

EQT Wholesale Flagship Fund

ARSN 107 854 026

Special purpose financial report For the year ended 30 June 2021

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This special purpose financial report covers EQT Wholesale Flagship Fund as an individual entity.

The Responsible Entity of EQT Wholesale Flagship Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:
Level 1, 575 Bourke Street
Melbourne, VIC 3000.

Directors' report

The directors of Equity Trustees Limited, the Responsible Entity of the EQT Wholesale Flagship Fund (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2021.

Principal activities

Until its termination on 30 June 2021, the Fund invested in a diversified portfolio of quality Australian companies sitting within the S&P/ASX 200 Index in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

During the year, all assets of the Fund were liquidated and returned to unit holders.

The Fund did not have any employees during the year.

Apart from the termination, there were no significant changes in the nature of the Fund's activities during the year.

The various service providers for the Fund are detailed below:

Service	Provider
Responsible Entity	Equity Trustees Limited
Investment Manager	Equity Trustees Limited
Custodian and Administrator	State Street Australia Limited
Statutory Auditor	Deloitte Touche Tohmatsu

Directors

The following persons held office as directors of Equity Trustees Limited during or since the end of the year and up to the date of this report:

Philip D Gentry	Chairman
Harvey H Kalman	(resigned 1 September 2020)
Ian C Westley	(resigned 3 July 2020)
Michael J O'Brien	
Russell W Beasley	(appointed 1 September 2020)

Review and results of operations

This is the final financial statements for the Fund, which has terminated.

During the year, the Fund continued to invest its funds in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

Directors' report (continued)

Review and results of operations (continued)

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

	Year ended	
	30 June 2021	30 June 2020
Profit/(loss) for the year (\$)	7,267,686	(1,752,794)
Distributions paid and payable (\$)	7,019,615	947,785
Distributions (cents per unit)	22.94	3.16

Significant changes in the state of affairs

Ian C Westley resigned as a director of Equity Trustees Limited on 3 July 2020.

Harvey H Kalman resigned as a director of Equity Trustees Limited on 1 September 2020.

Russell W Beasley was appointed as a director of Equity Trustees Limited on 1 September 2020.

The Fund terminated on 30 June 2021 when all unit holders' entitlements were redeemed. This is the result of the Fund being merged into the EQT Flagship Fund, ARSN 107 854 026 in December 2020. The majority of unit holders accepted the offer to redeem their units in the Fund in exchange for equivalent units in EQT Flagship Fund - Wholesale Units. Unit holders who participated in the merger were provided with ATO Class Order Ruling rollover relief for CGT on the disposal of their units in the Fund.

The decision to merge into the EQT Flagship Fund follows an operational review of Equity Trustees product offering and funds rationalisation.

The funds rationalisation will result in the following:

- A more focused approach to investing monies for client groups with similar investment objectives; therefore allowing EQT to provide more appropriate investment solutions to achieve their objectives,
- Improved asset management operational efficiencies with trade execution and risk management, and
- Implementation of a new performance reporting system to deliver informative and relevant performance reporting.

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may have a significant effect on:

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

Directors' report (continued)

Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to the officers of Equity Trustees Limited. So long as the officers of Equity Trustees Limited act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

Indemnification of auditor

The auditor of the Fund is in no way indemnified out of the assets of the Fund.

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 4 to 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

Amounts in the Directors' report have been rounded to the nearest dollar in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

This report is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by the Equity Trustees Limited's Board.



Philip D Gentry
Chairman

Melbourne
27 October 2021

The Board of Directors
Equity Trustees Limited
Level 1, 575 Bourke Street
MELBOURNE VIC 3000

27 October 2021

Dear Board Members,

Independence Declaration – EQT Wholesale Flagship 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 Equity Trustees Limited, the Responsible Entity, regarding the financial report of EQT Wholesale Flagship Fund (the "Fund").

As lead audit partner for the audit of the financial statements of the Fund for the financial year ended 30 June 2021, 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

DELOITTE TOUCHE TOHMATSU



Chester Hii
Partner
Chartered Accountants

Statement of comprehensive income

	Note	Year ended	
		30 June 2021	30 June 2020
		\$	\$
Investment income			
Interest income from financial assets at amortised cost		-	644
Dividend and distribution income		498,646	1,280,933
Net foreign exchange gain/(loss)		(696)	341
Net gains/(losses) on financial instruments at fair value through profit or loss		6,866,739	(2,692,261)
Other income		<u>91,435</u>	-
Total investment income/(loss)		<u>7,456,124</u>	<u>(1,410,343)</u>
Expenses			
Management fees		113,353	209,755
Custody and administration fees		8,792	18,246
Withholding taxes		3,437	14,635
Transaction costs		29,380	64,537
Other expenses	11	<u>33,476</u>	<u>35,278</u>
Total expenses		<u>188,438</u>	<u>342,451</u>
Profit/(loss) for the year		<u>7,267,686</u>	<u>(1,752,794)</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>7,267,686</u>	<u>(1,752,794)</u>

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

Statement of financial position

		As at	
	Note	30 June 2021 \$	30 June 2020 \$
Assets			
Cash and cash equivalents	6	-	1,097,768
Receivables	8	261	125,122
Due from brokers - receivable for securities sold		-	171,918
Financial assets at fair value through profit or loss	3	-	33,836,836
Total assets		<u>261</u>	<u>35,231,644</u>
Liabilities			
Borrowings	6(a)	261	-
Distributions payable	5	-	37,308
Payables	9	-	4,241
Due to brokers - payable for securities purchased		-	161,921
Total liabilities		<u>261</u>	<u>203,470</u>
Net assets attributable to unit holders - equity	4	<u>-</u>	<u>35,028,174</u>

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

Statement of changes in equity

	Note	Year ended	
		30 June 2021	30 June 2020
		\$	\$
Total equity at the beginning of the financial year		35,028,174	35,389,646
Comprehensive income for the financial year			
Profit/(loss) for the year		7,267,686	(1,752,794)
Other comprehensive income		-	-
Total comprehensive income		<u>7,267,686</u>	<u>(1,752,794)</u>
Transactions with unit holders			
Applications	4	41,381,072	6,798,751
Redemptions	4	(83,294,201)	(4,719,234)
Reinvestment of distributions	4	6,636,884	259,590
Distributions paid and payable	4	<u>(7,019,615)</u>	<u>(947,785)</u>
Total transactions with unit holders		<u>(42,295,860)</u>	<u>1,391,322</u>
Total equity at the end of the financial year		<u>-</u>	<u>35,028,174</u>

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

Statement of cash flows

	Note	Year ended	
		30 June 2021	30 June 2020
		\$	\$
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		51,026,348	18,454,326
Payments for purchase of financial instruments at fair value through profit or loss		(10,312,776)	(20,228,613)
Net foreign exchange gain/(loss)		(696)	341
Interest income received from financial assets at amortised cost		-	803
Dividends and distributions received		586,688	1,890,791
Other income received		111,777	-
Management fees paid		(114,944)	(216,903)
Custody and administration fees paid		(10,238)	(29,394)
Other expenses paid		(51,020)	(102,696)
Net cash inflow/(outflow) from operating activities	7(a)	<u>41,235,139</u>	<u>(231,345)</u>
Cash flows from financing activities			
Proceeds from applications by unit holders		41,381,072	6,798,751
Payments for redemptions by unit holders		(83,294,201)	(4,723,542)
Distributions paid to unit holders		(420,039)	(1,455,402)
Net cash inflow/(outflow) from financing activities		<u>(42,333,168)</u>	<u>619,807</u>
Net increase/(decrease) in cash and cash equivalents		(1,098,029)	388,462
Cash and cash equivalents at the beginning of the year		<u>1,097,768</u>	<u>709,306</u>
Cash and cash equivalents at the end of the year	6	<u>(261)</u>	<u>1,097,768</u>
Non-cash operating and financing activities	7(b)	6,636,884	259,590

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

Notes to the financial statements

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1 General information

These special purpose financial statements cover EQT Wholesale Flagship Fund (the “Fund”) as an individual entity. The Fund was constituted on 30 January 2004.

The Responsible Entity of the Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975) (the “Responsible Entity”). The Responsible Entity’s registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. The special purpose financial statements are presented in the Australian currency unless otherwise noted.

Until its termination on 30 June 2021, the Fund invested in a diversified portfolio of quality Australian companies sitting within the S&P/ASX 200 Index in accordance with the Product Disclosure Statement and the provisions of the Fund’s Constitution.

The financial statements were authorised for issue by the directors on the date the Directors’ declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

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

The Fund is not a reporting entity because, in the directors’ opinion, it is unlikely that users exist who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, these special purpose financial statements have been prepared to satisfy the directors’ reporting requirements under the Fund Constitution.

As the Fund was terminated on 30 June 2021, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a liquidation basis. The liquidation 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 accounting policies set out below have been applied within this context. As there were no assets or liabilities at the reporting date, adopting the liquidation basis did not change the carrying amounts of any assets or liabilities.

The financial statements have been prepared in accordance with the recognition and measurement principles of all applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), the Corporations Act 2001 in Australia and the following disclosure requirements:

- AASB 101 *Presentation of Financial Statements*;
- AASB 107 *Statement of Cash Flows*;
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- AASB 1048 *Interpretation of Standards*; and
- AASB 1054 *Australian Additional Disclosures*

The Fund is a for-profit entity for the purposes of preparing the financial statements.

(i) *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 2020 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) Financial instruments

(i) Classification

- Financial assets

Until its termination, the Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The Fund classifies its financial assets 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 Investment Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities, 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.

For cash and cash equivalents, due from brokers and receivables, these assets are held in order to collect the contractual cash flows and the contractual terms of these assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

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 (distributions payable, management fees payable, administration fees payables and custodian fees payable).

(ii) Recognition and 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 the fair value of the financial assets or financial liabilities from this date.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

(iii) Measurement

- Financial instruments at fair value through profit or loss

At initial recognition, the Fund measures a financial asset and a financial liability at its fair value. Transaction costs in relation to financial assets and 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 liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets or 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.

2 Summary of significant accounting policies (continued)

(a) Financial instruments (continued)

(iii) Measurement (continued)

- Financial instruments at amortised cost

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured using the effective interest rate method less any allowance for expected credit losses.

Cash and cash equivalents and receivables are carried at amortised cost.

(iv) Impairment

At each reporting date, the Fund shall estimate a loss allowance on each of the financial assets carried at amortised cost (cash and cash equivalents, receivables and due from brokers) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that the asset is credit impaired. 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.

The expected credit loss (ECL) approach is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The amount of the impairment loss 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.

(b) Net assets attributable to unit holders

Units are redeemable at the unit holders' option; however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unit holders.

The units can be put back to the Fund at any time for cash based on the redemption price, which is equal to a proportionate share of the Fund's net asset value attributable to the unit holders.

The units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the units back to the Fund.

The Fund's units are classified as equity as 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 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.

2 Summary of significant accounting policies (continued)

(c) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in the statement of financial position. Bank overdrafts are shown within borrowings in the statement of financial position.

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

(d) Investment income

(i) Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

(ii) Dividends and distributions

Dividend 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.

Fund distributions are recognised on an entitlement basis.

(e) Expenses

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

(f) Income tax

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unit holders.

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included in the statement of comprehensive income as an expense.

(g) Distributions

The Fund may distribute its distributable income, in accordance with the Fund's Constitution, to unit holders by cash or reinvestment. The distributions are recognised in the statement of changes in equity.

2 Summary of significant accounting policies (continued)

(h) Functional and presentation currency

Balances 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.

(i) 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 period. The due from brokers balance is held for collection and is recognised initially at fair value and subsequently measured at amortised cost.

(j) Receivables

Receivables may include amounts for interest, dividends and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

(k) Payables

Payables include liabilities and accrued expenses owed by the Fund which are unpaid as at the end of the reporting period.

A separate distribution payable is recognised in the statement of financial position.

Distributions declared effective 30 June in relation to unit holders who have previously elected to reinvest distributions are recognised as reinvested effective 1 July of the following financial year.

(l) 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 units redeemed.

(m) Goods and services tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as management, administration and custodian services where applicable, have been passed on to the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%. Hence, fees for these services and any other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts 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.

(n) Use of estimates and judgements

The Fund makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates and judgements are continually evaluated and are 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 or unquoted securities, are fair valued using valuation techniques. 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.

2 Summary of significant accounting policies (continued)

(n) Use of estimates and judgements (continued)

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

The Fund estimates that the resultant expected credit loss (ECL) derived from using impairment model, has not materially impacted the Fund.

(o) Rounding of amounts

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

(p) Comparative revisions

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 assets at fair value through profit or loss

	30 June 2021	As at 30 June 2020
	\$	\$
Equity securities	-	33,836,836
Total financial assets at fair value through profit or loss	-	33,836,836

4 Net assets attributable to unit holders - equity

The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.

Movements in the number of units and net assets attributable to unit holders during the period were as follows:

	Year ended			
	30 June 2021 Units	30 June 2021 \$	30 June 2020 Units	30 June 2020 \$
Opening balance	30,911,675	35,028,174	28,439,601	35,389,646
Applications	31,991,970	41,381,072	5,856,641	6,798,751
Redemptions	(68,720,742)	(83,294,201)	(3,594,501)	(4,719,234)
Reinvestment of distributions	5,817,097	6,636,884	209,934	259,590
Distributions paid and payable	-	(7,019,615)	-	(947,785)
Profit/(loss) for the year	-	7,267,686	-	(1,752,794)
Closing balance	-	-	30,911,675	35,028,174

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 in 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.

Units are redeemed on demand at the unit holders' option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

Capital risk management

The Fund considers its net assets attributable to unit holders as capital. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unit holders.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Responsible Entity. 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 redemption of units if the exercise of such discretion is in the best interests of unit holders.

5 Distributions to unit holders

The distributions declared during the year were as follows:

	Year ended			
	30 June 2021 \$	30 June 2021 CPU	30 June 2020 \$	30 June 2020 CPU
Distributions				
September	280,453	0.91	370,159	1.20
December	114,388	0.37	249,999	0.81
March	6,624,774	21.66	290,319	1.03
June (payable)	-	-	37,308	0.12
Total distributions	<u>7,019,615</u>	<u>22.94</u>	<u>947,785</u>	<u>3.16</u>

6 Cash and cash equivalents

	As at	
	30 June 2021 \$	30 June 2020 \$
Cash at bank	-	1,097,768
Total cash and cash equivalents	<u>-</u>	<u>1,097,768</u>

(a) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the year as follows:

	As at	
	30 June 2021 \$	30 June 2020 \$
Balances as above	-	1,097,768
Overdraft and cash equivalent	<u>(261)</u>	<u>-</u>
Balances as per statement of cash flows	<u>(261)</u>	<u>1,097,768</u>

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

	Year ended	
	30 June 2021	30 June 2020
	\$	\$
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) for the year	7,267,686	(1,752,794)
Proceeds from sale of financial instruments at fair value through profit or loss	51,026,348	18,454,326
Payments for purchase of financial instruments at fair value through profit or loss	(10,312,776)	(20,228,613)
Net (gains)/losses on financial instruments at fair value through profit or loss	(6,866,739)	2,692,261
Net change in receivables	124,861	622,131
Net change in payables	(4,241)	(18,656)
Net cash inflow/(outflow) from operating activities	41,235,139	(231,345)
(b) Non-cash operating and financing activities		
The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan	6,636,884	259,590
Total non-cash operating and financing activities	6,636,884	259,590

8 Receivables

	As at	
	30 June 2021	30 June 2020
	\$	\$
Dividends and distributions receivable	-	91,479
GST receivable	261	13,301
Management fee reimbursement receivable	-	20,342
Total receivables	261	125,122

9 Payables

	As at	
	30 June 2021	30 June 2020
	\$	\$
Management fees payable	-	1,591
Custody and administration fees payable	-	1,446
Other payables	-	1,204
Total payables	-	4,241

10 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 2021	30 June 2020
	\$	\$
Deloitte Touche Tohmatsu		
<i>Audit and other assurance services</i>		
	7,000	10,450
Audit of compliance plan	-	5,000
Total auditor remuneration and other assurance services	7,000	15,450
<i>Taxation services</i>		
Tax compliance services	-	7,322
Total remuneration for taxation services	-	7,322
Total remuneration of Deloitte Touche Tohmatsu	7,000	22,772
PricewaterhouseCoopers		
<i>Audit and other assurance services</i>		
Audit of compliance plan	2,342	-
Total auditor remuneration and other assurance services	2,342	-
Total remuneration of PricewaterhouseCoopers	2,342	-

The auditors' remuneration is borne by the Fund. Fees are stated exclusive of GST.

11 Other expenses

	Year ended	
	30 June 2021	30 June 2020
	\$	\$
Audit fees	7,321	23,147
Other expenses	26,155	12,131
Total other expenses	33,476	35,278

12 Events occurring after the reporting period

The Fund terminated its operations on 30 June 2021 when all the unitholders entitlements were redeemed.

No significant events have occurred since the terminated date which would impact on the financial position of the Fund as disclosed in the statement of financial position as at 30 June 2021 or on the results and cash flows of the Fund for the period ended on that date.

13 Contingent assets and liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 30 June 2021 and 30 June 2020.

Directors' declaration

As stated in Note 2(a) of the financial statements, the Fund is not a reporting entity because, in the directors' opinion, it is unlikely that users exist who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, these special purpose financial statements have been prepared to satisfy the directors' reporting requirements under the Fund Constitution.

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 5 to 20:
 - (i) comply with Australian Accounting Standards and other mandatory professional reporting requirements, to the extent outlined in Note 2 to the financial statements; and
 - (ii) give a true and fair view of the Fund's financial position as at 30 June 2021 and of its performance for the financial year ended on that date.
- (b) As outlined in Note 1 to the financial statements, the Fund terminated its operations on 30 June 2021 and all units were redeemed out of the Fund.

This declaration is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Philip D Gentry
Chairman

Melbourne
27 October 2021

Independent Auditor's Report to the Unit Holders of the EQT Wholesale Flagship Fund

Opinion

We have audited the financial report being a special purpose financial report of the EQT Wholesale Flagship Fund (the "Fund"), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statement, including a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the Fund's financial position as at 30 June 2021 and of its financial performance and its cash flows for the period then ended in accordance with the accounting policies described in Note 2.

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 ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Directors of the Responsible Entity to meet their financial reporting requirements. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Responsible Entity and should not be distributed or used by parties other than the Responsible Entity. Our opinion is not modified in respect of this matter.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report for the year ended 30 June 2021 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 are responsible for the preparation and fair presentation of the financial report and has determined that the basis of preparation described in Note 2 to the financial report, which includes the non-going concern basis of accounting is appropriate to meet the reporting needs of the Responsible Entity. Director's responsibility also includes such internal control as they determine is necessary to enable the preparation and fair presentation 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 Scheme to continue as a going concern. As disclosed in Note 2, the financial report has been prepared on a non-going concern basis because management has resolved to wind up the entity.

The Directors are responsible for overseeing the Fund's financial reporting process.

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 scepticism 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 Responsible Entity.
- Conclude on the appropriateness of the Directors use of the non-going concern basis of accounting. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- 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.

Deloitte.

We communicate with the Directors 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.

A handwritten signature in cursive script that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in cursive script that reads "Adam Kuziow".

Adam Kuziow
Partner
Chartered Accountants

Melbourne, 27 October 2021