>	<b>Greater than</b>	<b>Total</b>
	<b>30 June</b>	<b>6 months</b>	<b>6 months</b>	<b>30 June</b>	<b>30 June</b>	<b>6 months</b>	<b>6 months</b>	<b>30 June</b>
	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Distributions payable	-	592	-	592	-	-	-	-
Due to brokers - payable for securities purchased	-	1,959	-	1,959	-	1,278	-	1,278
Other payables	-	101	-	101	-	84	-	84
<b>Contractual cash flows (excluding net settled derivatives)</b>	<b>-</b>	<b>2,652</b>	<b>-</b>	<b>2,652</b>	<b>-</b>	<b>1,362</b>	<b>-</b>	<b>1,362</b>
	<b>Equity Income Fund</b>							
	<b>On demand</b>	<b>Less than</b>	<b>Greater than</b>	<b>Total</b>	<b>On demand</b>	<b>Less than</b>	<b>Greater than</b>	<b>Total</b>
	<b>30 June</b>	<b>6 months</b>	<b>6 months</b>	<b>30 June</b>	<b>30 June</b>	<b>6 months</b>	<b>6 months</b>	<b>30 June</b>
	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Distributions payable	-	174	-	174	-	498	-	498
Other payables	-	16	-	16	-	19	-	19
<b>Contractual cash flows (excluding net settled derivatives)</b>	<b>-</b>	<b>190</b>	<b>-</b>	<b>190</b>	<b>-</b>	<b>517</b>	<b>-</b>	<b>517</b>
	<b>Real Income Fund</b>							
	<b>On demand</b>	<b>Less than</b>	<b>Greater than</b>	<b>Total</b>	<b>On demand</b>	<b>Less than</b>	<b>Greater than</b>	<b>Total</b>
	<b>30 June</b>	<b>6 months</b>	<b>6 months</b>	<b>30 June</b>	<b>30 June</b>	<b>6 months</b>	<b>6 months</b>	<b>30 June</b>
	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Distributions payable	-	522	-	522	-	1,057	-	1,057
Due to brokers - payable for securities purchased	-	121	-	121	-	-	-	-
Other payables	-	165	-	165	-	137	-	137
<b>Contractual cash flows (excluding net settled derivatives)</b>	<b>-</b>	<b>808</b>	<b>-</b>	<b>808</b>	<b>-</b>	<b>1,194</b>	<b>-</b>	<b>1,194</b>

## 10 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the statements of financial position are disclosed in the first three columns of the tables below.

	Effects of offsetting on the statements of financial position			Related amounts not offset in the statements of financial position		
	Gross amounts of financial assets/(liabilities)	Gross amounts set off in the statements of financial position	Net amount of financial assets/(liabilities) presented in the statements of financial position	Financial instruments (including non-cash collateral)	Stock and cash collateral pledged	Net amounts
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Australian Bond Fund</b>						
<b>As at 30 June 2023</b>						
<b>Financial assets</b>						
Futures	2		2	(2)	-	-
<b>Total</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>(2)</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>						
Futures	(174)	-	(174)	2	172	-
<b>Total</b>	<b>(174)</b>	<b>-</b>	<b>(174)</b>	<b>2</b>	<b>172</b>	<b>-</b>
<b>As at 30 June 2022</b>						
<b>Financial liabilities</b>						
Futures	23	-	23	-	-	-
<b>Total</b>	<b>23</b>	<b>-</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>-</b>

Agreements with over-the-counter derivative counterparties are based on the International Swaps and Derivatives Association (ISDA) Master Agreement. Under the terms of these arrangements, only when certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Fund does not presently have a legally enforceable right of set-off, these amounts have not been offset in the statement of financial position but have been presented separately in the above table.

## 11 Fair value measurements

AASB 13 *Fair value measurements* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

## **11 Fair value measurements (continued)**

### **Fair value estimation**

The carrying amounts of the Funds' assets and liabilities at the end of each reporting year approximate their fair values.

Financial assets and liabilities at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments at fair value through profit or loss are measured at fair value with changes in their fair value recognised in statements of comprehensive income.

#### *(i) Fair value in an active market (Level 1)*

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting year without any deduction for estimated future selling costs.

The Funds value their investments in accordance with the accounting policies set out in Note 2. For the majority of their investments, the Funds rely on information provided by independent pricing services for the valuation of their investments.

The quoted market price used for financial assets is the last traded price. Where the last traded price does not fall within the bid-ask spread, an assessment is performed by management to determine the appropriate valuation price to use that is most representative of fair value.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

#### *(ii) Fair value in an inactive or unquoted market (Level 2 and Level 3)*

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting year applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting year. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Funds for similar financial instruments.

## 11 Fair value measurements (continued)

### Fair value estimation (continued)

#### (iii) Recognised fair value measurements

The tables below set out the Funds' financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy:

	Australian Bond Fund							
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2023	2023	2023	2023	2022	2022	2022	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>								
Financial assets at fair value through profit or loss:								
Futures	2	-	-	2	23	-	-	23
Fixed interest securities	-	357,555	-	357,555	-	185,681	-	185,681
Floating rate notes	-	7,006	-	7,006	-	6,158	-	6,158
Money market securities	-	1,480	-	1,480	-	-	-	-
<b>Total</b>	<b>2</b>	<b>366,041</b>	<b>-</b>	<b>366,043</b>	<b>23</b>	<b>191,839</b>	<b>-</b>	<b>191,862</b>
<b>Financial liabilities</b>								
Financial liabilities at fair value through profit or loss:								
Futures	174	-	-	174	-	-	-	-
<b>Total</b>	<b>174</b>	<b>-</b>	<b>-</b>	<b>174</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Emerging Markets Fund							
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2023	2023	2023	2023	2022	2022	2022	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>								
Financial assets at fair value through profit or loss:								
Listed securities	121,039	-	-	121,039	96,953	-	95	97,048
Foreign currency contracts	-	1	-	1	-	-	-	-
<b>Total</b>	<b>121,039</b>	<b>1</b>	<b>-</b>	<b>121,040</b>	<b>96,953</b>	<b>-</b>	<b>95</b>	<b>97,048</b>

## 11 Fair value measurements (continued)

### Fair value estimation (continued)

(iii) *Recognised fair value measurements (continued)*

	<b>Equity Income Fund</b>							
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
<b>Financial assets</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Financial assets at fair value through profit or loss:								
Listed securities	<b>22,594</b>	-	-	<b>22,594</b>	25,343	-	-	25,343
<b>Total</b>	<b>22,594</b>	-	-	<b>22,594</b>	25,343	-	-	25,343

	<b>Real Income Fund</b>							
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
<b>Financial assets</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Financial assets at fair value through profit or loss:								
Listed securities	<b>56,085</b>	-	-	<b>56,085</b>	59,558	-	-	59,558
<b>Total</b>	<b>56,085</b>	-	-	<b>56,085</b>	59,558	-	-	59,558

(iv) *Transfers between levels*

The Funds listed below had transfers between levels during the year ended 30 June 2023 and 30 June 2022.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>30 June</b>					
	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
<b>Emerging Markets Fund</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Transfers between levels 1 and 3:						
Listed securities	-	-	-	(410)	-	410

## 11 Fair value measurements (continued)

### Fair value estimation (continued)

#### (v) Movement in level 3 instruments

The following table presents the Funds that had movement in level 3 instruments for the year ended 30 June 2023 and 30 June 2022 by class of financial instrument:

	<b>Listed securities</b>	
	<b>Emerging Markets Fund</b>	
	<b>30 June</b>	30 June
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
Opening balance	<b>95</b>	-
Purchases	-	1,261
Sales	<b>(52)</b>	(1,425)
Transfers into/(out) from level 3	-	410
Gains/(losses) recognised in profit or loss	<b>(43)</b>	(151)
<b>Closing balance</b>	<b>-</b>	<b>95</b>
Total gains/(losses) for the year included in the statements of comprehensive income for financial assets and liabilities held at the end of the year	<b>(43)</b>	(151)

### Valuation process

Portfolio reviews are undertaken regularly by management to identify securities that potentially may not be actively traded or have stale security pricing. This process identifies securities which possibly could be regarded as level 3 securities.

Further analysis, should it be required, is undertaken to determine the accounting significance of the identification. For certain security types, in selecting the most appropriate valuation model, management performs back testing and considers actual market transactions. Changes in allocation to or from level 3 are analysed at the end of each reporting year.

#### (vi) Fair value of financial instruments not carried at fair value

The carrying value of receivables and payables are assumed to approximate their fair values.

The carrying value of the net assets attributable to unitholders differs from its fair value (deemed to be the redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current year.

## 12 Derivative financial instruments

In the normal course of business certain Funds may enter into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Funds' portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Fund against a fluctuation in market values or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Funds.

The following Fund held derivative instruments:

	<b>Australian Bond Fund</b>					
	<b>Contract/ notional</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Contract/ notional</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Futures	<b>22,939</b>	<b>2</b>	<b>174</b>	10,214	23	-
	<b>22,939</b>	<b>2</b>	<b>174</b>	10,214	23	-

### 13 Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Funds. Audit fees were borne by the Responsible Entity:

	Australian Bond Fund		Emerging Market Fund		Equity Income Fund		Real Income Fund	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$	\$	\$	\$	\$
<b>KPMG</b>								
<i>Audit and other assurance service</i>								
Audit and review of financial reports	4,982	4,982	4,982	4,982	4,982	4,982	4,982	4,982
Audit of compliance plan	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230
Total remuneration of audit and other assurance services	6,212	6,212	6,212	6,212	6,212	6,212	6,212	6,212

### 14 Related party transactions

#### Responsible Entity

The Responsible Entity of the Funds is Betashares Capital Ltd (ABN 78 139 566 868) , which is a wholly owned subsidiary of Betashares Financial Group Pty Ltd.

#### Key management personnel

The Funds do not employ personnel in their own right. However, the Funds are required to have an incorporated Responsible Entity to manage the activities and this is considered to be key management personnel. The directors of the Responsible Entity, which are key management personnel of the Responsible Entity, during or since the end of the financial year are:

#### (a) Directors

Mr Alex Vynokur (appointed 21 September 2009)

Mr Jason Gellert (appointed 5 March 2021)

Mr Edward Sippel (appointed 5 March 2021)

#### (b) Other key management personnel

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

## 14 Related party transactions (continued)

### Responsible Entity's management fees and other transactions

The Responsible Entity's fees are calculated in accordance with the Funds' Constitutions. The Responsible Entity's fees comprise a management fee (after taking account of GST and reduced input tax credits), which are calculated as a percentage of the net asset value of the Funds and are disclosed in the statements of comprehensive income. The following table discloses the Responsible Entity's fees ended 30 June 2023 and 30 June 2022:

Funds	Management fee	
	30 June	30 June
	2023	2022
	%	%
Australian Bond Fund	0.42	0.42
Emerging Markets Fund	1.00	1.00
Equity Income Fund	0.85	0.85
Real Income Fund	0.85	0.85

The related party transactions during the year and amounts payable at year end were as follows:

	Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
Management fees expensed to the Responsible Entity	1,095,599	796,367	1,090,850	870,860	206,189	238,065	501,600	530,189
Management fees payable to the Responsible Entity at reporting date	109,562	65,700	100,395	81,872	15,946	18,468	39,358	43,418

### Related party unitholdings

Parties related to the Funds, including the Responsible Entity, its affiliates or other schemes managed by the Responsible Entity, held no units in the Funds during the financial year.

#### **14 Related party transactions (continued)**

##### **Investments**

The Funds did not hold any investments in other schemes managed by the Responsible Entity or its related parties.

#### **15 Events occurring after the reporting year**

No significant events have occurred since the end of the reporting year which would impact on the financial position of the Funds disclosed in the statements of financial position as at 30 June 2023 or on the results and cash flows of the Funds for the year ended on that date.

#### **16 Contingent assets and liabilities and commitments**

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2023 and 30 June 2022.

## Directors' declaration

Betashares Capital Ltd presents the Directors' Declaration in respect of the following Funds:

Betashares Western Asset Australian Bond Fund (managed fund)  
Betashares Martin Currie Emerging Markets Fund (managed fund)  
Betashares Martin Currie Equity Income Fund (managed fund)  
Betashares Martin Currie Real Income Fund (managed fund)

In the opinion of the directors of Betashares Capital Ltd, the Responsible Entity of the Funds:

- (a) the financial statements and notes set out on pages 7 to 39 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards, and interpretations issued by the Australian Accounting Standards Board and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the Funds' financial positions as at 30 June 2023 and of their performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable; and
- (c) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board.

Signed in accordance with a resolution of the directors.



Alex Vynokur  
Director

Sydney  
22 September 2023



## Independent Auditor's Report

To the respective unitholders of the following Schemes:

Betashares Western Asset Australian Bond Fund (managed fund)

Betashares Martin Currie Emerging Markets Fund (managed fund)

Betashares Martin Currie Equity Income Fund (managed fund)

Betashares Martin Currie Real Income Fund (managed fund)

For the purpose of this report, the term Scheme and Schemes denote the individual and distinct entity for which the financial information is prepared and upon which our audit is performed. Each is to be read as a singular subject matter.

### Opinions

We have audited each of the **Financial Reports** of the Schemes.

In our opinion, the accompanying Financial Report of each Scheme is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of that Scheme's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The respective **Financial Reports** of the individual Schemes comprise:

- Statements of financial position as at 30 June 2023;
- Statements of comprehensive income for the year then ended;
- Statements of changes in equity, and Statements of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration made by the Directors of Betashares Capital Limited (the Responsible Entity).

### Basis for opinions

We conducted our audits in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audits of the Financial Reports* section of our report.

We are independent of the Schemes and the Responsible Entity in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audits of the Financial Reports in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

### Key Audit Matters

**Key Audit Matters** are those matters that, in our professional judgement, were of most significance in our respective audits of the



Financial Reports of each Scheme in the current period.

These matters were addressed in the context of our audits of the Financial Reports as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The **Key Audit Matter** we identified for each of the Scheme is:

- Valuation and existence of financial instruments.

**Valuation and existence of financial instruments (Betashares Western Asset Australian Bond Fund (managed fund) \$366,043,000, Betashares Martin Currie Emerging Markets Fund (managed fund) \$121,040,000, Betashares Martin Currie Equity Income Fund (managed fund) \$22,594,000, Betashares Martin Currie Real Income Fund (managed fund) \$56,085,000)**

Refer to Note 5 to the Financial Report

**The key audit matter**

**How the matter was addressed in our audit**

Financial instruments at fair value through profit or loss comprise investments in listed securities, debt securities and derivatives (“investments”).

The Scheme outsources certain processes and controls relevant to:

- Executing transactions as instructed by the Responsible Entity and recording and valuing

Our procedures included:

- We assessed the appropriateness of the accounting policies applied by the Scheme, including those relevant to the fair value of investments, against the requirements of the accounting standards.
- We obtained and read the Scheme’s Service Provider’s ASAE 3402 Assurance Reports on Controls at a Service Organisation and GS007 (Guidance Statement 007 Audit

investments to the Scheme administrator;

- Maintaining custody and underlying records of investments to the custodian;

Valuation and existence of investments is a key audit matter due to the:

- Size of the Scheme’s portfolio of investments. These investments represent a significant percentage of the Scheme’s total assets at year end; and
- Importance of the performance of these investments in driving the Scheme’s investment income and capital performance, as reported in the Financial Report.

As a result, this was the area with greatest effect on our overall audit strategy and allocation of resources in planning and performing our audit.

*Implications of the Use of Service Organisations for Investment Management Services*) assurance reports to understand the processes and assess the controls relevant to the:

- Scheme administrator – to execute transactions, record and value the Scheme’s investments;
- Custodian – to maintain custody and underlying records of the Scheme’s investments;
- We obtained and read the custodians bridging letter over the period not covered by the ASAE 3402 and GS007 assurance reports. We have checked that there were no instances of non-compliance over controls in place at the service provider.
- We assessed the reputation, professional competence and independence of the auditors of the ASAE 3402 and GS007 assurance reports.
- We checked the existence of investments, being the ownership and quantity held, to external sources such as independent confirmations for derivative investments as at 30 June 2023.



- We checked the valuation of investments, as recorded in the general ledger, to independently sourced prices as at 30 June 2023.

We evaluated the Scheme's disclosures of investments, using our understanding obtained from our testing, against the requirements of the accounting standards.

## Other Information

Other Information is financial and non-financial information in the respective Scheme's annual reporting which is provided in addition to the Financial Reports and the Auditor's Report. The Directors of the Responsible Entity are responsible for the Other Information.

Our opinions on the Financial Reports do not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audits of the Financial Reports, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Reports or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of Directors for the Financial Reports

The Directors of the Responsible Entity are responsible for:

- preparing the Financial Reports that give a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal controls to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing each Scheme's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the respective Scheme or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audits of the Financial Reports

Our objective is:

- to obtain reasonable assurance about whether each of the Financial Reports as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinions.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 Reports.



A further description of our responsibilities for the audits of the Financial Reports is located at the Auditing and Assurance Standards Board website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf). This description forms part of our Auditor's Report.



A handwritten signature in black ink that reads 'Nicholas Buchanan'.

Nicholas Buchanan

Partner

Sydney

22 September 2023



Betashares Capital Ltd (ABN 78 139 566 868 AFSL 341181) is the issuer. Investors should read the relevant fund PDS and TMD (available at [www.betashares.com.au](http://www.betashares.com.au)) and consider whether the fund is appropriate for them. Past performance is not indicative of future returns. Investing involves risk.