

First Sentier Equity Income Fund

ARSN 168 563 808

Annual Report

For the year ended 30 June 2024

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These financial statements cover First Sentier Equity Income Fund as an individual entity.

The Responsible Entity of the First Sentier Equity Income 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 Equity Income 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 2024.

Principal activities

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

Until its termination, the Fund invested in a broad selection of Australian listed companies, regardless of each stock's dividend yield, and applies the insights of fundamental research and an active options strategy with the objective of providing a smoother return profile than the broader share market and a higher income stream over the long term.

The Fund was constituted on 28 February 2014 and commenced operations in April 2014.

The Responsible Entity decided to wind up the Fund on 23 April 2024. It determined, in accordance with the Fund's Constitution, that it was in the best interests of unitholders to terminate the Fund. A notice was provided to all unitholders on 23 April 2024 with details of the wind-up of the Fund and the wind-up of the Fund commenced on 21 May 2024. The Responsible Entity paid the final returns of capital to unitholders prior to 3 June 2024.

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 and appointed within 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:

Name

Glenn Foster

Vicki Riggio

Alexis Dodwell Appointed as Director on 1 November 2023

Phillip Blackmore Alternate Director for Vicki Riggio

Christopher Green Resigned as Director on 1 November 2023

Review and results of operations

Until its termination, 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 2024	30 June 2023
Operating profit/(loss) (\$)	<u>11,201,673</u>	<u>10,823,864</u>
Distributions paid and/or payable (\$)	<u>7,028,632</u>	<u>5,796,371</u>
Distributions (cents per unit)	<u>4.84</u>	<u>5.32</u>

Directors' report (continued)

Significant changes in the state of affairs

On 8 May 2024, Perpetual Limited announced it had entered into a Scheme Implementation Deed with an affiliate of Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, "KKR") who will acquire 100% of the businesses and entities comprising Wealth Management and Corporate Trust from Perpetual Shareholders via a Scheme of Arrangement, for total cash consideration of A\$2.175 billion ("Scheme"). If the Scheme is implemented, The Trust Company (RE Services) Limited will be acquired by KKR.

The Scheme is subject to satisfaction of a number of conditions precedent set out in the Scheme Implementation Deed as well as approvals including court, regulatory and the requisite shareholder approval with implementation expected to occur in late February or early March 2025.

On 20 May 2024, redemptions were made by multiple unit holders which were greater than 10% of the net assets of the Fund.

The wind-up of the Fund commenced on 21 May 2024 and the Fund was terminated subsequent to 30 June 2024, please refer to Matters subsequent to the end of the financial year note for more details. A notice was provided to all unitholders on 23 April 2024 with details of the wind-up of the Fund.

On 1 November 2023, Alexis Dodwell was appointed as Director of the Responsible Entity and Christopher Green resigned as Director of the Responsible Entity.

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

The Fund received interest income \$20,117 and dividend income \$430,495. The Fund's residual cash was used to pay all outstanding payables in the Statement of financial position as at 30 June 2024.

As the Fund has terminated, there have been no other matters subsequent to the end of the reporting period that significantly affected, or may significantly affect, the Fund.

Likely developments and expected results of operations

As stated in the Significant changes in the state of affairs above, the Fund was terminated effective on and from 21 May 2024. There were no likely developments or future operations of the Fund.

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 16 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 16 to the financial statements.

Directors' report (continued)

Units in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 9 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.

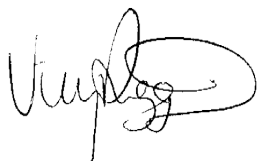
Rounding of amounts to the nearest dollar

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
25 September 2024



Auditor's Independence Declaration

As lead auditor for the audit of First Sentier Equity Income Fund for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink, appearing to read "Paul Collins", written over a light blue horizontal line.

Paul Collins
Partner
PricewaterhouseCoopers

Sydney
25 September 2024

Statement of comprehensive income

		Year ended	
		30 June 2024	30 June 2023
	Notes	\$	\$
Investment income			
Interest income from financial assets at amortised cost		143,902	48,637
Dividend/Trust distribution income		3,883,611	3,131,888
Net gains/(losses) on financial instruments at fair value through profit or loss		8,354,397	8,522,402
Net foreign currency gains/(losses) on financial instruments not at fair value through profit or loss		(617)	(5,360)
Total investment income		12,381,293	11,697,567
Expenses			
Net management fees	16	800,110	636,501
Responsible Entity's fees	16	13,140	11,000
Administration and custody fees		81,865	97,041
Transaction costs		209,965	60,555
Other expenses		74,540	68,606
Total operating expenses		1,179,620	873,703
Operating profit/(loss)		11,201,673	10,823,864
Profit/(loss) for the financial year	9	11,201,673	10,823,864
Other comprehensive income		-	-
Total comprehensive income for the financial year		11,201,673	10,823,864

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

Statement of financial position

		As at	
	Notes	30 June 2024 \$	30 June 2023 \$
Assets			
Cash and cash equivalents	11	183,522	4,355,278
Deposits pledged to brokers for margin		-	531,724
Receivables	14	449,388	435,453
Financial assets at fair value through profit or loss	6	-	91,766,290
Total assets		632,910	97,088,745
Liabilities			
Due to brokers		-	561,676
Net management fees payable	16	228,740	120,892
Responsible Entity's fees payable	16	2,337	3,153
Administration and custody fees payable		15,276	15,732
Other payables	15	386,557	38,082
Distributions payable	10	-	1,110,429
Financial liabilities at fair value through profit or loss	7	-	957,502
Total liabilities		632,910	2,807,466
Net assets attributable to unitholders - equity	9	-	94,281,279

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

Statement of changes in equity

	Notes	Year ended	
		30 June 2024	30 June 2023
		\$	\$
Total equity at the beginning of the financial year	9	94,281,279	67,383,754
Comprehensive income for the financial year			
Profit/(loss) for the financial year		<u>11,201,673</u>	<u>10,823,864</u>
Total comprehensive income for the financial year		<u>11,201,673</u>	<u>10,823,864</u>
Transactions with unitholders			
Applications	9	40,086,490	38,446,725
Redemptions	9	(138,547,104)	(16,581,247)
Units issued upon reinvestment of distributions	9	6,294	4,554
Distributions paid and/or payable	9	<u>(7,028,632)</u>	<u>(5,796,371)</u>
Total transactions with unitholders		<u>(105,482,952)</u>	<u>16,073,661</u>
Total equity at the end of the financial year		<u>-</u>	<u>94,281,279</u>

Changes in net assets attributable to unitholders are disclosed in Note 9.

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

Statement of cash flows

		Year ended	
		30 June 2024	30 June 2023
	Notes	\$	\$
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		223,575,247	63,953,582
Payments for purchase of financial instruments at fair value through profit or loss		(124,974,355)	(82,963,037)
Dividends/distribution received		3,845,967	3,036,154
Interest received		133,994	39,688
Other income received		97,587	61
Amount received from/(paid to) brokers for margin		531,724	88,499
Management fees paid		(692,262)	(620,259)
Administration and custody fees paid		(82,321)	(109,298)
Responsible Entity's fees paid		(13,956)	(10,184)
Payment of other expenses		-	(116,084)
Net cash inflow/(outflow) from operating activities	12(a)	<u>102,421,625</u>	<u>(16,700,878)</u>
Cash flows from financing activities			
Proceeds from applications by unitholders		40,086,490	38,446,725
Payments for redemptions by unitholders		(138,547,104)	(16,581,247)
Distributions paid		<u>(8,132,767)</u>	<u>(6,611,450)</u>
Net cash inflow/(outflow) from financing activities		<u>(106,593,381)</u>	<u>15,254,028</u>
Net increase/(decrease) in cash and cash equivalents		(4,171,756)	(1,446,850)
Cash and cash equivalents at the beginning of the year		<u>4,355,278</u>	<u>5,802,128</u>
Cash and cash equivalents at the end of the year	11	<u>183,522</u>	<u>4,355,278</u>
Non-cash financing activities	12(b)	<u>6,294</u>	<u>4,554</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 Equity Income Fund (the “Fund”) as an individual entity. The Fund was constituted on 28 February 2014, registered by Australian Securities and Investments Commission (“ASIC”) as a managed investment scheme on 28 March 2014 and commenced operations in April 2014. The Fund was terminated effective on and from 21 May 2024 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”).

Until its termination, the Fund invested in a broad selection of Australian listed companies, regardless of each stock’s dividend yield, and applies the insights of fundamental research and an active options strategy with the objective of providing a smoother return profile than the broader share market and a higher income stream over the long term.

The financial statements of the Fund are for the year ended 30 June 2024. 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 25 September 2024. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of material 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 Responsible Entity decided to wind up the Fund on 23 April 2024. It determined, in accordance with the Fund’s Constitution, that it was in the best interests of unitholders to terminate the Fund. A notice was provided to all unitholders on 23 April 2024 with details of the wind-up of the Fund and the wind-up of the Fund commenced on 21 May 2024. The Fund received interest income \$20,117 and dividend income \$430,495. The Fund’s residual cash was used to pay all outstanding payables in the Statement of financial position as at 30 June 2024.

The going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a non-going concern basis. The non-going concern basis means assets have been written down to the lower of their carrying amounts and net realisable value and additional liabilities have been recognised to the extent there was a present obligation at the reporting date. The change in basis of preparation has resulted in no impact on the classification and measurement of the assets and liabilities of the Fund. Subsequently, the Responsible Entity will deregister the Fund. The assets and liabilities have been recognised in accordance with the accounting policies set out below and the directors are satisfied that the change in the basis of the preparation has no impact on the classification and measurement of the assets and liabilities of the Fund.

(i) Compliance with International Financial Reporting Standards

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

2 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(ii) *New and amended standards adopted by the Fund*

The Fund has applied the following standards and amendments for the first time for its annual reporting period commencing 1 July 2023:

- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2]

The amendment listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iii) *New standards, amendments and interpretations effective after 1 July 2024 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 2024, and have not been early adopted in preparing these financial statements. These amendments are being assessed for any material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

(b) Financial instruments

(i) *Classification*

- Financial 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, listed unit trusts 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") impairment model under AASB 9.

- Financial Liabilities:

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

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (Responsible Entity's fees payable, management fees payable, administration and custody fees payable, due to brokers, distributions payable and other payables).

(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.

2 Summary of material accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement (continued)

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.

Further details on how the fair values of financial instruments are determined are disclosed in Note 5.

(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.

As at 30 June 2023, there were financial assets or liabilities which could be offset in the Statement of financial position. No investment was held by the Fund as at 30 June 2024. Refer to Note 4 for further information.

(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.

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's units have been classified as equity as they satisfied all the above criteria. This has been consistently applied during the year.

2 Summary of material accounting policies (continued)

(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) Deposits pledged to/received from brokers for margin

Margin accounts comprise cash held as collateral for derivative transactions and short sales. The cash is held by the broker against existing margin calls and is restricted to only be available to meet margin calls. It is not included as a component of cash and cash equivalents.

(f) 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.

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. The management reimbursement income is recognised when the management cost cap is exceeded and the difference is reimbursed back to the Fund by the Investment Manager.

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.

(g) 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.

(h) Income tax

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unitholders and has elected to be an Attributed Managed Investment Trust.

(i) Distributions

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.

2 Summary of material accounting policies (continued)

(i) Distributions (continued)

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.

(j) 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 equity, movements in net assets attributable to unitholders are recognised in the Statement of changes in equity.

(k) 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.

(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.

(l) 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.

(m) 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(f) above. Dividends and 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 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.

2 Summary of material accounting policies (continued)

(m) Receivables (continued)

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.

(n) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting 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 in the Statement of financial position when unitholders are presently entitled to the distributable income under the Fund's Constitution.

(o) 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.

(p) 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.

(q) Use of estimates

Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. 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.

2 Summary of material accounting policies (continued)

(r) 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.

(s) Comparative information

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

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.

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 Fund's 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 options) 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 Fund monitors the fluctuation in its value and compares these fluctuations to their risk objective.

3 Financial risk management (continued)

(b) Market risk (continued)

(i) Price risk (continued)

As the Fund did not hold any investments at 30 June 2024, the Fund did not have any direct exposure to price risk as at 30 June 2024.

As at 30 June 2023, the overall market exposures were as follows:

	Fair value \$	% of net assets attributable to unitholders
As at 30 June 2023		
Financial assets		
Listed equities	87,314,284	92.61
Listed unit trusts	4,047,086	4.29
Options	404,920	0.43
Financial liabilities		
Options	957,502	1.02
Total	<u>90,808,788</u>	
Net equity exposure from securities	<u>91,361,370</u>	
Total exposure to price risk from equities and equity related derivative	<u>91,361,370</u>	

The table at Note 3(c) to the financial statements summarises the impact of an increase/decrease of the Australian indexes on the Fund's net assets attributable to unitholders at the end of the reporting periods. The analysis is based on the assumptions that the relevant indexes increased or decreased as tabled with all other variables held constant and that fair values of the Fund move according to the historical correlation with the indexes.

The Fund has investments in derivative financial instruments that were susceptible to the universal risks of securities markets and associated uncertainties of future prices and rates. The derivative positions primarily held by the Fund resulted in exposure to commodities and equity prices.

(ii) Foreign exchange risk

Primarily the Fund's investments were equities and unit trusts listed in the S&P/ASX 100 Accumulation Index denominated in Australian dollars. The Fund does not have any exposure to foreign exchange risk as at 30 June 2024 and 30 June 2023.

(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 Fund's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

3 Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

The table below summarises the Fund's exposure to interest rate risk.

As at 30 June 2024	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
Financial assets				
Cash and cash equivalents	183,522	-	-	183,522
Receivables	-	-	449,388	449,388
Total assets	183,522	-	449,388	632,910
Financial liabilities				
Net management fees payable	-	-	(228,740)	(228,740)
Responsible Entity's fees payable	-	-	(2,337)	(2,337)
Administration and custody fees payable	-	-	(15,276)	(15,276)
Other payables	-	-	(386,557)	(386,557)
Total liabilities	-	-	(632,910)	(632,910)
Net assets attributable to unitholders	183,522	-	(183,522)	-

As at 30 June 2023	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
Financial assets				
Cash and cash equivalents	4,355,278	-	-	4,355,278
Deposits pledged to brokers for margin	531,724	-	-	531,724
Receivables	-	-	435,453	435,453
Financial assets at fair value through profit or loss	-	-	91,766,290	91,766,290
Total assets	4,887,002	-	92,201,743	97,088,745
Financial liabilities				
Due to brokers	-	-	(561,676)	(561,676)
Net management fees payable	-	-	(120,892)	(120,892)
Responsible Entity's fees payable	-	-	(3,153)	(3,153)
Administration and custody fees payable	-	-	(15,732)	(15,732)
Other payables	-	-	(38,082)	(38,082)
Distributions payable	-	-	(1,110,429)	(1,110,429)
Financial liabilities at fair value through profit or loss	-	-	(957,502)	(957,502)
Total liabilities	-	-	(2,807,466)	(2,807,466)
Net assets attributable to unitholders	4,887,002	-	89,394,277	94,281,279

3 Financial risk management (continued)

(c) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to the interest rate risk, foreign exchange risk and other price risk. 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					
	-100bps	+100bps	n/a	n/a	-25.00%	+25.00%
	\$	\$	\$	\$	\$	\$
As at 30 June 2024	1,835	1,835	-	-	-	-
As at 30 June 2023	48,870	48,870	-	-	(13,704,206)	13,704,206

The Fund did not have any exposure to foreign exchange risk as at 30 June 2024 and 30 June 2023.

The Fund did not have any exposure to price risk as at 30 June 2024. The Fund's sensitivity factors for 30 June 2023 were -15.00% and +15.00% for price risk.

(d) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk primarily arises from investments in debt securities and derivative products. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions, amounts due from brokers and other receivables.

The Fund may transact in derivatives in the over the counter (OTC) markets. OTC derivatives are entered into directly with the counterparty as there is no Clearing House arrangement. Such transactions are only dealt through suitably credit-worthy counterparties. The maximum exposure to credit risk for these OTC derivatives is the contract/notional amount, as shown in the "Derivative Financial Instruments" note to the financial statements.

Derivatives may be traded on an exchange (exchange traded) or they may be privately negotiated contracts, which are referred to as Over The Counter (OTC) derivatives. The Fund's OTC derivatives are cleared and settled either through central clearing counterparties (OTC-cleared), or bilateral contracts between two counterparties.

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 Fund's 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.

3 Financial risk management (continued)

(d) Credit risk (continued)

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

The table below summarises these assets at 30 June 2024 and 30 June 2023:

As at 30 June 2024	\$	Credit rating	Source of credit rating
Bank and custodian			
State Street Bank and Trust Company	183,522	AA-	S&P
As at 30 June 2023			
Bank and custodian			
State Street Bank and Trust Company	95,716,648	AA-	S&P
Morgan Stanley	531,724	A+	S&P
Counterparty of options			
UBS AG	(235,073)	A+	S&P
JP Morgan	(130,901)	A+	S&P
Morgan Stanley	(96,127)	A+	S&P
Macquarie Bank Limited	(89,656)	A+	S&P
Goldman Sachs & Co.	(825)	A+	S&P

There is risk that derivative counterparties may not perform in accordance with the contractual provisions. The counterparties to the Fund's derivative investments may include affiliates of the Fund's clearing brokers and other major financial institutions. The Fund's exposure to credit risk associated with a counterparty with which it trades OTC derivatives is limited to the balance of the collateral pledged to that counterparty, plus the net unrealised gains on the OTC derivative contracts with such counterparty. In the case of exchange-traded and centrally cleared derivatives, the central clearing house acts as the counterparty to each transaction, and therefore the credit risk associated with the derivative contract and any related collateral amounts pledged is limited to the failure of the clearing house.

The Fund minimises counterparty credit risk through credit limits and approvals, credit monitoring procedures, executing master netting arrangements and managing margin and collateral requirements, as appropriate.

The Fund may record counterparty credit risk valuation adjustments, if material, on certain derivative assets in order to appropriately reflect the credit quality of the counterparty. These adjustments are recorded on the market quotes received from counterparties or other market participants since these quotes may not fully reflect the credit risk of the counterparties to the derivative instruments. The Fund has not recorded any counterparty credit risk valuation adjustments for year ended 30 June 2024.

The Fund also limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Investment Manager considers to be well established.

In the normal course of business, the Fund may enter into agreements with certain counterparties for OTC derivative transactions. A number of the Fund's derivative agreements contain provisions that require the Fund to maintain a predetermined level of capital, and/or provide limits regarding the decline of the Fund's capital over specified time periods. If the Fund were to violate such provisions, the counterparties to the derivative instruments could request immediate payment or demand immediate collateralisation on derivative instruments in net liability positions. If such events are not cured by the Fund or waived by the counterparties, they may decide to curtail or limit extension of credit, and the Fund may be forced to unwind its derivative positions which may result in material losses.

3 Financial risk management (continued)

(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 redeemable units. They therefore primarily hold investments that are traded in an active market and can be readily disposed. Only a limited proportion of their assets are held in investments not actively traded on a stock exchange.

The Fund's listed securities are considered readily realisable, as they are listed on either the Australian Stock Exchange or other recognised International Stock Exchanges.

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

(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.

	Less than 1 month \$	1-6 months \$	6-12 months \$	Over 12 months \$	No stated maturity \$
As at 30 June 2024					
Net management fees payable	228,740	-	-	-	-
Responsible Entity's fees payable	2,337	-	-	-	-
Administration and custody fees payable	15,276	-	-	-	-
Other payables	386,557	-	-	-	-
Total financial liabilities	632,910	-	-	-	-

	Less than 1 month \$	1-6 months \$	6-12 months \$	Over 12 months \$	No stated maturity \$
As at 30 June 2023					
Due to brokers	561,676	-	-	-	-
Net management fees payable	120,892	-	-	-	-
Responsible Entity's fees payable	3,153	-	-	-	-
Administration and custody fees payable	15,732	-	-	-	-
Other payables	38,082	-	-	-	-
Distributions payable	1,110,429	-	-	-	-
Total financial liabilities	1,849,964	-	-	-	-

3 Financial risk management (continued)

(e) Liquidity risk (continued)

(ii) Maturities of net settled derivative financial instruments

No net settled derivative financial instruments was held by the Fund as at 30 June 2024. The table below analyses the Fund's net settled derivative financial instruments based on their contractual maturity as at 30 June 2023. 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 2023	Less than 1 month \$	1-6 months \$	6-12 months \$	Over 12 months \$	No stated maturity \$
Options	(199,478)	(353,104)	-	-	-
Total	(199,478)	(353,104)	-	-	-

4 Offsetting financial assets and financial liabilities

No investment was held by the Fund as at 30 June 2024.

The following table presents 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 2023.

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 2023						
Options	404,920	-	404,920	(404,920)	-	-
Total	404,920	-	404,920	(404,920)	-	-

4 Offsetting financial assets and financial liabilities (continued)

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 2023						
Options	957,502	-	957,502	(404,920)	(96,127)	456,455
Total	957,502	-	957,502	(404,920)	(96,127)	456,455

(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 6 and Note 7)
- Derivative financial instruments (see Note 8)

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:

- 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).

(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.

5 Fair value measurement (continued)

(i) Fair value in an active market (level 1) (continued)

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.

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

No investment was held by the Fund as at 30 June 2024.

5 Fair value measurement (continued)

Recognised fair value measurement (continued)

The following table presents the Fund's financial assets and liabilities measured and recognised at fair value as at 30 June 2023.

As at 30 June 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
Options	404,920	-	-	404,920
Listed equities	87,314,284	-	-	87,314,284
Listed unit trusts	<u>4,047,086</u>	<u>-</u>	<u>-</u>	<u>4,047,086</u>
Total financial assets at fair value through profit or loss	<u>91,766,290</u>	<u>-</u>	<u>-</u>	<u>91,766,290</u>
Financial liabilities at fair value through profit or loss				
Options	<u>215,836</u>	<u>741,666</u>	<u>-</u>	<u>957,502</u>
Total financial liabilities at fair value through profit or loss	<u>215,836</u>	<u>741,666</u>	<u>-</u>	<u>957,502</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 were no transfers between levels for the year ended 30 June 2024 and year ended 30 June 2023.

(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 during the year ended 30 June 2024 or year ended 30 June 2023.

(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.

(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 Financial assets at fair value through profit or loss

	30 June 2024	As at 30 June 2023
	\$	\$
Financial assets at fair value through profit or loss		
Options	-	404,920
Listed equities	-	87,314,284
Listed unit trusts	-	4,047,086
Total financial assets at fair value through profit or loss	-	91,766,290

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

7 Financial liabilities at fair value through profit or loss

	30 June 2024	As at 30 June 2023
	\$	\$
Financial liabilities at fair value through profit or loss		
Options	-	957,502
Total financial liabilities at fair value through profit or loss	-	957,502

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

8 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.

8 Derivative financial instruments (continued)

The Fund held the following derivative instruments:

(a) Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price risk. Options held by the Fund are exchange-traded. The Fund is exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value. Options are settled on a gross basis.

No derivative financial instruments were held by the Fund as at 30 June 2024. The Fund's derivative financial instruments as at 30 June 2023 are detailed below:

	Contract/ Notional \$	Fair Values	
		Assets \$	Liabilities \$
As at 30 June 2023			
Australian single stock equity options	137,119,461	404,920	957,502
	<u>137,119,461</u>	<u>404,920</u>	<u>957,502</u>

9 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. Therefore, the net assets attributable to unitholders of the Fund meet the criteria set out under AASB 132 and are classified as equity.

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

	30 June 2024 No.	Year ended		30 June 2023 No.
		30 June 2023 No.	30 June 2024 \$	
Net assets attributable to unitholders				
Opening balance	118,404,817	90,591,985	94,281,279	67,383,754
Applications	49,843,902	48,772,878	40,086,490	38,446,725
Redemptions	(168,256,434)	(20,966,046)	(138,547,104)	(16,581,247)
Units issued upon reinvestment of distributions	7,715	6,000	6,294	4,554
Distributions paid and/or payable	-	-	(7,028,632)	(5,796,371)
Profit/(loss) for the year	-	-	11,201,673	10,823,864
Closing balance	-	118,404,817	-	94,281,279
Total net assets attributable to unitholders			-	94,281,279

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 no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

9 Net assets attributable to unitholders (continued)

Capital risk management

The Fund classifies its net assets attributable to unitholders as equity. 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.

10 Distributions to unitholders

Distributions are determined by reference to the net taxable income of the Fund. The distributions for the year were paid/payable as follows:

	Year ended			
	30 June 2024	30 June 2024	30 June 2023	30 June 2023
	\$	CPU*	\$	CPU*
30 September	1,554,896	1.14	1,450,512	1.43
31 December	2,289,009	1.58	1,488,742	1.39
31 March	2,070,924	1.38	1,746,688	1.56
20 May**	1,113,803	0.74	-	-
30 June (payable)	-	-	1,110,429	0.94
Total distributions to unitholders	7,028,632	4.84	5,796,371	5.32

* Distribution is expressed as the cents per unit amount in Australian Dollars.

**On 20 May 2024, redemptions were made by multiple unit holders which were greater than 10% of the net assets of the Fund. Due to these special redemptions, a portion of the withdrawal proceeds represented distributable income to the redeeming unit holders, as outlined in the Fund's governing documents.

Refer to the Fund's governing documents for further information on distributions for large redemptions.

11 Cash and cash equivalents

	As at	
	30 June 2024	30 June 2023
	\$	\$
Cash at bank	183,522	4,355,278
Total cash and cash equivalents	183,522	4,355,278

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

	Year ended	
	30 June 2024	30 June 2023
	\$	\$
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) for the year	11,201,673	10,823,864
Proceeds from sale of financial instruments at fair value through profit or loss	223,575,247	63,953,582
Payments for purchase of financial instruments at fair value through profit or loss	(124,974,355)	(82,963,037)
Net (gains)/losses on financial instruments at fair value through profit or loss	(8,354,397)	(8,522,402)
Amount received from/(paid to) brokers for margin	531,724	88,499
Net change in receivables	(13,935)	(88,473)
Net change in payables	455,051	1,729
Net foreign exchange (gains)/losses	617	5,360
Net cash inflow/(outflow) from operating activities	102,421,625	(16,700,878)
(b) Non-cash financing activities		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	6,294	4,554
Total non-cash financing activities	6,294	4,554

As described in Note 2(j), 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.

13 Remuneration of auditors

During the year, the following fees were paid or payable for services provided by the auditors of the Fund:

	Year ended	
	30 June 2024	30 June 2023
	\$	\$
PricewaterhouseCoopers		
Audit of financial statements	22,803	21,926
Audit of compliance plan	2,444	2,512
Total remuneration for audit and other assurance services	25,247	24,438
Taxation services		
Taxation services (KPMG)	6,900	6,900
Total remuneration for taxation services	6,900	6,900
Total remuneration	32,147	31,338

The auditors' remuneration fees are stated exclusive of GST.

14 Receivables

	As at	
	30 June 2024	30 June 2023
	\$	\$
Interest receivables	18,893	8,985
Dividends/distribution receivable	430,495	394,698
Other receivable	-	31,770
Total receivables	449,388	435,453

15 Other payables

	As at	
	30 June 2024	30 June 2023
	\$	\$
Remuneration of auditors	35,227	34,472
Other payables	351,330	3,610
Total other payables	386,557	38,082

16 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.

Responsible Entity

The Responsible Entity of the 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:

Name

Glenn Foster	
Vicki Riggio	
Alexis Dodwell	Appointed as Director on 1 November 2023
Phillip Blackmore	Alternate Director for Vicki Riggio
Christopher Green	Resigned as Director on 1 November 2023

16 Related party transactions (continued)

(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 party 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.

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 Product Disclosure Statement.

The management fee rate is capped at 0.96% (2023: 0.96%) per annum of the net asset value of the Fund, accruing daily and payable in arrears.

16 Related party transactions (continued)

Responsible Entity's/Investment Manager's fees and other transactions (continued)

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 and the Investment Manager were as follows:

	Year ended	
	30 June 2024	30 June 2023
	\$	\$
Net management fees for the year paid and payable by the Fund to the Investment Manager	800,110	636,501
Responsible Entity's fees paid and payable for the year	13,140	11,000
Aggregate amounts payable to the Investment Manager at the end of the year	228,740	120,892
Aggregate amounts payable to the Responsible Entity at the end of the year	2,337	3,153

Net management fees are management fees after offset against management fee reimbursement from the Investment Manager.

Related party unitholdings

Parties related to the Fund (including The Trust Company (RE Services) Limited, its related parties and other funds 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 2024 (2023: Nil).

17 Significant events during the year

On 8 May 2024, Perpetual Limited announced it had entered into a Scheme Implementation Deed with an affiliate of Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, "KKR") who will acquire 100% of the businesses and entities comprising Wealth Management and Corporate Trust from Perpetual Shareholders via a Scheme of Arrangement, for total cash consideration of A\$2.175 billion ("Scheme"). If the Scheme is implemented, The Trust Company (RE Services) Limited will be acquired by KKR.

The Scheme is subject to satisfaction of a number of conditions precedent set out in the Scheme Implementation Deed as well as approvals including court, regulatory and the requisite shareholder approval with implementation expected to occur in late February or early March 2025.

On 20 May 2024, redemptions were made by multiple unit holders which were greater than 10% of the net assets of the Fund.

The wind-up of the Fund commenced on 21 May 2024 and the Fund was terminated subsequent to 30 June 2024, please refer to Events occurring after the reporting period note for more details. A notice was provided to all unitholders on 23 April 2024 with details of the wind-up of the Fund.

On 1 November 2023, Alexis Dodwell was appointed as Director of the Responsible Entity and Christopher Green resigned as Director of the Responsible Entity.

There were no other significant events during the year.

18 Events occurring after the reporting period

The Fund received the interest income \$20,117 and dividend income \$430,495. The Fund's residual cash was used to pay all outstanding payables in the Statement of financial position as at 30 June 2024. As the Fund has terminated, there have been no other matters subsequent to the end of the reporting period that significantly affected, or may significantly affect, the Fund.

19 Contingent assets and liabilities and commitments

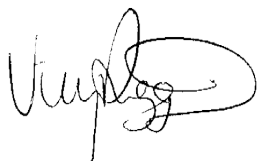
There are no outstanding contingent assets, liabilities or commitments as at 30 June 2024 and 30 June 2023.

Directors' declaration

In the opinion of the Directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 34 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 2024 and of its performance for the financial year ended on that date,
- (b) as disclosed in Note 2 to the financial statements, the Fund is terminated and is closed. The Fund has discharged all its debts and obligations; and
- (c) Note 2(a)(i) 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
25 September 2024



Independent auditor's report

To the unitholders of First Sentier Equity Income Fund

Our opinion

In our opinion:

The accompanying financial report of First Sentier Equity Income Fund (the Fund) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Fund's financial position as at 30 June 2024 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2024
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, including material accounting policy information and other explanatory information
- directors' declaration.

Basis for opinion

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

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

Independence

We are independent of the 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.

Emphasis of matter - going concern no longer appropriate

We draw attention to Note 2(a) in the financial report, which outlines the directors' decision to terminate the Fund. As a result, the financial report has been prepared on a liquidation basis and not on a going concern basis. Our opinion is not modified in respect of this matter.

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Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

The directors are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that 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 have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

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

A stylized, handwritten signature of PricewaterhouseCoopers in a dark grey or black ink.

PricewaterhouseCoopers

A stylized, handwritten signature of Paul Collins in a dark grey or black ink.

Paul Collins
Partner

Sydney
25 September 2024