

NWQ Fiduciary Fund

ARSN 606 556 049

**Annual report
For the year ended 30 June 2021**

NWQ Fiduciary Fund

ARSN 606 556 049

Annual report For the year ended 30 June 2021

Contents

Directors' report

Auditor's independence declaration

Statement of comprehensive income

Statement of financial position

Statement of changes in equity

Statement of cash flows

Notes to the financial statements

Directors' declaration

Independent auditor's report to the unit holders of NWQ Fiduciary Fund

This annual report covers NWQ Fiduciary Fund as an individual entity.

The Responsible Entity of NWQ Fiduciary 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 NWQ Fiduciary Fund (the 'Fund'), present their report together with the financial statements of the Fund for the year ended 30 June 2021.

Principal activity

The principal activity of the Fund is conducting securities investment activities in Australia by investing in a diversified portfolio of Australian hedge funds.

The Fund did not have any employees during the year.

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

The various service providers for the Fund are detailed below:

Service	Provider
Responsible Entity	Equity Trustees Limited
Investment Manager	NWQ Capital Management Pty Ltd
Custodian	Equity Trustees Limited
Administrator	Apex Fund Services (Sydney) Pty Limited
Statutory Auditor	Ernst & Young

Directors

The following persons were directors of Equity Trustees Limited during the year and up to the date of this report:

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

Review and results of operations

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.

The Fund's performance for the year ended 30 June 2021 was 14.11%. The Fund's benchmark, the HFRI Diversified Fund of Fund Index returned 16.69% for the same period.

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) before finance costs attributable to unit holders for the year (\$'000)	6,825	3,201

Directors' report (continued)

Distributions

Distributions paid and payable during the financial year were as follows:

	Year ended	
	30 June 2021 \$'000	30 June 2020 \$'000
Distribution paid or payable (\$'000) Distribution 6.0066 cents per unit (2020: 1.5282 cents per unit) to Class A unit holders	2,413	644
Distribution paid or payable (\$'000) Distribution 5.9749 cents per unit (2020: 1.5178 cents per unit) to Class B unit holders	39	10
Distribution paid or payable (\$'000) Distribution 5.1991 cents per unit (2020: 1.3252 cents per unit) to Direct unit holders	74	18
Distribution paid or payable (\$'000) Distribution 5.3724 cents per unit (2020: 1.3653 cents per unit) to Indirect unit holders	22	7
	2,548	679

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.

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

COVID-19

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The outbreak and the response of Governments in dealing with the pandemic has continued to evolve over the course of time. The prior year saw an increase in financial market volatility and corresponding fluctuations in the fair value of the Fund's investment portfolio. There is still some uncertainty around the impact of COVID, the potential for further outbreaks and the COVID vaccine and its roll out both in Australia and around the world.

The Responsible Entity and Investment Manager are monitoring the situation closely, noting that with the ongoing developments, there is still a degree of uncertainty; therefore it is not possible at this time to predict the extent and nature of the overall impact on the Fund. The Investment Manager however, actively manages the financial risks that the Fund is exposed to, and the Net Asset Values of the Fund continue to be valued in accordance with the frequency set out in the Fund's Offer Documents, applying valuation policies reflective of the prevailing market conditions.

Directors' report (continued)

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 significantly effect on

- i. the Fund's operations or,
- ii. the results of those operations, or
- iii. the Fund's state of affairs in future financial years.

Likely developments and expected results of operations

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

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

Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regard 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 Responsible Entity has not, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify the auditor of the Fund against a liability incurred as auditor.

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

Fees paid and interests held in the Fund by the Responsible Entity and its associates are disclosed in Note 13 to the financial statements.

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

Interests in the Fund

The movement in the units on issue of the Fund during the year is disclosed in Note 6 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 significant accounting policies 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 a Commonwealth, State or Territory law.

Options

There were no unissued units of the Fund under option outstanding at the date of this report.

Directors' report (continued)

Proceedings on behalf of the Fund

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

Rounding of amounts to the nearest thousand dollars

Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, 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 immediately after this directors' report.

This report 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

29 October 2021
Melbourne



**Building a better
working world**

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of Equity Trustees Limited as Responsible Entity for NWQ Fiduciary Fund

As lead auditor for the audit of the financial report of NWQ Fiduciary Fund for the financial year ended 30 June 2021, I declare 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;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

Ernst & Young

Ernst & Young

Rohit Khanna
Partner
Sydney
29 October 2021

NWQ Fiduciary Fund
Statement of comprehensive income
For the year ended 30 June 2021

Statement of comprehensive income

	Note	Year ended	
		30 June 2021 \$'000	30 June 2020 \$'000
Investment income			
Interest income from financial assets at fair value through profit or loss		4	59
Unit trust distributions		3,740	3,792
Other income		38	22
Net gains/(losses) on financial instruments at fair value through profit or loss		3,993	10
Total investment income		<u>7,775</u>	<u>3,883</u>
Expenses			
Management fees	13(g)	276	332
Performance fees	13(g)	307	37
Other expenses	14	367	313
Total expenses		<u>950</u>	<u>682</u>
Profit/(loss) before finance costs attributable to unit holders for the year		6,825	3,201
Finance cost attributable to unit holders			
Distributions to unit holders	7	(2,548)	(679)
(Increase)/decrease in net assets attributable to unit holders	6	(4,277)	(2,522)
Profit/(loss) for the year		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u><u>-</u></u>	<u><u>-</u></u>

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

NWQ Fiduciary Fund
Statement of financial position
As at 30 June 2021

Statement of financial position

	Note	As at 30 June 2021 \$'000	30 June 2020 \$'000
Assets			
Cash and cash equivalents	8	1,642	1,959
Receivables	10	1,807	2,042
Due from broker		1,125	-
Financial assets at fair value through profit or loss	5	<u>49,770</u>	<u>46,649</u>
Total assets		<u>54,344</u>	<u>50,650</u>
Liabilities			
Payables	11	268	53
Distributions payable	7	2,548	679
Subscriptions pending allotment		<u>120</u>	<u>395</u>
Total liabilities(excluding net assets attributable to unit holders)		<u>2,936</u>	<u>1,127</u>
Net assets attributable to unit holders – liability	6	<u>51,408</u>	<u>49,523</u>

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

Statement of changes in equity

	Year ended	
	30 June 2021 \$'000	30 June 2020 \$'000
Total equity at the beginning of the financial year	-	-
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the financial year*	-	-

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

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

NWQ Fiduciary Fund
Statement of cash flows
For the year ended 30 June 2021

Statement of cash flows

	Note	Year ended	
		30 June 2021 \$'000	30 June 2020 \$'000
Cash flows from operating activities			
Proceeds from sale of financial assets at fair value through profit or loss		9,913	39,390
Payments for purchase of financial assets at fair value through profit or loss		(9,919)	(29,793)
Dividends and distributions received		3,740	1,798
Interest income from financial assets at fair value through profit or loss		4	59
GST (paid)/received		(4)	16
Other income received		29	22
Management fees paid		(275)	(345)
Performance fees paid		(162)	(36)
Other expenses paid		(298)	(310)
Net cash inflow from operating activities	9	3,028	10,801
Cash flows from financing activities			
Proceeds from applications by unit holders		2,420	1,835
Payments for redemptions by unit holders		(5,211)	(20,752)
Distributions paid to unit holders		(279)	(340)
Subscriptions pending allotment		(275)	-
Net cash used in financing activities		(3,345)	(19,257)
Net increase/(decrease) in cash and cash equivalents		(317)	(8,456)
Cash and cash equivalents at the beginning of the year		1,959	10,415
Cash and cash equivalents at the end of the year	8	1,642	1,959
Non-cash operating and financing activities		400	424

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

Notes to the financial statements

Contents

1. General information
2. Significant accounting policies
3. Financial risk management
4. Fair value measurement
5. Financial assets at fair value through profit or loss
6. Net assets attributable to unit holders - liability
7. Distributions to unit holders
8. Cash and cash equivalents
9. Reconciliation of profit/(loss) after income tax to net cash inflow/(outflow) from operating activities
10. Receivables
11. Payables
12. Remuneration of auditors
13. Related party transactions
14. Other expenses
15. Events after the reporting period
16. Contingent assets, liabilities, and commitments
17. Comparative figures

1. General information

The financial statements cover NWQ Fiduciary Fund (the 'Fund') as an individual entity. The financial statements are presented in the Australian currency, which is NWQ Fiduciary Fund's functional and presentation currency.

The Fund is an Australian registered managed investment scheme which was constituted on 1 March 2013 and will terminate in accordance with the provisions of the Fund's Constitution or by Law.

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 Fund invests in unlisted Australian unit trusts in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The outbreak and the response of Governments in dealing with the pandemic has continued to evolve over the course of time. The prior year saw an increase in financial market volatility and corresponding fluctuations in the fair value of the Fund's investment portfolio. There is still some uncertainty around the impact of COVID, the potential for further outbreaks and the COVID vaccine and its roll out both in Australia and around the world.

The Responsible Entity and Investment Manager are monitoring the situation closely, noting that with the ongoing developments, there is still a degree of uncertainty; therefore it is not possible at this time to predict the extent and nature of the overall impact on the Fund. The Investment Manager however, actively manages the financial risks that the Fund is exposed to, and the Net Asset Values of the Fund continue to be valued in accordance with the frequency set out in the Fund's Offer Documents, applying valuation policies reflective of the prevailing market conditions.

The financial statements were authorised for issue by the directors of the Responsible Entity 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. Significant accounting policies

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

a. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. The Fund is a for-profit entity for the purpose of preparing the financial statements.

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

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and liabilities and net assets attributable to unit holders.

The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

2. Significant accounting policies (continued)

a. Basis of preparation (continued)

In the case of net assets attributable to unit holders', the units are redeemable on demand at the unit holder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

i. Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Fund also comply with IFRS as issued by the International Accounting Standards Board (IASB).

ii. New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2020 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

Amendments to AASB 101 and AASB 108: Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

Amendments to AASB 7, IFRS 9 and AASB 9: Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 *Financial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

iii. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2021 and have not been early adopted in preparing these financial statements.

None of these are expected to have a material effect on the financial statements of the Fund

b. Financial instruments

i. Classification

- Financial assets

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.

2. Significant accounting policies (continued)

b. Financial instruments (continued)

i. Classification (continued)

- Financial assets (continued)

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

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

For cash and cash equivalents, due from brokers, receivables, these assets are held in order to collect the contractual cash flows. 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, subscription pending allotment).

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 at its fair value. Transaction costs of financial assets 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.

For further details on how the fair value of financial instruments is determined please see Note 4 to the financial statements.

2. Significant accounting policies (continued)

b. Financial instruments (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, due from brokers, 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, due from brokers and receivables) 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 counter party, probability that the counter party 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.

v. Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when the Fund has 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 the end of the reporting period, there are no financial assets or liabilities offset or with the right to offset in the statement of financial position

c. Net assets attributable to unit holders

Net assets attributable to unit holders have been recognised as liabilities of the Fund rather than as equity. The classification of the net assets attributable to unit holders does not alter the underlying economic interest of the unit holders in the net assets and net profit attributable to unit holders of the Fund.

Non-distributable income is transferred directly to net assets attributable to unit holders and may consist of unrealised changes in the net fair value of investments, accrued income not yet assessable, expenses provided or accrued which are not deductible, net capital losses and tax free or tax deferred income. Net capital gains on the realisation of any investments (including any adjustments for tax deferred income previously taken directly to net assets attributable to unit holders) and accrued income not yet assessable will be included in the determination of distributable income in the same year it becomes assessable for tax.

2. Significant accounting policies (continued)

d. Cash and cash equivalents

For the purpose of presentation in the Statement of cash flows, Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, 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.

Short term investments which are not held for the purpose of meeting short-term cash commitments, as well as restricted margin accounts, are not considered as 'cash and cash equivalents'.

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

e. 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. 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 measured at fair value through the profit or loss.

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.

Interest income on financial assets at fair value through profit or loss is also recognised in the statement of comprehensive income. Changes in fair value of financial instruments at fair value through profit or loss are recorded in accordance with the policies described in Note 2(b) to the financial statements.

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.

Trust distributions are recognised on an entitlement basis.

iii. Unit trust distribution income

Unit trust distribution income is recognised when the Fund's right to receive the payment is established. Distribution income is presented gross of any non-recoverable withholding taxes, which are disclosed separately as tax expense in the statement of comprehensive income.

iv. Other income

Other income is recognised when it is received or when the right to receive payment is established.

2. Significant accounting policies (continued)

f. Expenses

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

g. Income tax

Under current legislation, the Fund is not subject to income tax provided it distributes the entirety of its taxable income to its unit holders on present entitlement basis.

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 financial position. Withholding taxes payable are included in the statement of financial position as payables.

h. Distributions

In accordance with the Fund's Constitution, the Fund fully distributes its distributable (taxable) income to unit holders at the end of the distribution period being 30 June each year, or more frequently at the Responsible Entity's discretion. Distributable income includes capital gains arising from the disposal of investments. Unrealised gains and losses are transferred to net assets attributable to unit holders are not assessable or distributable until realised. Capital losses are not distributed to unit holders but are retained to be offset against any future realised capital gains. Distributions to unit holders are recognised in the statement of comprehensive income as a finance cost.

i. Increase/decrease in net assets attributable to unit holders

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

j. Foreign currency translation

i. 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.

k. Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and is recognised initially at fair value and subsequently measured at amortised cost.

l. Receivables

Receivables may include amounts for interest and trust distributions. 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.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

2. Significant accounting policies (continued)

m. Payables

These amounts represent liabilities for services provided to the Fund prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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

n. Applications and redemptions

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

o. 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

p. 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.

q. Rounding of amounts

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

3. Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Fund. The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by the directors of the Responsible Entity. These policies include identification and analysis of the risk exposure of the Fund and appropriate procedures, controls, and risk limits. The directors of the Responsible Entity identifies, evaluates, and hedges financial risks within the Fund. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by the directors of the Responsible Entity. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept.

3. Financial risk management (continued)

a. Market risk

i. Foreign currency risk

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the Fund's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Fund is not exposed to any significant foreign currency risk as of 30 June 2021 (2020: nil).

ii. Price risk

Price risk is the risk that the fair value of investments decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual equity securities or managed investment funds or factors affecting all financial instruments in the market. Price risk exposure arises from the Fund's investment portfolio.

Price risk is managed by monitoring compliance with established investment mandate limits.

All securities present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instrument, and as recorded on the statement of financial position.

iii. Price risk sensitivity

A 10% (2020: 10%) increase/decrease in value of the investments would result in the net assets attributable to unit holders (and profit/(loss) before finance costs attributable to unit holders) to be higher/lower by \$4,977,000 and \$4,665,000 as of 30 June 2021 and 30 June 2020, respectively. This sensitivity analysis has been performed as at the reporting date with all other variables held constant.

iv. Interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instrument with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk. As the Fund has no directly held interest bearing securities at the reporting date, interest rate risk sensitivity has not been presented.

b. Credit risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The Fund is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. These credit exposures exist within financing relationships, derivatives, and other transactions.

Credit risk relating to unsettled transactions in listed securities is considered to be minimal as the Fund only uses broker with a high creditworthiness and the transactions are settled or paid for only upon delivery. Payments on securities acquired are only made after the broker has received the securities. Securities sold are only delivered after the broker has received the payment.

3. Financial risk management (continued)

b. Credit risk (continued)

The table below analyses the Fund's maximum exposure to credit risk at the reporting date:

	As at	
	30 June 2021 \$'000	30 June 2020 \$'000
Financial assets		
Cash and cash equivalents	1,642	1,959
Financial assets at fair value through profit or loss		
- Investments in unlisted Australian unit trusts	49,770	46,649
Receivables	1,807	2,042
Due from broker	1,125	-
Total financial assets	54,344	50,650
Financial liabilities		
Payables	268	53
Distributions payable	2,548	679
Subscriptions pending allotment	120	395
Total financial liabilities	2,936	1,127

Credit quality of financial assets

The financial assets and cash are held with the Fund's banker National Australia Bank Limited ('NAB') and St George Bank Limited. The Responsible Entity monitors the Fund's credit position on an ongoing basis. This review process allows the Responsible Entity to assess the potential loss as a result of risks and take corrective actions.

On 30 June 2021, St George Bank which is a subsidiary of Westpac Banking Corporation has a long-term credit rating of A3 (2020: Aa3) by Moody's. National Australia Bank has a long-term credit rating of Aa3 (2020: Aa3) by Moody's. The Responsible Entity considers that the above financial institutions are credit worthy.

c. 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 or can only do so on terms that are materially disadvantageous. Exposure to liquidity risk for the Fund may arise from the requirement to meet daily unit holder redemption requests.

The Fund invests in unlisted managed investment funds and other financial instruments. Investments in unlisted managed investment funds expose the Fund to the risk that the Responsible Entity of those funds may be unwilling or unable to fulfil redemption requests within the timeframe required by the Fund. At 30 June 2021, there were no financial assets at fair value through profit or loss where the Responsible Entity has suspended redemptions due to a lack of liquidity in its underlying funds (30 June 2020: nil).

Financial liabilities of the Fund comprise trade and other payables and derivative financial instruments. Trade and other payables have no contractual maturities but are typically settled within 30 days. Net assets attributable to unit holders are payable entirely on demand but subject to the notice period applicable to the Fund as set out in the Product Disclosure Statement

3. Financial risk management (continued)

c. Liquidity risk (continued)

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders. The Fund did not reject or withhold any redemptions during 2021 and 2020.

i. Maturities of non-derivative financial liabilities

All non-derivative financial liabilities of the Fund in the current period have maturities of less than 1 month.

4. Fair value measurement

The Fund measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis.

- Financial assets at fair value through profit or loss (see Note 5)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

Fair value hierarchy

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

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

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

a. Recognised fair value measurements

The tables below presents the Fund's financial assets and liabilities measured and recognised at fair value as of 30 June 2021 and 30 June 2020.

As of 30 June 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Financial assets at fair value through profit or loss				
Unlisted Australian unit trusts	-	49,770	-	49,770
Total assets	-	49,770	-	49,770

As of 30 June 2020

Assets				
Financial assets at fair value through profit or loss				
Unlisted Australian unit trusts	-	46,649	-	46,649
Total assets	-	46,649	-	46,649

4. Fair value measurement (continued)

b. Fair value in an inactive or unquoted market (level 2)

i. Investments in unlisted Australian unit trusts

The Fund held investments in unlisted Australian unit trusts. These investments are recorded at fair value determined on the basis of the published redemption prices of those unlisted managed investment funds at the reporting date. Adjustments to these values may be made where deemed appropriate to reflect values based on recent actual market transactions.

c. Transfer between levels

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

d. Financial instruments not carried at fair value

The carrying amounts of receivables and payables approximate their fair values due to their short-term nature.

Net assets attributable to unit holders' carrying value differs from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current or prior year.

5. Financial assets at fair value through profit or loss

	As at	
	30 June 2021 \$'000	30 June 2020 \$'000
Investments in unlisted Australian unit trusts - at fair value through profit or loss	49,770	46,649

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in Note 3 and Note 4 to the financial statements

6. Net assets attributable to unit holders – liability

	Year ended		Year ended	
	30 June 2021 Units '000	30 June 2021 \$'000	30 June 2020 Units '000	30 June 2020 \$'000
A Class unit holders	40,178	48,700	42,154	46,998
B Class unit holders	651	786	620	687
Direct unit holders	1,411	1,480	1,387	1,341
Indirect unit holders	409	442	499	497
Closing balance	42,649	51,408	44,660	49,523

6. Net assets attributable to unit holders – liability (continued)

Movements in net assets attributable to unit holders during the year were as follows:

	Year ended		Year ended	
	30 June 2021 Units '000	30 June 2021 \$'000	30 June 2020 Units '000	30 June 2020 \$'000
A Class unit holders				
Opening balance	42,154	46,998	52,404	56,193
Applications	1,887	2,230	1,271	1,406
Redemptions	(4,202)	(4,967)	(11,850)	(13,134)
Reinvestment of distributions	339	378	329	354
Increase/(decrease) in net assets attributable to unit holders	-	4,061	-	2,179
Closing balance	40,178	48,700	42,154	46,998

	Year ended		Year ended	
	30 June 2021 Units '000	30 June 2021 \$'000	30 June 2020 Units '000	30 June 2020 \$'000
B Class unit holders				
Opening balance	620	687	5,547	5,918
Applications	24	30	89	100
Redemptions	-	-	(5,070)	(5,616)
Reinvestment of distributions	7	8	54	58
Increase/(decrease) in net assets attributable to unit holders	-	61	-	227
Closing balance	651	786	620	687

	Year ended		Year ended	
	30 June 2021 Units '000	30 June 2021 \$'000	30 June 2020 Units '000	30 June 2020 \$'000
Direct unit holders				
Opening balance	1,387	1,341	2,874	2,692
Applications	152	160	76	75
Redemptions	(139)	(145)	(1,574)	(1,521)
Reinvestment of distributions	11	11	11	10
Increase/(decrease) in net assets attributable to unit holders	-	113	-	85
Closing balance	1,411	1,480	1,387	1,341

	Year ended		Year ended	
	30 June 2021 Units '000	30 June 2021 \$'000	30 June 2020 Units '000	30 June 2020 \$'000
Indirect unit holders				
Opening balance	499	497	982	945
Redemptions	(93)	(100)	(485)	(481)
Reinvestment of distributions	3	3	2	2
Increase/(decrease) in net assets attributable to unit holders	-	42	-	31
Closing balance	409	442	499	497

6. Net assets attributable to unit holders - liability (continued)

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 four separate classes of units and each class of units has the same rights attached to it as all the other unit classes of the Fund. Except for different management and performance fee rates, the four different classes have the same preferences and restrictions.

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, notwithstanding net assets attributable to unit holders are classified as a liability. The amount of net assets attributable to unit holders can change significantly on a monthly basis as the Fund is subject to monthly applications and redemptions at the discretion of the unit holders.

Monthly 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 a redemption of units if the exercise of such discretion is in the best interests of unit holders.

In order to maintain or adjust the capital structure, the Responsible Entity may return capital to unit holders. The Fund is not subject to any externally imposed capital requirements.

The capital risk management policy remains unchanged from the 30 June 2020 Annual Report.

7. Distributions to unit holders

Distributions declared during the year were as follows:

	30 June 2021 \$'000	30 June 2021 CPU	30 June 2020 \$'000	30 June 2020 CPU
Distributions – Class A unit holder				
June (payable)	2,413	6.0066	644	1.5282
Total distributions	<u>2,413</u>	<u>6.0066</u>	<u>644</u>	<u>1.5282</u>
Distributions – Class B unit holder				
June (payable)	39	5.9749	10	1.5178
Total distributions	<u>39</u>	<u>5.9749</u>	<u>10</u>	<u>1.5178</u>
Distributions – Direct unit holder				
June (payable)	74	5.1991	18	1.3252
Total distributions	<u>74</u>	<u>5.1991</u>	<u>18</u>	<u>1.3252</u>
Distributions – Indirect unit holder				
June (payable)	22	5.3724	7	1.3653
Total distributions	<u>22</u>	<u>5.3724</u>	<u>7</u>	<u>1.3653</u>
	<u>2,548</u>		<u>679</u>	

8. Cash and cash equivalents

	As at	
	30 June 2021	30 June 2020
	\$'000	\$'000
Cash at bank	1,642	1,959
Total cash at bank	1,642	1,959

9. Reconciliation of profit/(loss) after income tax to net cash inflow/(outflow) from operating activities

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

	Year ended	
	30 June 2021	30 June 2020
	\$'000	\$'000
Increase/(decrease) in net assets attributable to unit holders	4,277	2,522
Distribution to unit holders included under financing activities	2,548	679
Proceeds from sale of financial assets at fair value through profit or loss	9,913	39,390
Payments for purchase of financial assets at fair value through profit or loss	(9,919)	(29,793)
Net (gains)/losses on financial instruments at fair value through profit or loss	(3,993)	(10)
Distribution income reinvested	(1,994)	(1,517)
Net change in receivables and other assets	1,981	(463)
Net change in payables and other liabilities	215	(7)
Net cash inflow/(outflow) from operating activities	3,028	10,801

b. Non-cash operating and financing activities

Distribution payments satisfied by the issue of units under the distribution reinvestment plan	400	424
Total non-cash operating and financing activities	400	424

As described in Note 2(i), income not distributed is included in net assets attributable to unit holders. The change in this amount for 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.

10. Receivables

	As at	
	30 June 2021	30 June 2020
	\$'000	\$'000
Receivables from underlying funds	11	2
GST receivable	50	46
Distributions receivable	1,746	1,994
Total receivables	1,807	2,042

11. Payables

	As at	
	30 June 2021 \$'000	30 June 2020 \$'000
Management fees payable	24	22
Performance fees payable	145	1
Other payable	99	30
Total payables	268	53

12. Remuneration of auditors

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

	Year ended	
	30 June 2021 \$	30 June 2020 \$
Audit services - Ernst & Young		
Audit and review of the financial statements	12,000	11,501
Audit of compliance plan	-	1,986
Total auditor remuneration and other assurance services	12,000	13,487
Taxation services - Ernst & Young		
Preparation of the tax return	5,114	5,043
Distribution review	2,450	2,416
Total auditor remuneration for tax services	7,564	7,459
Total remuneration to Ernst & Young	19,564	20,946
PricewaterhouseCoopers		
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.

13. Related party transactions

The Responsible Entity of NWQ Fiduciary Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975). Accordingly, transactions with entities related to Equity Trustees Limited are disclosed below.

The Responsible Entity has contracted services to NWQ Capital Management Pty Ltd to act as Investment Manager for the Fund, Equity Trustees Limited to act as Custodian and Apex Fund Services (Sydney) Pty Limited to act as Administrator for the Fund. The contracts are on normal commercial terms and conditions.

13. Related party transactions (continued)

a. Key management personnel

i. Directors

Key management personnel include persons who were directors of Equity Trustees Limited at any time during or since the end of the financial year and up to the date of this report.

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

ii. Responsible Entity

Other than the fees payable to the Responsible Entity, there were no other transactions.

iii. Other key management personnel

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

b. Transactions with key management personnel

There were no transactions with key management personnel during the reporting period.

c. Key management personnel unit holdings

Key management personnel did not hold Units in the Fund as at 30 June 2021 (30 June 2020: nil).

d. Key management personnel compensation

Key management personnel are paid by EQT Services Pty Ltd. Payments made from the Fund to Equity Trustees Limited do not include any amounts directly attributable to the compensation of key management personnel.

e. Key management personnel loans

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

f. 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 during the financial year and there were no material contracts involving key management personnel's interests existing at year end.

g. Responsible Entity fees, Investment Manager's fees and other transactions

Under the terms of the Fund's Constitution and Product Disclosure Statement for the Fund, the Responsible Entity and the Investment Manager are entitled to receive management fees.

13. Related party transactions (continued)

g. Responsible Entity fees, Investment Manager's fees and other transactions(continued)

The transactions during the year and amounts payable as at year end between the Fund, the Responsible Entity and the Investment Manager were as follows:

	Year ended	
	30 June	30 June
	2021	2020
	\$	\$
Management fees for the year	276,288	332,239
Performance fees for the year	306,571	37,142
Management fees payable at year end	24,043	22,305
Performance fees payable at year end	145,449	611
Receivable from underlying funds at year end	10,993	1,840

In accordance with the Fund Constitution, the Investment Manager is entitled to management fees. The management fees comprise an administration fee which is paid to the Responsible Entity for operating the Fund and a fee paid to the Investment Manager primarily for managing the Fund assets. The management fees differ for each class of unit holders ranging from 0.50% per annum to 1.30% per annum (2020: 0.50% to 1.30% per annum).

In addition, the Investment Manager is entitled to performance fees which differ for each class of unit holders ranging from 0% to 5% (2020: 0% to 5%). The performance fees are subject to outperforming the Reserve Bank of Australia ('RBA') cash rate, with the protection of a high-water mark.

Management fees and performance fees were in relation to services performed by NWQ Capital Management Pty Ltd

h. Related party unit holdings

As at 30 June 2021, parties related to the Fund (including the Responsible Entity, its related parties and other funds managed by the Responsible Entity or its associates) held no units in the Fund (2020: nil).

At 30 June 2021, no directors of the Responsible Entity held units in the Fund (2020: nil).

i. Investments

As at 30 June 2021, the Fund held no investments in funds which were also managed by the Responsible Entity or its related parties (2020: nil).

14. Other expenses

	Year ended	
	30 June	30 June
	2021	2020
	\$'000	\$'000
Fund expenses	107	15
General expenses	260	298
Total other expenses	367	313

15. Events after the reporting period

No significant events have occurred since the end of the year 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 year ended on that date.

16. Contingent assets, liabilities and commitments

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

17. Comparative figures

Certain comparative figures have been reclassified where appropriate to conform to the presentation adopted in these financial statements.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 11 to 30 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 2021 and of its performance for the financial year ended on that date.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (c) Note 2(a) confirms that the financial statements also comply with the 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 Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Philip D Gentry
Chairman

29 October 2021
Melbourne

Independent Auditor's Report to the unitholders of NWQ Fiduciary Fund

Opinion

We have audited the financial report of NWQ Fiduciary Fund (the "Fund"), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of 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 2021 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including the Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors of the Responsible Entity are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment 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 directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



**Building a better
working world**

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.

Ernst & Young

Ernst & Young

Rohit Khanna

Rohit Khanna
Partner
Sydney
29 October 2021