

# **Select Listed Investments Fund**

ARSN 119 534 048

## **Annual report**

**For the year ended 30 June 2018**

# Select Listed Investments Fund

ARSN 119 534 048

## Annual report

### For the year ended 30 June 2018

#### 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 Select Listed Investments Fund

This annual report covers Select Listed Investments Fund as an individual entity.

The Responsible Entity of Select Listed Investments Fund is EQT Responsible Entity Services Ltd (ABN 94 101 103 011) (AFSL 223271).

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

## Directors' report

The directors of EQT Responsible Entity Services Ltd, the Responsible Entity of Select Listed Investments Fund (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2018.

### Principal activities

The Fund invests in equity securities, managed investment funds and unlisted unit trusts in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund did not have any employees during the year.

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

The various service providers for the Fund are detailed below:

<b>Service</b>	<b>Provider</b>
Responsible Entity	EQT Responsible Entity Services Ltd*
Investment Manager	Select Investment Partners Limited
Custodian and Administrator	BNP Paribas Fund Services Australasia Pty Ltd
Statutory Auditor	Ernst & Young

\* On 29 March 2018 EQT Holdings Limited acquired OneVue RE Services Limited, the Responsible Entity of the Fund. On 3 April 2018 OneVue RE Services Limited changed its name to EQT Responsible Entity Services Ltd.

### Directors

The following persons held office as directors of OneVue RE Services Limited from 1 July 2017 to 29 March 2018:

Nigel Cameron Stokes  
Karen Nita Gibson  
Alexander Wise  
Vincent Leo Plant

The following persons held office as directors of EQT Responsible Entity Services Ltd from 29 March 2018 and up to the date of this report:

Philip D Gentry	Chairman
Harvey H Kalman	
Travis R Goudie	

### 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 was 1.86% (net of fees) for the year ended 30 June 2018.

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

	<b>Year ended</b>	
	<b>30 June 2018</b>	<b>30 June 2017</b>
Operating profit for the year (\$'000)	<b>474</b>	1,504
Distributions paid and payable (\$'000)	<b>341</b>	1,031
Distributions (cents per unit)	<b>1.66</b>	5.17

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

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

The Fund has amended its Constitution to change the obligation to distribute trust income to unit holders as part of a process to become eligible to elect into the new Attribution Managed Investment Trust ("AMIT") tax regime.

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 2018 that has significantly affected, or may have a significant effect on:

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

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

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the 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 regards to insurance cover provided to the officers of EQT Responsible Entity Services Ltd. So long as the officers of EQT Responsible Entity Services Ltd 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 to the Responsible Entity and its associates out of Fund property during the year are disclosed in Note 18 to the financial statements.

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

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 18 to the financial statements.

### **Interests in the Fund**

The movement in units on issue in the Fund during the year is disclosed in Note 11 to the financial statements.

The value of the Fund's assets and liabilities is disclosed on 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 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.

## Directors' report (continued)

### Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the directors of EQT Responsible Entity Services Ltd through a delegated authority given by the EQT Responsible Entity Services Ltd's Board.



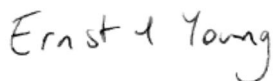
Philip D Gentry  
Chairman

Melbourne  
26 September 2018

## Auditor's Independence Declaration to the unitholders of Select Listed Investments Fund

As lead auditor for the audit of Select Listed Investments Fund for the financial year ended 30 June 2018, 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; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



Ernst & Young



Rohit Khanna  
Partner  
Sydney  
26 September 2018

**Select Listed Investments Fund**  
**Statement of comprehensive income**  
**For the year ended 30 June 2018**

**Statement of comprehensive income**

		Year ended	
		30 June	30 June
		2018	2017
	Note	\$'000	\$'000
<b>Investment income</b>			
Interest income		12	3
Dividends and trust distribution income		452	1,402
Net foreign exchange gain/(loss)		9	2
Net gains/(losses) on financial instruments held at fair value through profit or loss	6	349	474
Other income		2	3
<b>Total investment income/(loss)</b>		<u>824</u>	<u>1,884</u>
<b>Expenses</b>			
Management fees	18	255	247
Performance fees	18	-	47
Withholding taxes		1	3
Transaction costs		6	7
Fixed expense recovery fees	18	81	73
Other expenses		7	3
<b>Total expenses</b>		<u>350</u>	<u>380</u>
<b>Operating profit/(loss) for the year</b>		<u>474</u>	<u>1,504</u>
<b>Finance costs attributable to unit holders*</b>			
Distributions to unit holders	12	(341)	(1,031)
(Increase)/decrease in net assets attributable to unit holders	11	(133)	(473)
<b>Profit/(loss) for the year</b>		-	-
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u>-</u>	<u>-</u>

\* Net assets attributable to unit holders are reclassified from liabilities to equity as at 30 June 2018. Refer to Note 1 and Note 11 for further detail.

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

## Statement of financial position

	Note	30 June 2018 \$'000	As at 30 June 2017 \$'000
<b>Assets</b>			
Cash and cash equivalents	13	2,253	36
Receivables	15	1,096	41
Due from brokers - receivable for securities sold		-	117
Financial assets held at fair value through profit or loss	7	24,310	25,171
Margin accounts		<u>136</u>	<u>-</u>
<b>Total assets</b>		<u>27,795</u>	<u>25,365</u>
<b>Liabilities</b>			
Distributions payable		341	483
Payables	16	2,500	28
Due to brokers - payable for securities purchased		62	131
Financial liabilities held at fair value through profit or loss	8	<u>-</u>	<u>31</u>
<b>Total liabilities (30 June 2017: excluding net assets attributable to unit holders)</b>		<u>2,903</u>	<u>673</u>
<b>Net assets attributable to unit holders - liability</b>	11	<u>-</u>	<u>24,692</u>
<b>Net assets attributable to unit holders - equity*</b>	11	<u>24,892</u>	<u>-</u>

\* Net assets attributable to unit holders are classified as equity at 30 June 2018 and as a financial liability at 30 June 2017. Refer to Note 1 for further detail.

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



**Statement of changes in equity**

	<b>Year ended</b>	
	<b>30 June 2018 \$'000</b>	<b>30 June 2017 \$'000</b>
<b>Total equity at the beginning of the financial year</b>	-	-
<b>Comprehensive income for the year</b>		
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
<b>Total comprehensive income</b>	-	-
Transactions with owners in their capacity as owners	-	-
Reclassification due to AMIT tax regime implementation*	24,892	-
<b>Total equity at the end of the financial year*</b>	<b>24,892</b>	-

\* As at 30 June 2018, the Fund's units have been reclassified from financial liability to equity. Refer to Note 1 and Note 11 for further detail.

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

**Select Listed Investments Fund**  
**Statement of cash flows**  
**For the year ended 30 June 2018**

**Statement of cash flows**

		Year ended	
		30 June	30 June
	Note	2018	2017
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments held at fair value through profit or loss		10,594	8,368
Purchase of financial instruments held at fair value through profit or loss		(9,337)	(12,293)
Interest income received		10	5
Net movement in margin accounts		(136)	-
Dividends and distributions received		456	1,261
GST received/(paid)		-	34
Other income received		2	3
Management fees paid		(255)	(245)
Performance fees paid		-	(188)
Withholding tax paid		(1)	(3)
Transaction costs paid		(6)	(7)
Fixed expense recovery fees paid		(69)	(72)
Other expenses paid		(7)	(3)
<b>Net cash inflow/(outflow) from operating activities</b>	14(a)	<u>1,251</u>	<u>(3,140)</u>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unit holders		2,136	3,667
Payments for redemptions by unit holders		(696)	(1,305)
Distributions paid to unit holders		(483)	(147)
<b>Net cash inflow/(outflow) from financing activities</b>		<u>957</u>	<u>2,215</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,208</b>	<b>(925)</b>
Cash and cash equivalents at the beginning of the year		36	959
Effect of foreign currency exchange rate changes on cash and cash equivalents		9	2
<b>Cash and cash equivalents at the end of the year</b>	13	<u>2,253</u>	<u>36</u>
Non-cash operating and financing activities	14(b)	<b>30</b>	655

*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	Summary of significant accounting policies
3	Financial risk management
4	Offsetting financial assets and financial liabilities
5	Fair value measurement
6	Net gains/(losses) on financial instruments held at fair value through profit or loss
7	Financial assets held at fair value through profit or loss
8	Financial liabilities held at fair value through profit or loss
9	Derivative financial instruments
10	Structured entities
11	Net assets attributable to unit holders
12	Distributions to unit holders
13	Cash and cash equivalents
14	Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities
15	Receivables
16	Payables
17	Remuneration of auditor
18	Related party transactions
19	Events occurring after the reporting period
20	Contingent assets and liabilities and commitments

## 1 General information

These financial statements cover Select Listed Investments Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 29 March 2005 and will terminate in accordance with the provisions of the Fund's Constitution or by Law.

The Responsible Entity of the Fund is EQT Responsible Entity Services Ltd (ABN 94 101 103 011) (AFSL 223271) (the "Responsible Entity"). The Responsible Entity's registered office is Level 1, 575 Bourke Street Melbourne, VIC 3000. The financial statements are presented in the Australian currency unless otherwise noted.

The Fund invests in equity securities, managed investment funds and unlisted unit trusts in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

On 5 May 2016, a new tax regime applying to Managed Investment Trusts ("MITs") was established under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The Attribution Managed Investment Trust ("AMIT") regime allows MITs that meet certain requirements to make an irrevocable choice to be an AMIT. In order to allow the Fund to elect into the AMIT tax regime, the Fund's Constitution has been amended and the other conditions to adopt the AMIT tax regime have been met effective 30 June 2018. The Responsible Entity is therefore no longer contractually obligated to pay distributions. Consequently the units in the Fund have been reclassified from a financial liability to equity on 30 June 2018. See Note 11 for further information.

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.

### (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.

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 2017 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

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

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

#### *(iii) New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period and have not been early adopted by the Fund. The directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set out below:

- **AASB 9 *Financial Instruments*** (and applicable amendments) (effective from 1 January 2018)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption. The directors do not expect this to have a significant impact on the recognition, classification and measurement of the Fund's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not changed from the previous requirements, and the Fund does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Fund's investments are all held at fair value through profit or loss, the change in impairment rules will not impact the Fund.

- **AASB 15 *Revenue from Contracts with Customers*** (effective from 1 January 2018)

AASB 15 will replace AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Fund's main sources of income are interest, dividends and trust distributions and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the directors do not expect the adoption of AASB 15 to have a significant impact on the Fund's accounting policies or the amounts recognised in the financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

### **(b) Financial instruments**

#### *(i) Classification*

The Fund's investments are classified as held at fair value through profit or loss. They comprise of:

- Financial instruments held for trading

These are investments in derivative financial instruments such as warrants. The Fund does not designate any derivatives as hedges in a hedging relationship.

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets and liabilities that are not held for trading purposes and which may be sold. These are investments in equity securities, managed investment funds and unlisted unit trusts

Financial assets and liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy as outlined in the Product Disclosure Statement. The Fund's policy is for the Investment Manager to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

#### *(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 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. Financial liabilities are derecognised when the obligation under the liabilities are discharged.

## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments (continued)

#### (iii) Measurement

- *Financial instruments held 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 in the period in which they arise.

For further details on how the fair value of financial instruments is determined please see Note 5 to the financial statements.

#### (iv) 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.

Financial assets and liabilities that have been offset are disclosed in Note 4 to the financial statements.

### (c) 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.

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.

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

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

As at 30 June 2018, the Fund's units have been reclassified from financial liability to equity as they satisfied all the above criteria.

### (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 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.

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 represent the Fund's main income generating activity.

### (e) Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions and short sales. The cash is held by the broker and is only available to meet margin calls.

## 2 Summary of significant accounting policies (continued)

### (f) Investment income

#### (i) Interest income

Interest income earned on cash and cash equivalents is recognised in the statement of comprehensive income on an accruals basis. Changes in fair value of financial instruments 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 entitlements basis.

### (g) Expenses

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

### (h) Income tax

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

### (i) 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 comprehensive income as finance costs attributable to unit holders.

### (j) Increase/decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders. Where 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.

### (k) 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.

#### (ii) Transactions and balances

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

The Fund does not isolate that portion of unrealised gains or losses on financial instruments that are measured at fair value through profit or loss and which is due to changes in foreign exchange rates. Such fluctuations are included with the net gains/(losses) on financial instruments at fair value through profit or loss.

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

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

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the year end. Trades are recorded on trade date, and for equities normally settled within two business days. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant financial difficulties of the broker, probability that the broker will enter into bankruptcy or financial reorganisation and default in payments.

### **(m) 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.

Collectability of receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectable are written off by reducing the carrying amount directly. The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

### **(n) Payables**

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

A separate distributions 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.

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

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

### **(p) Goods and services tax (GST)**

The GST incurred on the costs of various services provided to the Fund by third parties such as 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.

### **(q) Use of estimates**

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

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

For more information on how fair value is calculated refer to Note 5 to the financial statements.



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

### **(r) Rounding of amounts**

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

### **(s) Comparative revisions**

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

## **3 Financial risk management**

The Fund's activities expose it to a variety of financial risks including market risk (which incorporates price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement and the investment guidelines of the Fund. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed to and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund's policy allows it to use derivative financial instruments in managing its financial risks.

All securities investments present a risk of loss of capital. The maximum loss of capital on long equity and debt securities is limited to the fair value of those positions.

The investments of the Fund, and associated risks, are managed by a specialist Investment Manager, Select Investment Partners Limited in accordance with the investment strategy and guidelines of the Fund, consistent with those stated in the Product Disclosure Statement.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

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

#### *(i) Price risk*

The Fund is exposed to price risk on equity securities listed or quoted on recognised securities exchanges. Price risk arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates which are considered a component of price risk.

The table in Note 3(b) summarises the sensitivity of the Fund's assets and liabilities to price risk. The analysis is based on the assumption that the markets in which the Fund invests moves by +/-10% (2017: +/-10%).

#### *(ii) Foreign exchange risk*

The Fund operates internationally and holds both monetary and non-monetary assets and liabilities denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk and not foreign exchange risk. However, the Investment Manager monitors the exposure of all foreign currency denominated assets and liabilities.

Foreign exchange risk is managed by the use of derivatives (foreign currency exchange forwards), which aims to limit the effect of currency movements between the Australian dollar and other currencies.

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Foreign exchange risk (continued)

The table below summarises the fair value of the Fund's financial assets and liabilities, monetary and non-monetary, which are denominated in a currency other than the Australian dollar.

	US Dollars A\$'000	British Pounds A\$'000	All other foreign currencies A\$'000
<b>As at 30 June 2018</b>			
Cash and cash equivalents		28	4
Financial assets held at fair value through profit or loss	3,334	4,777	54
Margin accounts	135	-	-
<b>Net exposure</b>	<b>3,469</b>	<b>4,805</b>	<b>58</b>
<b>Net exposure including forward currency contracts</b>	<b>3,469</b>	<b>4,805</b>	<b>58</b>
<b>As at 30 June 2017</b>			
Cash and cash equivalents	1	15	-
Receivables	34	-	-
Financial assets held at fair value through profit or loss	3,627	4,918	69
Net exposure	3,662	4,933	69
Net increase/(decrease) in exposure from forward currency contracts	(2,673)	-	(1,705)
Net exposure including forward currency contracts	989	4,933	(1,636)

The table in Note 3(b) summarises the sensitivity of the Fund's monetary assets and liabilities to foreign exchange risk. The analysis is based on the assumption that the Australian dollar weakened and strengthened by 15% (2017: +/-15%) against the material foreign currencies to which the Fund is exposed.

##### (iii) Interest rate risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of the changes in market interest rates. The majority of the Fund's financial assets and liabilities are non-interest bearing which are monitored on a regular basis. As a result, the Fund is not subject to significant amounts of risks due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

#### (b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unit holders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimates, having regard to a number of factors, including historical levels of change in foreign exchange rates and historical correlation of the Fund's investments and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performance of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

	Impact on operating profit/net assets attributable to unit holders			
	Price risk		Foreign exchange risk	
	-10%	+10%	-15%	+15%
	\$'000	\$'000	\$'000	\$'000
<b>As at 30 June 2018</b>	<b>(2,428)</b>	<b>2,428</b>	<b>(25)</b>	<b>25</b>
As at 30 June 2017	(2,507)	2,507	(2)	2

### 3 Financial risk management (continued)

#### (c) Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay its obligations in full when they fall due, causing a financial loss to the Fund.

The Fund does not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. The main concentration of credit risk, to which the Fund is exposed, arises from cash and cash equivalents and amounts due from brokers balances. None of these assets are impaired nor past their due date. The maximum exposure to credit risk at the reporting date is the carrying amount of cash and cash equivalents and amounts due from brokers.

#### (d) 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 or to fund foreign exchange related cashflow requirements.

Liquidity risk is managed by maintaining a predominantly liquid portfolio through investing the majority of its assets in listed securities which are traded in an active market, and can be readily disposed of.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders. The Fund did not reject or withhold any redemptions during 2018 and 2017.

##### (i) Maturities of non-derivative financial liabilities

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Units are redeemed on demand at the unit holder's option. However, the Responsible Entity does not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	Total \$'000
<b>As at 30 June 2018</b>					
Distributions payable	341	-	-	-	341
Payables	2,500	-	-	-	2,500
Due to brokers - payable for securities purchased	62	-	-	-	62
<b>Contractual cash flows (excluding derivatives)</b>	<b>2,903</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,903</b>
<b>As at 30 June 2017</b>					
Distributions payable	483	-	-	-	483
Payables	28	-	-	-	28
Due to brokers - payable for securities purchased	131	-	-	-	131
Net assets attributable to unit holders - liability	24,692	-	-	-	24,692
<b>Contractual cash flows (excluding derivatives)</b>	<b>25,334</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,334</b>

### 3 Financial risk management (continued)

#### (d) Liquidity risk (continued)

##### (ii) Maturities of net settled derivative financial instruments

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

	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	Total \$'000
<b>As at 30 June 2018</b>					
Net settled derivatives					
Forward currency contracts	-	-	-	-	-
Warrants	-	-	-	26	26
<b>Total net settled derivatives</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>	<u>26</u>
<b>As at 30 June 2017</b>					
Net settled derivatives					
Forward currency contracts	76	-	-	-	76
Warrants	-	-	-	-	-
<b>Total net settled derivatives</b>	<u>76</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76</u>

### 4 Offsetting financial assets and financial liabilities

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

	Effects of offsetting on the statement of financial position			Related amounts not offset	
	Gross amounts of financials instrument \$'000	Gross amounts set off in the statement of financial position \$'000	Net amount of financial assets presented in the statement of financial position \$'000	Amounts subject to master netting arrangements \$'000	Net amount \$'000
<b>As at 30 June 2017</b>					
Financial assets					
Forward currency contracts	103	(31)	72	-	72
<b>Total</b>	<u>103</u>	<u>(31)</u>	<u>72</u>	<u>-</u>	<u>72</u>
Financial liabilities					
Forward currency contracts	31	(31)	-	-	-
<b>Total</b>	<u>31</u>	<u>(31)</u>	<u>-</u>	<u>-</u>	<u>-</u>

#### Master netting arrangement – not currently enforceable

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

## **5 Fair value measurement**

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

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

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 asset 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.

### **(a) Fair value in an active market (level 1)**

The fair value of financial assets and liabilities traded in active markets (such as listed equities and listed managed investment funds) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Fund is the current bid price; the quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

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

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

### **(b) Fair value in an inactive or unquoted market (level 2 and level 3)**

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

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

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

## 5 Fair value measurement (continued)

### (c) Recognised fair value measurements

The table below presents the Fund's financial assets and liabilities measured and recognised at fair value as at 30 June 2018.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 30 June 2018</b>				
<b>Financial assets</b>				
Financial assets held for trading:				
Warrants	26	-	-	26
Financial assets designated at fair value through profit or loss:				
Listed equity securities	16,814	-	-	16,814
Listed managed investment funds	7,176	-	-	7,176
Unlisted equity securities	-	-	35	35
Unlisted managed investment funds	-	-	205	205
Unlisted unit trusts	-	54	-	54
<b>Total financial assets</b>	<b>24,016</b>	<b>54</b>	<b>240</b>	<b>24,310</b>
<b>As at 30 June 2017</b>				
<b>Financial assets</b>				
Financial assets held for trading:				
Forward currency contracts	-	103	-	103
Financial assets designated at fair value through profit or loss:				
Listed equity securities	12,536	-	-	12,536
Listed managed investment funds	10,534	-	-	10,534
Unlisted equity securities	-	-	1,156	1,156
Unlisted managed investment funds	-	-	773	773
Unlisted unit trusts	-	69	-	69
<b>Total financial assets</b>	<b>23,070</b>	<b>172</b>	<b>1,929</b>	<b>25,171</b>
<b>Financial liabilities</b>				
Financial liabilities held for trading:				
Forward currency contracts	-	(31)	-	(31)
<b>Total financial liabilities</b>	<b>-</b>	<b>(31)</b>	<b>-</b>	<b>(31)</b>

### (d) Transfer between levels

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

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

## 5 Fair value measurement (continued)

### (e) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movement in level 3 instruments for the year ended 30 June 2018 and 30 June 2017 by class of financial instrument.

	Unlisted equity securities	Unlisted managed investment funds	Total
	\$'000	\$'000	\$'000
<b>Opening balance - 1 July 2016</b>	<b>1,056</b>	-	<b>1,056</b>
Transfer into/(out) from level 3	-	1,616	1,616
Purchases	100	-	100
Gains/(losses) recognised in the statement of comprehensive income	-	(843)	(843)
<b>Closing balance - 30 June 2017</b>	<b>1,156</b>	<b>773</b>	<b>1,929</b>
Transfer into/(out) from level 3	-	70	70
Purchases	(1,411)	(583)	(1,994)
Gains/(losses) recognised in the statement of comprehensive income	290	(55)	235
<b>Closing balance - 30 June 2018</b>	<b>35</b>	<b>205</b>	<b>240</b>

### (f) Financial instruments not carried at fair value

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

Net assets attributable to unit holders' carrying value differ 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.

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

Net gains/(losses) recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

	Year ended	
	30 June 2018 \$'000	30 June 2017 \$'000
<b>Financial assets</b>		
Net gain/(loss) on financial assets held for trading	95	33
Net gain/(loss) on financial assets designated at fair value through profit or loss	254	441
Net gains/(losses) on financial assets held at fair value through profit or loss	349	474
Net realised gain/(loss) on financial assets held at fair value through profit or loss	1,012	586
Net unrealised gain/(loss) on financial assets held at fair value through profit or loss	(663)	(112)
Net gains/(losses) on financial assets held at fair value through profit or loss	349	474
<b>Total net gains/(losses) on financial instruments held at fair value through profit or loss</b>	<b>349</b>	<b>474</b>

## 7 Financial assets held at fair value through profit or loss

	As at	
	30 June 2018 \$'000	30 June 2017 \$'000
<b>Held for trading</b>		
Forward currency contracts	-	103
Warrants	<u>26</u>	-
Total held for trading	<u>26</u>	<u>103</u>
<b>Designated at fair value through profit or loss</b>		
Listed equity securities	16,814	12,536
Listed managed investment funds	7,176	10,534
Unlisted equity securities	35	1,156
Unlisted managed investment funds	205	773
Unlisted unit trusts	<u>54</u>	<u>69</u>
Total designated at fair value through profit or loss	<u>24,284</u>	<u>25,068</u>
<b>Total financial assets held at fair value through profit or loss</b>	<u>24,310</u>	<u>25,171</u>

## 8 Financial liabilities held at fair value through profit or loss

	As at	
	30 June 2018 \$'000	30 June 2017 \$'000
<b>Held for trading</b>		
Forward currency contracts	-	31
Total held for trading	<u>-</u>	<u>31</u>
<b>Total financial liabilities held at fair value through profit or loss</b>	<u>-</u>	<u>31</u>

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

## 9 Derivative financial instruments

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

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

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

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

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



## 9 Derivative financial instruments (continued)

The Fund holds the following derivatives:

### (a) Forward currency contracts

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

### (b) Warrants

Warrants are an option to purchase additional securities from the issuer at a specified price during a specified period. Warrants are valued at the prevailing market price at the end of each reporting period. The Fund recognises a gain or loss equal to the change in fair value at the end of each reporting period.

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

	Contractual/ notional \$'000	Assets \$'000	Liabilities \$'000
<b>As at 30 June 2018</b>			
Forward currency contracts	-	-	-
Warrants	<u>26</u>	<u>26</u>	<u>-</u>
<b>Total derivatives</b>	<u>26</u>	<u>26</u>	<u>-</u>
<b>As at 30 June 2017</b>			
Forward currency contracts	76	103	31
Warrants	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total derivatives</b>	<u>76</u>	<u>103</u>	<u>31</u>

Information about the Fund's exposure to credit risk, foreign exchange, interest rate risk and about the methods and assumptions used in determining fair values is provided in Note 3 and Note 5 to the financial statements. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial instruments disclosed above.

## 10 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual arrangements.

The Fund considers all investments in managed investment schemes (the "Schemes") to be structured entities. The Fund invests in Schemes for the purpose of capital appreciation and or earning investment income.

The exposure to investments in unrelated Schemes at fair value is disclosed in the following table:

	Fair value of investment As at	
	30 June 2018 \$'000	30 June 2017 \$'000
AMP Capital China Growth Fund	135	773
The 36 South Cullinan Fund	<u>54</u>	<u>69</u>
<b>Total unrelated Schemes</b>	<u>189</u>	<u>842</u>

The fair value of the Schemes is included in financial assets held at fair value through profit or loss in the statement of financial position.

## 10 Structured entities (continued)

The Fund's maximum exposure to loss from its interest in the Schemes is equal to the fair value of its investments in the Schemes as there are no off-balance sheet exposures relating to any of the Schemes. Once the Fund has disposed of its units in a Scheme, it ceases to be exposed to any risk from that Scheme.

During the year ended 30 June 2018, total gains/(losses) incurred on investments in the Schemes were (\$70,971) (2017: \$61,918). The Fund also earned distribution income of \$35,652 (2017: \$944,318) as a result of its interests in the Schemes.

## 11 Net assets attributable to unit holders

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

Prior to 30 June 2018 the Fund classified its net assets attributable to unit holders as liabilities in accordance with AASB 132. On 30 June 2018, the Fund has elected into the AMIT tax regime. The Fund's Constitution has been amended on the same date and it no longer has a contractual obligation to pay distributions to unit holders. Therefore the net assets attributable to unit holders of the Fund meet the criteria set out under AASB 132 and are classified as equity from 30 June 2018 onwards.

As a result of the reclassification of net assets attributable to unit holders from liabilities to equity, the Fund's distributions are no longer classified as finance costs in the statement of comprehensive income, but rather as distributions paid and payable in the statement of changes in equity.

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

	Year ended			
	30 June 2018 Units '000	30 June 2018 \$'000	30 June 2017 Units '000	30 June 2017 \$'000
Opening balance	20,409	24,692	17,988	21,309
Applications	2,643	3,223	3,030	3,667
Redemptions	(2,577)	(3,156)	(1,062)	(1,305)
Reinvestment of distributions	-	-	453	548
Increase/(decrease) in net assets attributable to unit holders	-	133	-	473
<b>Closing balance</b>	<b>20,475</b>	<b>24,892</b>	<b>20,409</b>	<b>24,692</b>

Net assets attributable to unit holders are classified as equity at 30 June 2018 and as a financial liability at 30 June 2017. Refer to Note 1 for further details.

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 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 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 that net assets attributable to unit holders are classified as a liability until 30 June 2017. 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 a redemption of units if the exercise of such discretion is in the best interests of unit holders.

## 12 Distributions to unit holders

The distributions declared for the year were as follows:

	Year ended			
	30 June 2018 \$'000	30 June 2018 CPU	30 June 2017 \$'000	30 June 2017 CPU
<b>Distributions</b>				
June (payable)	341	1.66	1,031	5.17
<b>Total distributions</b>	<u>341</u>	<u>1.66</u>	<u>1,031</u>	<u>5.17</u>

## 13 Cash and cash equivalents

	As at	
	30 June 2018 \$'000	30 June 2017 \$'000
Cash at bank	2,253	36
<b>Total cash and cash equivalents</b>	<u>2,253</u>	<u>36</u>

These accounts are earning a floating interest rate of between 0% and 0.50% as at 30 June 2018 (2017: 0% and 1.75%).

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

	Year ended	
	30 June 2018 \$'000	30 June 2017 \$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Profit/(loss) for the year	-	-
Increase/(decrease) in net assets attributable to unit holders	133	473
Distributions to unit holders	341	1,031
Proceeds from sale of financial instruments held at fair value through profit or loss	10,594	8,368
Purchase of financial instruments held at fair value through profit or loss	(9,337)	(12,293)
Net (gains)/losses on financial instruments held at fair value through profit or loss	(349)	(474)
Net foreign exchange gain/(loss)	(9)	(2)
Dividend and distribution income reinvested	(30)	(107)
Net change in margin accounts	(136)	-
Net change in receivables	32	2
Net change in payables	12	(138)
<b>Net cash inflow/(outflow) from operating activities</b>	<u>1,251</u>	<u>(3,140)</u>

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

	Year ended	
	30 June	30 June
	2018	2017
	\$'000	\$'000
<b>(b) Non-cash operating and financing activities</b>		
The following purchases of investments were satisfied by the participation in dividend and distribution reinvestment plans	30	107
The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan	-	548
<b>Total non-cash operating and financing activities</b>	<b>30</b>	<b>655</b>

As described in Note 2(j), 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.

**15 Receivables**

	As at	
	30 June	30 June
	2018	2017
	\$'000	\$'000
Distributions receivable	-	34
Interest receivable	2	-
GST receivable	7	7
Applications receivable	1,087	-
<b>Total receivables</b>	<b>1,096</b>	<b>41</b>

**16 Payables**

	As at	
	30 June	30 June
	2018	2017
	\$'000	\$'000
Management fees payable	22	22
Redemptions payable	2,460	-
Fixed expense recovery fees payable	18	6
<b>Total payables</b>	<b>2,500</b>	<b>28</b>



## 18 Related party transactions (continued)

### (d) Key management personnel compensation

Key management personnel were paid by OneVue RE Services Limited up until 29 March 2018. From 29 March 2018, key management personnel are paid by EQT Services Pty Ltd. Payments made from the Fund to EQT Responsible Entity Services Ltd 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 and Investment Manager's fees and other transactions

Under the terms of the Fund's Constitution and the current Product Disclosure Statement for the Fund, the Responsible Entity and the Investment Manager are entitled to receive management fees. The Investment Manager is also entitled to a performance fee.

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

	Year ended	
	30 June 2018	30 June 2017
	\$	\$
Investment management fees for the year	254,638	247,098
Performance fees for the year	-	47,410
Fixed expense recovery fees for the year	81,202	72,758
Total fees payable to the Investment Manager at year end	22,289	22,236
Total fixed expense recovery fees payable at year end	17,822	6,062

For information on how management and performance fees are calculated please refer to the Fund's Product Disclosure Statement.

### (h) Related party unit holdings

Parties related to the Fund (including EQT Responsible Entity Services Ltd, its related parties and other funds managed by EQT Responsible Entity Services Ltd and the Investment Manager) held units in the Fund, as follows:

	Number of units held opening	Number of units held closing	Fair value of investments	Interest held	Number of units acquired	Number of units disposed	Distributions paid or payable by the Fund
			\$	%			\$
<b>As at 30 June 2018</b>							
EQT Responsible Entity Services Ltd	119	119	146	-	-	-	2
Select Real Return Fund	2,499,103	-	-	-	-	(2,499,103)	-
LDI Connect 3 Portfolio	1,639,485	1,639,485	2,013,123	8.01	-	-	27,293
LDI Connect 7 Portfolio	4,812,591	4,812,591	5,909,380	23.51	-	-	80,118
<b>As at 30 June 2017</b>							
EQT Responsible Entity Services Ltd	114	119	152	-	5	-	12
Select Real Return Fund	2,813,122	2,499,103	3,208,099	12.25	102,336	(416,354)	123,816
LDI Connect 3 Portfolio	1,567,400	1,639,485	2,104,606	8.03	151,374	(79,290)	81,227
LDI Connect 7 Portfolio	3,792,570	4,812,591	6,177,923	23.58	1,460,654	(440,633)	238,436

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

### **(i) Investments**

The Fund did not hold any investments in EQT Responsible Entity Services Ltd or its related parties during the year (2017: nil).

## **19 Events occurring 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 2018 or on the results and cash flows of the Fund for the year ended on that date.

## **20 Contingent assets and liabilities and commitments**

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2018 and 30 June 2017.

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 6 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 2018 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.
- (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 EQT Responsible Entity Services Ltd through a delegated authority given by the EQT Responsible Entity Services Ltd's Board.



Philip D Gentry  
Chairman

Melbourne  
26 September 2018



# Independent Auditor's Report to the unitholders of Select Listed Investments Fund

## Opinion

We have audited the financial report of Select Listed Investments Fund (the "Fund"), which comprises the statement of financial position as at 30 June 2018, 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 a summary of 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 2018 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* (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 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.



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  
26 September 2018