

First Sentier Global Property Securities Fund

ARSN 634 637 586

Annual Report

For the year ended 30 June 2022

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These financial statements cover First Sentier Global Property Securities Fund as an individual entity.

The Responsible Entity of the First Sentier Global Property Securities Fund is The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235 150). The Responsible Entity's registered office is Level 18 Angel Place, 123 Pitt Street, Sydney, NSW 2000.

Directors' Report

The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235150) is the responsible entity (the "Responsible Entity") of First Sentier Global Property Securities Fund (the "Fund"). The directors of the Responsible Entity (the "Directors") present their report together with the financial statements of the Fund for the year ended 30 June 2022.

Principal activities

The Fund is a registered managed investment scheme domiciled in Australia.

The Fund actively seeks to identify undervalued global real estate securities with minimal downside risk, sustainable earnings growth and good qualitative attributes. The Fund uses proprietary forecasting and valuation methodologies and a disciplined portfolio construction process with an over-riding focus on absolute and relative risk. The Fund's Hedged Class uses derivatives to hedge its currency exposure to Australian dollars.

The Fund was constituted on 3 July 2019 and commenced operations on 22 March 2022.

The Fund did not have any employees during the year.

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

Directors

The Directors of The Trust Company (RE Services) Limited during the year and up to the date of this report are shown below. The Directors were in office for this entire period except where stated otherwise:

Glenn Foster	
Simone Mosse	
Vicki Riggio	
Phillip Blackmore	Alternate Director for Vicki Riggio
Richard McCarthy	Resigned as Director on 1 February 2022

Review and results of operations

During the year, the Fund invested in accordance with the investment objective and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

Results

The performance of the Fund, as represented by the results of its operations, was as follows:

	Year ended	
	30 June 2022	30 June 2021
Operating profit/(loss) (\$)	(371,447)	-

Significant changes in the state of affairs

During the financial year, the Fund was seeded and made investments in global real estate securities in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and the provisions of the Fund's Constitution.

The Directors continue to assess the potential financial and other impacts of the coronavirus ("COVID-19") outbreak to the Fund. The current high-level of uncertainty regarding the severity and length of COVID-19 on investment markets has impacted investment outcomes and increased volatility in investment performance during the period.

At the date of signing, the future impacts of COVID-19 on global and domestic economies and investment market indices, and their resulting impact on the Fund are uncertain. The Directors and management will continue to monitor this situation.

Directors' Report (continued)

Further to this, the current geopolitical events have also had a global market impact and uncertainty exists as to their implications. Such disruptions can adversely affect the assets, performance and liquidity of investment funds.

Recognising the Russia/Ukraine conflict as well as Australia's broadening of its existing autonomous sanctions, the Directors and management continue to remain abreast of developments in this area and monitor the potential impacts across the Fund.

On 1 February 2022, Richard McCarthy resigned as a Director.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Fund that occurred during the year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect:

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

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. 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.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of the Responsible Entity or the auditors of the Fund. So long as the officers of the Responsible Entity act in accordance with the Fund's Constitution and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

The auditors of the Fund are in no way indemnified out of the assets of the Fund.

Fees paid to and interests held in the Fund by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of the Fund's property during the year are disclosed in Note 20 to the financial statements.

No fees were paid out of the Fund's property to the Directors of the Responsible Entity during the year.

The number of units in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 20 to the financial statements.

Units in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 10 of the financial statements.

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

Environmental regulation

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

Directors' Report (continued)

Rounding of amounts to the nearest dollar

The Fund is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest dollar in accordance with the *ASIC Corporations Instrument*, unless otherwise indicated.

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 Directors of The Trust Company (RE Services) Limited.



Director
The Trust Company (RE Services)
Limited

Sydney
21 September 2022

The Board of Directors
The Trust Company (RE Services) Limited
Level 18, 123 Pitt Street
Sydney NSW 2000

21 September 2022

Dear Directors,

Auditor's Independence Declaration to First Sentier Global Property Securities Fund

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of The Trust Company (RE Services) Limited, as the Responsible Entity for the First Sentier Global Property Securities Fund.

As lead audit partner for the audit of the financial statements of the First Sentier Global Property Securities Fund for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Jonathon Corbett
Partner
Chartered Accountants

Statement of comprehensive income

	Notes	Year ended	
		30 June 2022	30 June 2021
		\$	\$
Investment income			
Dividend/Trust distribution income		30,879	-
Net gains/(losses) on financial instruments at fair value through profit or loss	6	(415,893)	-
Net foreign currency gains/(losses) on financial instruments not at fair value through profit or loss	19	29,412	-
Other income	17	<u>62,686</u>	<u>-</u>
Total investment income		<u>(292,916)</u>	<u>-</u>
Expenses			
Management fees	20	6,030	-
Responsible Entity's fees	20	121	-
Administration and custody fees		27,999	-
Transaction costs		3,068	-
Professional fees	14	33,384	-
Other expenses	18	<u>7,929</u>	<u>-</u>
Total operating expenses		<u>78,531</u>	<u>-</u>
Operating profit/(loss) before finance costs		<u>(371,447)</u>	<u>-</u>
Finance costs attributable to unitholders			
Increase/(decrease) in net assets attributable to unitholders	10	<u>(371,447)</u>	<u>-</u>
Profit/(loss) for the financial year		<u>-</u>	<u>-</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the financial year		<u>-</u>	<u>-</u>

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

Statement of financial position

		As at	
	Notes	30 June 2022 \$	30 June 2021 \$
Assets			
Cash and cash equivalents		41,159	-
Due from brokers		8,328	-
Receivables		56,967	-
Financial assets at fair value through profit or loss	7	<u>2,687,806</u>	-
Total assets		<u>2,794,260</u>	-
Liabilities			
Due to brokers		8,382	-
Management fees payable	20	3,914	-
Responsible Entity's fees payable	20	97	-
Administration and custody fees payable		22,890	-
Other payables		40,129	-
Financial liabilities at fair value through profit or loss	10	<u>50,295</u>	-
Total liabilities		<u>125,707</u>	-
Net assets attributable to unitholders - liability	13	<u>2,668,553</u>	-

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

Statement of changes in equity

	Year ended	
	30 June 2022	30 June 2021
	\$	\$
Total equity at the beginning of the financial year	-	-
Profit/(loss) for the financial year	-	-
Other comprehensive income	-	-
Total comprehensive income for the financial year	-	-
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the financial year	-	-

Under Australian Accounting Standards, net assets attributable to unit holders are classified as a liability rather than equity. As a result, there was no equity at the start or end of the financial year.

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

Statement of cash flows

	Notes	Year ended	
		30 June 2022	30 June 2021
		\$	\$
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		429,543	-
Payments for purchase of financial instruments at fair value through profit or loss		(3,482,893)	-
Net foreign exchange gains/(losses)		29,382	-
Dividends/distribution received		15,103	-
Other income received		17,243	-
Management fees paid		(2,116)	-
Administration and custody fees paid		(5,109)	-
Responsible Entity's fees paid		(24)	-
Net cash inflow/(outflow) from operating activities	13(a)	<u>(2,998,871)</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from applications by unitholders		<u>3,040,000</u>	<u>-</u>
Net cash inflow/(outflow) from financing activities		<u>3,040,000</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		41,129	-
Cash and cash equivalents at the beginning of the year		-	-
Effects of foreign currency exchange rate changes on cash and cash equivalents		<u>30</u>	<u>-</u>
Cash and cash equivalents at the end of the year	12	<u>41,159</u>	<u>-</u>

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

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1 General information

These financial statements cover the First Sentier Global Property Securities Fund (the “Fund”) as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 3 July 2019 and commenced operations on 22 March 2022. The Fund will terminate in accordance with the provisions of the Fund’s Constitution.

The Trust Company (RE Services) Limited (ABN 45 003 278 831) is the responsible entity of the Fund (the “Responsible Entity”). The Responsible Entity’s registered office is Level 18 Angel Place, 123 Pitt Street, Sydney, NSW, 2000.

The investment manager of the Fund is First Sentier Investors (Australia) IM Limited (the “Investment Manager”).

The Fund actively seeks to identify undervalued global real estate securities with minimal downside risk, sustainable earnings growth and good qualitative attributes. The Fund uses proprietary forecasting and valuation methodologies and a disciplined portfolio construction process with an over-riding focus on absolute and relative risk. The Fund’s Hedged Class uses derivatives to hedge its currency exposure to Australian dollars.

The financial statements of the Fund are for the year ended 30 June 2022. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the directors of the Responsible Entity (the “Directors of the Responsible Entity”) on 21 September 2022. 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 periods presented, unless otherwise stated in the following text.

(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 Fund is a for-profit fund for the purpose of preparing the financial statements.

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

The Statement of financial position is 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 financial liabilities at fair value through profit or loss and net assets attributable to unitholders.

The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within twelve months, however, an estimate of that amount cannot be determined as at year end.

In the case of net assets attributable to unitholders, the units are redeemed on demand at the unitholder’s option. However, unitholders typically retain units for the medium to long-term. As such, the amount expected to be settled within twelve months cannot be reliably determined.

(i) Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Fund also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2021 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iii) *New standards, amendments and interpretations effective after 1 July 2022 and have not been early adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2022, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

(b) Financial Instruments

(i) *Classification*

- **Assets:**

The Fund classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Fund's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities and derivatives, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. The financial assets are subject to the expected credit loss ("ECL") model impairment model under AASB 9.

- **Liabilities**

Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

(ii) *Recognition/derecognition*

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises 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 Fund has transferred substantially all risks and rewards of ownership.

(iii) *Measurement*

At initial recognition, the Fund measures financial assets and financial liabilities at fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the Statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss category are presented in the Statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise. This also includes dividend expense on short sales of securities, which have been classified at fair value through profit or loss.

Further details on how the fair values of financial instruments are determined are disclosed in Note 4.

(iv) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Refer to Note 4 to the financial statements for further information.

2 Summary of significant accounting policies (continued)

(b) Financial Instruments (continued)

(v) Impairment

At each reporting date, the Fund shall measure the loss allowance on financial assets at amortised cost (cash, due from broker and receivables) at an amount equal to the lifetime ECL 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 ECL. Significant financial difficulties of the counterparty, probability that the counterparty 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 net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(c) 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 Fund at any time for cash based on the redemption price.

The units are carried at the redemption amount that is payable at balance sheet date if the unitholder exercises the right to put the units back to the Fund. This amount represents the expected cash flows on redemption of these units.

Units are classified as equity when they satisfy the following criteria under *AASB 132 Financial Instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and it is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

The Fund classifies the net assets attributable to unit holders as liabilities as they do not satisfy all the above criteria.

(d) Cash and cash equivalents

Cash comprises deposits held at custodian bank(s). Cash equivalents are short-term, highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Payments and receipts relating to the purchase and sale of financial instruments 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.

(e) Investment income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis 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.

2 Summary of significant accounting policies (continued)

(e) Investment income (continued)

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 Fund's right to receive payments is established.

Dividend and distribution income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the Statement of comprehensive income.

Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(b) to the financial statements. Other income is recognized on an accruals basis.

(f) Expenses

All expenses are inclusive of GST, including management fees, Responsible Entity's fees, administration fees and custody fees, are recognised in the Statement of comprehensive income on an accruals basis.

(g) Income tax

Under current legislation, the Fund is not subject to income tax as unitholders are presently entitled to the income of the Fund.

(h) Distributions and Dividends

Distributions are payable as set out in the Fund's offering document. Such distributions are determined by the Responsible Entity of the Fund. Distributable income includes capital gains arising from the disposal of financial instruments. Unrealised gains and losses on financial instruments that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any realised capital gains.

Financial instruments at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefits of imputation credits and foreign tax paid are passed on to unitholders.

(i) Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. As the Fund's units are classified as financial liabilities, movements in net assets attributable to unitholders are recognised in the Statement of comprehensive income as finance costs.

(j) Foreign currency translation

(i) Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

2 Summary of significant accounting policies (continued)

(j) Foreign currency translation (continued)

(ii) Transactions and balances

Assets and liabilities in foreign currencies are translated into the functional currency at the prevailing exchange rate at the valuation date. Transactions denominated in foreign currencies are translated into the functional currency at the prevailing exchange rate on the date of the transaction. 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 Statement of comprehensive income. The Fund's income earned and expense incurred on foreign denominated balances are translated into the functional currency at the prevailing exchange rate on the date of such activity.

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 Statement of comprehensive income on a net basis within net gains/(losses) on financial instruments at fair value through profit or loss.

(k) Due from/to Brokers

Amounts due from/to brokers 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. The due from brokers balance is held for collection and consequently measured at amortised cost.

(l) Receivables

Receivables include amounts for dividends, interest and trust distributions. Interest is accrued at each dealing date in accordance with the policy set out in Note 2(e) above. Trust distributions are accrued when the right to receive payment is established. Amounts are generally received within 30 days of being recorded as receivables.

Receivables also include such items as Reduced Input Tax Credits ("RITC") and application monies receivable from unitholders.

Receivables are recognised at amortised cost using the effective interest method, less any allowance for Expected Credit Loss (ECL). The Fund has applied a simplified approach to measuring ECL, which uses a lifetime expected loss allowance. To measure the ECL, receivables have been grouped based on days overdue.

The amount of the impairment loss, if any, is recognised in the Statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of comprehensive income.

(m) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the year. Payables may include amounts for redemptions of units in the Fund where settlement has not yet occurred. These amounts are unsecured and are usually paid within 30 days of recognition.

The distribution amount payable to unitholders as at the end of each reporting year is recognised separately on the Statement of financial position as unitholders are presently entitled to the distributable income under the Fund's Constitution.

(n) Applications and redemptions

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

2 Summary of significant accounting policies (continued)

(o) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as audit fees, custodian services and management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits ("RITC") at a rate of 55% or 75%, hence Management fees, Administration and custody fees and other expenses have been recognised in the Statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office ("ATO"). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of financial position. Cash flows relating to GST are included in the Statement of cash flows on a gross basis.

(p) Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates 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.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives, are fair valued using valuation techniques determined by the Investment Manager, in accordance with the valuation procedures approved by the Responsible Entity. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Investment Manager, 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 Investment Manager to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other balances reported on Statement of financial position, including amounts due from/to brokers, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

(q) Rounding of amounts

The Fund is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest dollar in accordance with that *ASIC Corporations Instrument*, unless otherwise indicated.

3 Financial risk management

(a) Overview

The Fund's activities expose it to a variety of financial risks. The management of these risks is undertaken by the Fund's Investment Manager who has been appointed by the Responsible Entity under an Investment Management Agreement to manage the Fund's assets in accordance with the Investment Objective and Strategy.

The Responsible Entity has in place a framework which includes:

- The Investment Manager providing the Responsible Entity with regular reports on their compliance with the Investment Management Agreement;
- Completion of regular reviews on the Service Provider which may include a review of the investment managers risk management framework to manage the financial risks of the Fund; and
- Regular reporting on the liquidity of the Fund in accordance with the Fund's Liquidity Risk Management Statement.

3 Financial risk management (continued)

(a) Overview (continued)

The Fund's Investment Manager has in place a framework to identify and manage the financial risks in accordance with the investment objective and strategy. This includes an investment due diligence process and on-going monitoring of the investments in the Fund. Specific controls the Investment Manager applies to manage the financial risks are detailed under each risk specified below.

(b) Market risk

Market risk is the risk that changes in market risk factors, such as equity prices, foreign exchange rates, interest rates and other market prices will affect the Fund's 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.

(i) Price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All securities investments present a risk of loss of capital. The Funds' market price risk is managed through (i) deliberate securities selection, and (ii) diversification of the investment portfolio.

The Fund uses derivatives (including but not limited to forward foreign currency exchange contracts) for speculation in order to implement the investment strategy of the Fund and to manage the risk associated with the fair value of certain investments. The notional or contractual amount of derivatives provides only a measure of the involvement in these types of transactions and does not represent the amounts subject to market price risk. The Fund manages market price risk by establishing limits as to the types and degrees of risk that may be undertaken. Additionally, the Funds monitor the fluctuation in its value and compares these fluctuations to their risk objective.

As at year end, the overall market exposure were as follows:

	Fair value \$	% of net asset attributable to unitholders
As at 30 June 2022		
Financial assets		
Forward foreign currency exchange contracts	1,194	0.04
Listed equities	367,809	13.78
Unit trusts	2,318,803	86.89
Financial liabilities		
Forward foreign currency exchange contracts	50,295	1.88
Total Financial liabilities at fair value through profit or loss	<u>50,295</u>	<u>1.88</u>

The Fund did not have any exposure to price risk as at 30 June 2021.

(ii) Foreign exchange risk

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 securities denominated in other currencies fluctuates due to changes in exchange rates. The risk is measured using sensitivity analysis.

3 Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk (continued)

The Fund may manage this risk by entering into foreign exchange forward contracts to hedge the risks. The terms and conditions of these contracts rarely exceed twelve months and are contracted in accordance with the investment guidelines.

The tables below summarises the Fund's assets and liabilities, monetary and non-monetary, that are denominated in a currency other than the Australian dollar.

	US Dollars	British Pounds	Japanese Yen	Canadian Dollars	All other foreign currencies
As at 30 June 2022	\$	\$	\$	\$	\$
Cash and cash equivalents	1,685	2,459	1,669	1,145	4,585
Due from brokers	8,328	-	-	-	-
Receivables	6,642	2,487	-	688	187
Financial assets held at fair value through profit or loss	1,602,761	229,312	226,311	191,155	270,504
Payables	(1,987)	(297)	-	(103)	-
Financial liabilities held at fair value through profit or loss	<u>(39,876)</u>	<u>(2,260)</u>	<u>(3,982)</u>	<u>(1,801)</u>	<u>(2,376)</u>
	<u>1,577,553</u>	<u>231,701</u>	<u>223,998</u>	<u>191,084</u>	<u>272,900</u>
Foreign currency exchange contracts exposure	<u>(777,044)</u>	<u>(118,441)</u>	<u>(117,733)</u>	<u>(93,341)</u>	<u>(138,119)</u>
	<u>800,509</u>	<u>113,260</u>	<u>106,265</u>	<u>97,743</u>	<u>134,781</u>

The Fund did not have any exposure to foreign exchange risk as at 30 June 2021.

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Fund's financial assets are non-interest-bearing. Interest-bearing financial assets comprise solely of cash at bank. As a result the Fund is subject to limited exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates.

3 Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

Below table summarises the Fund's exposure to interest rate risks.

30 June 2022	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
Financial assets				
Cash and cash equivalents	41,159	-	-	41,159
Due from brokers	-	-	8,328	8,328
Receivables	-	-	56,967	56,967
Financial assets at fair value through profit or loss	-	-	2,687,806	2,687,806
Total assets	41,159	-	2,753,101	2,794,260
Financial liabilities				
Due to brokers	-	-	(8,382)	(8,382)
Management fees payable	-	-	(3,914)	(3,914)
Responsible Entity's fees payable	-	-	(97)	(97)
Administration and custody fees payable	-	-	(22,890)	(22,890)
Other payables	-	-	(40,129)	(40,129)
Financial liabilities at fair value through profit or loss	-	-	(50,295)	(50,295)
Total liabilities	-	-	(125,707)	(125,707)
Net assets attributable to unitholders	41,159	-	2,627,394	2,668,553

The Fund did not have any exposure to interest rate risk as at 30 June 2021.

(c) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to the various market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Fund invests. As a result, historical variations in risk variables are not a definitive indicator of future variations in the risk variables.

	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/Net assets attributable to unitholders					
	-100 basis points \$	+100 basis points \$	-10.00% \$	+10.00% \$	-25.00% \$	+25.00% \$
30 June 2022	(412)	412	121,719	(121,719)	(671,653)	671,653

The Fund did not have any assets or liabilities subject to interest rate risk, foreign exchange risk and price risk as at 30 June 2021.

3 Financial risk management (continued)

(d) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

The maximum exposure to credit risk at the end of the reporting year is the carrying amount of the financial assets.

(i) Bank deposits, assets held with the custodian and derivative financial instruments

The Funds' financial assets which are potentially subject to concentrations of credit risk consist principally of bank deposits, assets held with the custodian, derivative financial instruments and the related collateral pledged or received from counterparties.

The tables below summarise these assets at 30 June 2022 (2021:Nil):

At 30 June 2022	\$	Credit rating	Source of credit rating
Bank and custodian			
State Street Bank and Trust Company	41,159	AA-	S&P
Counterparties of foreign currency contracts			
Australia and New Zealand Banking Group Limited	103	AA-	S&P
Commonwealth Bank of Australia	534	AA-	S&P
National Australia Bank	3	AA-	S&P
Westpac Banking Corporation	554	AA-	S&P

(e) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due and can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of units in the Fund. The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders. The Fund did not reject or withhold any redemptions during 2022 and 2021.

3 Financial risk management (continued)

(e) Liquidity risk (continued)

(i) Maturities of non-derivative financial liabilities

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period to contractual maturity, as of the reporting period end. The amounts in the table are the contractual undiscounted cash flows. Balances that are due within 12 months equal their carrying balances as the impact of discounting is not significant. To assess the impact of COVID-19 on the liquidity of the Fund, the Responsible Entity conducted frequent and enhanced monitoring of the liquidity of the Fund during the reporting year.

As at 30 June 2022	Less than 1 month \$	1-6 months \$	6-12 months \$	Over 12 months \$	No stated maturity \$
Due to brokers	8,382	-	-	-	-
Management fees payable	3,914	-	-	-	-
Responsible Entity's fees payable	97	-	-	-	-
Administration and custody fees payable	22,890	-	-	-	-
Other payables	40,129	-	-	-	-
Net assets attributable to unitholders - liability	<u>2,668,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total financial liabilities	<u>2,743,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Fund did not have any non-derivative financial liabilities subject to liquidity risk as at 30 June 2021.

(ii) Maturities of net settled derivative financial instruments

The table below analyses the Fund's net settled derivative financial instruments based on their contractual maturity. The Fund may, at their discretion, settle financial instruments prior to their original contractual settlement date, in accordance with their investment strategy, where permitted by the terms and conditions of the relevant instruments.

As at 30 June 2022	Less than 1 month \$	1-6 months \$	6-12 months \$	Over 12 months \$	No stated maturity \$
Foreign currency exchange contracts	<u>(49,078)</u>	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>(49,078)</u>	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Fund did not hold any derivative financial instruments in 30 June 2021.

4 Offsetting financial assets and financial liabilities

The following tables present the Fund's gross OTC derivative assets and liabilities by contract type, net of amounts available for offset under netting arrangements and any related collateral received or pledged by the Fund as of 30 June 2022. There were no financial assets or liabilities offset or which could be offset as of 30 June 2021.

Financial assets	Effects of offsetting on the Statement of financial position			Related amounts not offset		
	Gross amounts of financial assets	Gross amounts set off in the Statement of financial position	Net amount of financial assets presented in the Statement of financial position	Amounts subject to master netting arrangements	Cash collateral received	Net amount
	\$	\$	\$	\$	\$	\$
30 June 2022						
Forwards	9,505	(8,311)	1,194	(1,194)	-	-
Total	9,505	(8,311)	1,194	(1,194)	-	-

Financial liabilities	Effects of offsetting on the Statement of financial position			Related amounts not offset		
	Gross amounts of financial liabilities	Gross amounts set off in the Statement of financial position	Net amount of financial liabilities presented in the Statement of financial position	Amounts subject to master netting arrangements	Cash collateral received	Net amount
	\$	\$	\$	\$	\$	\$
30 June 2022						
Forwards	58,606	(8,311)	50,295	(1,194)	-	49,101
Total	58,606	(8,311)	50,295	(1,194)	-	49,101

(a) Master netting arrangement – not currently enforceable

Agreements with derivative counterparties are based on the ISDA Master Agreement. Under the terms of these arrangements, only where 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.

5 Fair value measurement

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

- Financial assets/liabilities at fair value through profit or loss (FVTPL) (see Note 7 and Note 8)
- Derivative financial instruments (see Note 9)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting year. *AASB 13 Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value hierarchy:

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

(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 Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of investments, information provided by independent pricing services is relied upon for valuation of investments.

The quoted market price used to fair value financial assets and financial liabilities held by the Fund is the last-traded prices.

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.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(ii) Valuation techniques used to derive level 2 and level 3 fair value

The fair value of financial assets and liabilities that are not exchange-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. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This may be the case for certain unlisted shares, certain corporate debt securities and managed funds with suspended applications and withdrawals.

Where discounted cash flow techniques are used, estimated future cash flows are based on the Investment Manager'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.

Investments in other managed funds are recorded at the redemption value per unit as reported by the investment managers of such funds. The Fund may make adjustments to the redemption value based on considerations such as liquidity of the fund or its underlying investments, or any restrictions on redemptions and the basis of accounting.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

5 Fair value measurement (continued)

(ii) Valuation techniques used to derive level 2 and level 3 fair value (continued)

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. 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 Fund for similar financial instruments.

The determination of what constitutes 'observable' requires significant judgment by the Investment Manager. The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

Recognised fair value measurement

The following table presents the Fund's financial assets and liabilities measured and recognised at fair value as at 30 June 2022 (2021:\$Nil).

As at 30 June 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
Forward foreign currency exchange contracts	-	1,194	-	1,194
Equities securities	367,809	-	-	367,809
Unit Trusts	2,318,803	-	-	2,318,803
Total	<u>2,686,612</u>	<u>1,194</u>	<u>-</u>	<u>2,687,806</u>
Financial liabilities at fair value through profit or loss				
Forward foreign currency exchange contracts	-	50,295	-	50,295
Total	<u>-</u>	<u>50,295</u>	<u>-</u>	<u>50,295</u>

(i) Transfers between levels

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting year.

There have been no transfers between levels for the year ended 30 June 2022 and 30 June 2021.

(ii) Fair value measurements using significant unobservable inputs (level 3)

The Fund did not hold any financial instruments with fair value measurements using significant unobservable inputs as at 30 June 2022 or at 30 June 2021.

(iii) Valuation processes

Portfolio reviews are undertaken regularly by the Investment Manager 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 being 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, the Investment Manager 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.

5 Fair value measurement (continued)

Recognised fair value measurement (continued)

(iv) Fair values of other financial instruments

The Fund did not hold any financial instruments which were not measured at fair value in the Statement of financial position. Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.

6 Net gains/(losses) on financial instruments at fair value through profit or loss

	Year ended	
	30 June 2022	30 June 2021
	\$	\$
Financial assets		
Net realised gains/(losses) on financial assets at fair value through profit or loss	17,769	-
Net unrealised gains/(losses) on financial assets at fair value through profit or loss	(253,752)	-
Financial liabilities		
Net realised gains/(losses) on financial liabilities at fair value through profit or loss	(129,615)	-
Net unrealised gains/(losses) on financial liabilities at fair value through profit or loss	(50,295)	-
Total net gains/(losses) on financial instruments at fair value through profit or loss	(415,893)	-

7 Financial assets at fair value through profit or loss

	As at	
	30 June 2022	30 June 2021
	\$	\$
Financial assets at fair value through profit or loss		
Foreign currency exchange contracts	1,194	-
Equities securities	367,809	-
Unit Trusts	2,318,803	-
Total financial assets at fair value through profit or loss	2,687,806	-

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in Note 3.

8 Financial liabilities at fair value through profit or loss

	30 June 2022	As at 30 June 2021
	\$	\$
Financial liabilities at fair value through profit or loss		
Foreign currency exchange contracts	<u>50,295</u>	-
Total financial liabilities at fair value through profit or loss	<u>50,295</u>	-

An overview of the risk exposures relating to financial liabilities at fair value through profit or loss is included in Note 3.

9 Derivative financial instruments

In the normal course of business the Fund enters into transactions in various derivative financial instruments with 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 a wide assortment of instruments, such as futures, forwards and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and may include:

- hedging to protect an asset or liability of the Fund against a fluctuation in market values or to reduce volatility;
- as 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.

Certain derivative transactions provide the economic effect of financial leverage by creating additional investment exposure, as well as the potential for greater loss. The Investment Manager targets a level of volatility and sets leverage accordingly.

The Fund holds the following derivative instruments:

(a) Foreign currency exchange contracts

Foreign currency exchange contracts are primarily used by the Fund to hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Foreign currency exchange contracts are valued at the prevailing bid price at the end of each reporting date. The Fund recognises a gain or loss equal to the change in fair value at the end of each reporting date.

9 Derivative financial instruments (continued)

(a) Foreign currency exchange contracts (continued)

The Fund's derivative financial instruments at year end are detailed below:

	Contract/ Notional \$	Fair Values	
		Assets \$	Liabilities \$
30 June 2022			
Foreign currency exchange contracts	4,173,156	1,194	50,295
	<u>4,173,156</u>	<u>1,194</u>	<u>50,295</u>

As at 30 June 2022, the Fund hedged transactions or positions by holding foreign currency contracts with a gross notional value of \$4,173,156 (2021: \$nil) comprising of buy \$1,464,239 and sell \$2,708,917 (2021: \$nil) resulting in net exposure of (\$1,244,678). At 30 June 2021 the net exposure was \$nil.

10 Net assets attributable to 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 Fund has elected into the AMIT tax regime and consequently the Fund's Constitution has been amended. The Fund does not have a contractual obligation to pay distributions to unitholders. As at 30 June 2022, the Fund has two classes of units. The Fund does not satisfy the criteria under AASB 132 *Financial Instruments: Presentation* that would allow it to classify net assets attributable to unitholders as equity. As at 30 June 2022, net assets attributable to unitholders were classified as liability.

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

	30 June 2022 No.	Year ended		30 June 2021 No.	30 June 2022 \$	30 June 2021 \$
		30 June 2021 No.	30 June 2022 \$			
Net assets attributable to unitholders - Class U						
Opening balance	-	-	-	-	-	-
Applications	1,500,000	-	1,500,000	-	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	(144,754)	-	-	-
Closing balance	<u>1,500,000</u>	<u>-</u>	<u>1,355,246</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets attributable to unitholders - Class H						
Opening balance	-	-	-	-	-	-
Applications	1,548,309	-	1,540,000	-	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	(226,693)	-	-	-
Closing balance	<u>1,548,309</u>	<u>-</u>	<u>1,313,307</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets attributable to unitholders			<u>2,668,553</u>		<u>-</u>	<u>-</u>

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are two separate classes of units and each unit has different rights attaching to it as all other units of the Fund.

10 Net assets attributable to unitholders (continued)

Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding that net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets by the Investment Manager. Under the terms of the Fund's Constitution, 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 the unitholders.

11 Distributions to unitholders

There were no distributions declared for the year ended 30 June 2022 and 30 June 2021.

12 Cash and cash equivalents

	As at	
	30 June 2022	30 June 2021
	\$	\$
Cash at bank	41,159	-
Total cash and cash equivalents	41,159	-

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

	Year ended	
	30 June 2022	30 June 2021
	\$	\$
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) for the year	-	-
Increase/(decrease) in net asset attributable to unitholders	(371,447)	-
Proceeds from sale of financial instruments at fair value through profit or loss	429,543	-
Payments for purchase of financial instruments at fair value through profit or loss	(3,482,893)	-
Net (gains)/losses on financial instruments at fair value through profit or loss	415,893	-
Net change in receivables	(56,967)	-
Net change in payables	67,030	-
Net foreign exchange (gains)/losses	(30)	-
Net cash inflow/(outflow) from operating activities	(2,998,871)	-

As described in Note 2(i), income not distributed is included in net assets attributable to unitholders. The change in this amount during the year (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

14 Professional fees

During the year the following fees were paid or payable for professional services.

	Year ended	
	30 June 2022	30 June 2021
	\$	\$
Auditors Remuneration amounts due to Deloitte Touche Tohmatsu		
Audit of financial statements	22,748	10,973
	22,748	10,973
Other services:		
Audit of the Compliance Plan (PricewaterhouseCoopers)	2,357	-
Tax compliance (KPMG)	8,279	-
	10,636	-
Total remuneration	33,384	10,973

15 Receivables

	As at	
	30 June 2022	30 June 2021
	\$	\$
Dividends/distribution receivable	11,524	-
Management fee reimbursement receivable	45,406	-
Other receivable	37	-
Total receivables	56,967	-

16 Other payables

	As at	
	30 June 2022	30 June 2021
	\$	\$
Professional fee payable	36,452	-
Withholding tax payable	2,386	-
Other payables	1,291	-
Total other payables	40,129	-

17 Other income

	Year ended	
	30 June 2022	30 June 2021
	\$	\$
Management fee reimbursement	62,686	-
Total other income	62,686	-

Operating expenses incurred by the Fund above the investment management fee rate of 0.75% per annum for the Unhedged Class and 0.80% per annum for the Hedged Class of the net asset value of the Fund are ultimately reimbursed by the Investment Manager and recorded as Management fee reimbursement in these financial statements.

18 Other expenses

	Year ended	
	30 June 2022	30 June 2021
	\$	\$
Withholding taxes	6,638	-
Other expenses	1,291	-
Total other expenses	7,929	-

19 Net foreign currency gains/(losses) on financial instruments not at fair value through profit or loss

	Year ended	
	30 June 2022	30 June 2021
	\$	\$
Net foreign currency gains/(losses)	29,412	-

Foreign currency gains and losses on assets and liabilities not measured at fair value through profit and loss have been separately classified on the face of the Statement of comprehensive income in Net foreign currency gains/(losses) on financial instruments not at fair value through profit or loss.

20 Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Fund if they have the ability, directly or indirectly, to control or exercise significant influence over the Fund in making financial and operating disclosures. Related parties may be individuals or other entities.

20 Related party transactions (continued)

Responsible Entity

The Responsible Entity of First Sentier Global Property Securities Fund is The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235150).

Key management personnel

(a) Directors

Key management personnel includes persons who were Directors of The Trust Company (RE Services) Limited at any time during the financial year as follows:

Glenn Foster
Simone Mosse
Vicki Riggio
Phillip Blackmore Alternate Director for Vicki Riggio
Richard McCarthy Resigned as Director on 1 February 2022

(b) Other key management personnel

There were no other key management personnel with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly, during the year.

Key management personnel unitholdings

During or since the end of the year, none of the Directors or Director related entities held units in the Fund, either directly, indirectly or beneficially.

Neither the Responsible Entity nor its affiliates held units in the Fund at the end of the year.

Key management personnel compensation

Key management personnel do not receive any remuneration directly from the Fund. They receive remuneration from a related entity of the Responsible Entity in their capacity as Directors or employees of the Responsible Entity or its related parties.

Consequently, the Fund does not pay any compensation to its key management personnel. Payments made from the Fund to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel.

Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting year.

Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund since the end of the previous financial year and there were no material contracts involving Director's interests existing at year end.

20 Related party transactions (continued)

Responsible Entity's/Investment Manager's fees and other transactions

Under the terms of the Fund's Constitution, the Responsible Entity is entitled to receive a fee per annum calculated as a percentage of the gross asset value of the Fund. The Investment Manager of the Fund is First Sentier Investors (Australia) IM Limited. The Investment Manager is entitled to receive a management fee at the rates stipulated in the Fund's governing documents.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Fund and the Responsible Entity were as follows:

	Year ended		
	30 June 2022	30 June 2021	
	\$	\$	
Management fees for the year paid and payable by the Fund to the Investment Manager	6,030		-
Management fees reimbursement received for the year	62,686		-
Responsible Entity's fees paid and payable for the year	121		-
Aggregate amounts payable to the Investment Manager at the end of the year	3,914		-
Aggregate amounts receivable from the Investment Manager at the end of the year	45,406		-
Aggregate amounts payable to the Responsible Entity at the end of the year	97		-

Related party unitholdings

Parties related to the Fund (including The Trust Company (RE Services) Limited, its related parties and other schemes managed by The Trust Company (RE Services) Limited), held no units in the Fund.

Investments

The Fund did not hold any investments in The Trust Company (RE Services) Limited, its related parties or other funds managed by The Trust Company (RE Services) Limited as at 30 June 2022 (2021: Nil).

21 Significant events during the year

During the financial year, the Fund was seeded and made investments in global real estate securities in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and the provisions of the Fund's Constitution.

The Directors continue to assess the potential financial and other impacts of the coronavirus ("COVID-19") outbreak to the Fund. The current high-level of uncertainty regarding the severity and length of COVID-19 on investment markets has the ability to impact investment outcomes and increase volatility in investment performance during the period.

At the date of signing, the future impacts of COVID-19 on global and domestic economies and investment market indices, and their resulting impact on the Fund are uncertain. The Directors and management will continue to monitor this situation.

Further to this, the current geopolitical events have also had a global market impact and uncertainty exists as to their implications. Such disruptions can adversely affect the assets, performance and liquidity of investment funds.

Recognising the Russia/Ukraine conflict as well as Australia's broadening of its existing autonomous sanctions, the Directors and management continue to remain abreast of developments in this area and monitor the potential impacts across the Fund.

On 1 February 2022, Richard McCarthy resigned as a Director.

There were no other significant events during the year.

22 Events occurring after the reporting period

The Directors are not aware of any event or circumstance since the end of the financial period not otherwise addressed within this report that has affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in subsequent years.

23 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2022 and 30 June 2021.

Directors' declaration

In the opinion of the Directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 33 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2022 and of its performance for the financial year ended on that date
- (b) there are reasonable grounds to believe that the Fund will be able to pay its 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 as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors of The Trust Company (RE Services) Limited.



Director
The Trust Company (RE Services)
Limited

Sydney
21 September 2022

Independent Auditor's Report to the Unitholders of First Sentier Global Property Securities Fund

Opinion

We have audited the financial report of First Sentier Global Property Securities Fund (the "Fund"), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the directors of The Trust Company (RE Services) Limited (the "Responsible Entity")

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Funds' financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 are independent of the Fund 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.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Responsible Entity, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the Fund's annual report for the period ended 30 June 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 we do not express any form of assurance conclusion thereon.

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

performed, 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 Responsible Entity 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 Fund 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 Fund or to cease operations, or has 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors of the Responsible Entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Jonathon Corbett
Partner
Chartered Accountants
Sydney, 27 September 2022