

GAM Emerging Market Rates AU

ARSN 648 244 919

Annual report

For the year ended 30 June 2023

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For the year ended 30 June 2023

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Independent auditor's report to the unit holders of GAM Emerging Market Rates AU

This annual report covers GAM Emerging Market Rates AU as an individual entity.

The Responsible Entity of GAM Emerging Market Rates AU is Equity Trustees Limited (ARSN 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 GAM Emerging Market Rates AU (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2023.

Principal activities

The principal activity of the Fund is to achieve an attractive risk-adjusted return, whilst actively managing downside risk (such as bond market and currency risk), through investment in a portfolio of local and hard currency bonds and other fixed income securities from emerging markets worldwide in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution. The Fund is an Australian Feeder Fund, which initially pursues its investment objective by investing all or substantially all of its assets into the fully hedged Australian Dollar Quarterly Distributing Income share class of the GAM Star Emerging Market Rates (the "Master Fund") which is a sub-fund of GAM Star Fund p.l.c., managed by GAM International Management Limited.

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:

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

Directors

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

Philip D Gentry	Chairman
Michael J O'Brien	
Russell W Beasley	
Mary A O'Connor	
David B Warren	(appointed 6 March 2023)

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 (0.74)% (net of fees) for the year ended 30 June 2023. The Fund's benchmark, the JPMorgan Emerging Market Bond Index returned 9.00% for the same year.

Performance figures are total return on a time weighted basis. The performance is calculated net of fees, and considering the dividend distributions. The cumulative performance is the total % movement in the price over the period considered (eg 1 year / 5 year, for example).

Directors' report (continued)

Review and results of operations (continued)

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

	Year ended 30 June 2023	For the period 10 March 2021 to 30 June 2022
Profit/(loss) before finance costs attributable to unit holders for the year (\$)	(2,585)	(28,455)
Distributions paid and payable (\$)	8,781	4,130
Distributions (cents per unit)	1.74	0.83

Significant changes in the state of affairs

David B Warren was appointed as a director of Equity Trustees Limited on 6 March 2023.

The Attribution Managed Investment Trust (AMIT) regime, established in May 2016 under the Tax Laws Amendment, allows MITs that meet certain requirements to be an AMIT. The conditions to adopt the AMIT tax regime have not been met by the Fund effective 1 July 2022 and therefore the Fund is no longer classified as an AMIT for the year ended 30 June 2023. Consequently the units in the Fund have been reclassified from a financial equity to liability on 1 July 2022.

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 2023 that has significantly affected, or may have a significant effect on:

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

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the 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 Equity Trustees Limited. So long as the officers of Equity Trustees Limited act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

Indemnification of auditor

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

Directors' report (continued)

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 13 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 13 to the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 7 to the financial statements.

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

Environmental regulation

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


Rounding of amounts to the nearest dollar

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

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 Equity Trustees Limited through a delegated authority given by the Equity Trustees Limited's Board.


Philip D Gentry
Chairman

Melbourne
29 November 2023

29th November 2023

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

Dear Board Members,


Independence Declaration – GAM Emerging Market Rates AU

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Equity Trustees Limited, the Responsible Entity, regarding the financial report of GAM Emerging Market Rates AU (the "Fund").

As lead audit partner for the audit of the financial statements of the Fund for the financial year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Jonathon Corbett
Partner
Chartered Accountants

Statement of comprehensive income

	Year ended 30 June 2023	For the period 10 March 2021 to 30 June 2022
Note	\$	\$
Investment income		
Distribution income	10,109	10,685
Net gains/(losses) on financial instruments at fair value through profit or loss	(9,074)	(34,826)
Management fees and costs reimbursement income	22,298	24,572
Other income	33	-
Total investment income/(loss)	<u>23,366</u>	<u>431</u>
Expenses		
Management fees and costs	25,789	28,701
Transaction costs	160	-
Other expenses	2	185
Total expenses	<u>25,951</u>	<u>28,886</u>
Profit/(loss) before finance costs attributable to unit holders for the year	<u>(2,585)</u>	<u>(28,455)</u>
Finance costs attributable to unit holders		
Distributions to unit holders	8 (8,781)	-
(Increase)/decrease in net assets attributable to unit holders*	7 <u>11,366</u>	<u>-</u>
Profit/(loss) for the year	<u>-</u>	<u>(28,455)</u>
Other comprehensive income	-	-
Total comprehensive income for the year	<u>-</u>	<u>(28,455)</u>

*Net assets attributable to unit holders are reclassified from equity to liability from 1 July 2022. As a result, the Fund's distributions are no longer classified as distributions paid in the statement of changes in equity, but rather as finance costs in the statement of comprehensive income. Refer to Note 2c, Note 7 and Note 8 for further details.

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

Statement of financial position

		As at	
	Note	30 June 2023	30 June 2022
		\$	\$
Assets			
Cash and cash equivalents	9	-	9,846
Receivables	11	47,223	27,066
Due from brokers - receivable for securities sold		1,979	-
Financial assets at fair value through profit or loss	5	<u>421,737</u>	<u>434,633</u>
Total assets		<u>470,939</u>	<u>471,545</u>
Liabilities			
Borrowings	9(a)	1,979	-
Distributions payable	8	<u>8,781</u>	<u>4,130</u>
Total liabilities		<u>10,760</u>	<u>4,130</u>
Net assets attributable to unit holders - liability*		<u>460,179</u>	-
Net assets attributable to unit holders - equity*		-	<u>467,415</u>

*Net assets attributable to unit holders are classified as liability at 30 June 2023 and as equity at 30 June 2022. Refer to Note 2c for further details.

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

Statement of changes in equity

		Year ended 30 June 2023	For the period 10 March 2021 to 30 June 2022
	Note	\$	\$
Total equity at the beginning of the financial year		467,415	-
Reclassification due to AMIT tax regime implementation*		<u>(467,415)</u>	<u>-</u>
Total beginning balance		<u>-</u>	<u>-</u>
Comprehensive income for the financial year			
Profit/(loss) for the year		-	(28,455)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u>-</u>	<u>(28,455)</u>
Transactions with unit holders			
Applications	7	-	500,000
Distributions paid and payable	7	<u>-</u>	<u>(4,130)</u>
Total transactions with unit holders		<u>-</u>	<u>495,870</u>
Total equity at the end of the financial year*		<u>-</u>	<u>467,415</u>

*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 end of the financial year.

During the year management reviewed the classification of net assets attributable to unit holders and concluded that units in the Fund no longer met the classification of equity for the year ended 30 June 2023. As such, units in the Fund have been reclassified as a financial liability. Refer to Note 2c and Note 7 for further detail.

As a result, the Fund's distributions to unit holders and (increase)/decrease in net assets attributable to unit holders have been classified as finance costs in the statement of comprehensive income.

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

Statement of cash flows

		Year ended 30 June 2023	For the period 10 March 2021 to 30 June 2022
	Note	\$	\$
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		1,843	30,541
Payments for purchase of financial instruments at fair value through profit or loss		-	(500,000)
Distributions received		12,403	8,391
Management fees and costs paid		(25,789)	(28,701)
Other expenses paid		(282)	(385)
Net cash inflow/(outflow) from operating activities	10(a)	<u>(11,825)</u>	<u>(490,154)</u>
Cash flows from financing activities			
Proceeds from applications by unit holders		-	500,000
Net cash inflow/(outflow) from financing activities		<u>-</u>	<u>500,000</u>
Net increase/(decrease) in cash and cash equivalents		(11,825)	9,846
Cash and cash equivalents at the beginning of the year		<u>9,846</u>	-
Cash and cash equivalents at the end of the year	9	<u>(1,979)</u>	<u>9,846</u>
Non-cash operating and financing activities	10(b)	4,130	-

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

Notes to the financial statements

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1 General information

These financial statements cover GAM Emerging Market Rates AU (the “Fund”) as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 25 February 2021 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 financial statements are presented in the Australian currency unless otherwise noted.

The principal activity of the Fund is to achieve an attractive risk-adjusted return, whilst actively managing downside risk (such as bond market and currency risk), through investment in a portfolio of local and hard currency bonds and other fixed income securities from emerging markets worldwide in accordance with the Product Disclosure Statement and the provisions of the Fund’s Constitution. The Fund initially pursue its investment objective by investing all or substantially all of its assets into the fully hedged Australian Dollar Quarterly Distributing Income share class of the GAM Star Emerging Market Rates (the “Master Fund”) which is a sub-fund of GAM Star Fund p.l.c..

Effective 1 July 2022, the conditions to adopt the AMIT tax regime have not been met by the Fund and therefore the Fund is no longer classified as an AMIT for the year ended 30 June 2023. Consequently, the units in the Fund have been reclassified from equity to liability, refer to Note 7 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 holders, the units are redeemable 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 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 2022 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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2023 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 its performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Investment Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

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

For cash and cash equivalents, receivables and due from brokers, 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 (distribution payable and borrowings).

(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. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

(iii) Measurement

- Financial instruments at fair value through profit or loss

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

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement (continued)

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of '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.

- 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, receivables, due from brokers, borrowings and distribution payables 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 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 counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that the asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

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

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

(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

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

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

2 Summary of significant accounting policies (continued)

(c) Net assets attributable to unit holders (continued)

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.

Effective from 1 July 2022, the units are classified as they no longer meet the requirements of equity under AASB 132 Financial Instruments: Presentation and the Fund is required to distribute its distributable income in accordance with the Fund's Constitution.

(d) Cash and cash equivalents

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

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

(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.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income 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. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

(ii) Distributions

Trust distributions are recognised on an entitlement basis.

(f) Expenses

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

Management fees and costs covers certain ordinary expenses such as management fees, Responsible Entity fees, custodian fees, audit fees, cost of unitholder meetings, special valuation of assets and other operating expenses.

(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.

(h) Distributions

The Fund distributes 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.

2 Summary of significant accounting policies (continued)

(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 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.

(m) Payables

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

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

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

(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.

2 Summary of significant accounting policies (continued)

(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.

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 and judgements. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The Fund estimates that the resultant expected credit loss (ECL) derived from using impairment model, has not materially impacted the Fund. Please see Note 3 for more information on credit risk.

For more information on how fair value is calculated refer to Note 4 to the financial statements.

(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 dollar, unless otherwise indicated.

(r) Comparative revisions

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

3 Financial 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 and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund's policy allows it to use derivative instruments in managing its financial risks.

All investments present a risk of loss of capital. The maximum loss of capital on the investment in the unit trust is limited to the notional contract values of those positions.

The investments of the Fund, and associated risks, are managed by a specialist Investment Manager, GAM International Management Limited under an Investment Management Agreement (the "IMA") approved by the Responsible Entity, and containing the investment strategy and guidelines of the Fund, consistent with those stated in the Product Disclosure Statement.

3 Financial risk management (continued)

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

(a) Market risk

The Fund is an Australian Feeder Fund, which initially pursue its investment objective by investing all or substantially all of its assets into the fully hedged Australian Dollar Quarterly Distributing Income share class of the GAM Star Emerging Market Rates (the "Master Fund") which is a sub-fund of GAM Star Fund p.l.c., managed by GAM International Management Limited.

(i) Price risk

The Fund is exposed to price risk on its investments in the Master Fund. 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 Fund has a significant concentration of risk arising from its exclusive investment in the Master Fund. As at 30 June 2023, the Fund's investment in the Master Fund represents 100% of the Fund's financial assets at fair value through profit or loss.

The price risk in the Master Fund is managed by GAM International Management Limited the manager of the Master Fund taking into account the asset allocation of each holding of the Master Fund in order to minimise the risk associated with particular sectors while continuing to follow their respective investment objective.

The Investment Manager uses a number of quantitative techniques to assess the impact of market risks including credit events, changes in interest rates, credit spreads and recovery values on the Fund's investment portfolio. The Investment Manager uses Value at Risk ("VaR") analysis, a technique widely used by financial institutions to quantify, assess, and report market risks. VaR is a statistical framework that supports the quantification of market risk within a portfolio at a specified confidence interval over a defined holding period. VaR seeks to quantify the expected maximum dollar losses that may result from the interactive behaviour of all material market prices, spreads, volatilities, and rates based on the historically observed relationships between these markets.

Although the use of derivatives (whether for hedging or investment purposes) may give rise to additional leveraged exposure, any such additional exposure will be covered and will be risk managed using the VaR methodology. The Investment Manager monitors portfolio risk using market factor exposures on a daily basis.

Potential market risk is calculated using the factor model approach. VaR is calculated and reported automatically each day using the closing prices and market information of the most recent business day. Depending on the application of the risk statistics, various confidence levels (such as 99%) and time horizons (weeks, months, or year) might be selected.

In addition to daily VaR measures, three types of stress tests are also conducted for each Fund. The first test includes scenario duration tests that measure what happens to the value of the portfolio if unexpected movements in yields occur in the market. The second test involves a database of historical crisis scenarios that can be executed to test reactions to these crises. The historical crisis scenarios contain many unexpected changes in market conditions and correlation matrices. The third test involves correlation matrices which can be manipulated manually to reflect conditions that may happen in the future but have not happened so far.

The VaR model is an estimate of the maximum loss the fund may experience over any 20 day period, with a probability of 99%. The VaR is calculated by an external service provider using the historical simulation method using three years of weekly historical price data for the underlying securities. The VaR of the portfolio is stress tested on a fortnightly basis by running the VaR using current holdings against historical events. The VaR cannot take into account the fact that future market price movements may bear no relation to historical patterns as future market conditions could vary significantly from those experienced in the past. The following table sets out the potential maximum monthly risk of loss for the portfolios as at 30 June 2023 and 30 June 2022 as indicated by the VaR model:

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk (continued)

	As at 30 June 2023		As at 30 June 2022	
	VaR (\$A)	% of net assets	VaR (\$A)	% of net assets
GAM Emerging Market Rates AU	6,304	1.37	12,059	2.58

Not all risks to which the portfolio may be exposed are intended to be captured by the VaR and, in particular, the framework does not seek to capture liquidity risk, counterparty credit risk, or extreme credit events such as an issuer default. In practice, the actual trading results will differ from the VaR and may not provide a meaningful indication of profits and losses in stressed market conditions. To determine the reliability of the VaR models, actual outcomes are monitored to test the validity of the assumptions and parameters used in the VaR calculation. Market risk positions are also subject to regular stress tests to ensure that the Fund would withstand an extreme market event.

(ii) Foreign exchange risk

At 30 June 2023 the Fund invests in the Master Fund and is therefore not directly exposed to foreign exchange risk.

(iii) Interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk.

The Fund invests mainly in the Master Fund denominated in Australian dollars which are non-interest bearing and as such the Fund is not exposed to significant levels of interest rate risk.

The Fund holds cash for liquidity and transactional purposes and this cash is held at floating interest rates. As a result, the Fund is subject to a limited exposure to interest rate risks due to fluctuations in the levels of market interest rates.

There are no other significant interest risk exposures.

(b) 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 is the carrying of these balances at the reporting date.

The Fund determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2023 and 30 June 2022, all receivables, cash and short-term deposits are held with counterparties with a credit rating of AA/Aa or higher and are either callable on demand or due to be settled within 1 week. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

3 Financial risk management (continued)

(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 Investment Manager monitors and manages the level of liquidity in the Fund.

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 2023 and 2022.

The Fund is exposed to indirect liquidity risk via its investment in the Master Fund. The Master Fund invests the majority of its assets in investments that are traded in active markets and can be readily disposed of, liquidity risk and cash flow risk is considered low. The Investment Manager manages this liquidity risk and cash flow risk through the diversification of investments and investment strategies and through their overall investment approach.

(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 is an Australian Feeder Fund, which initially pursue its investment objective by investing all or substantially all of its assets into the fully hedged Australian Dollar Quarterly Distributing Income share class of the GAM Star Emerging Market Rates (the "Master Fund") which is a sub-fund of GAM Star Fund p.l.c., managed by GAM International Management Limited.

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.

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 inactive or unquoted market (level 2)

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.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

4 Fair value measurement (continued)

Investments in unlisted unit trust is 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.

The Fund's investment in the Master Fund is recorded at the net asset value per unit as reported by GAM International Management Limited, the manager of the Master Fund.

The Fund makes adjustments to the redemption value based on considerations such as the liquidity of the unit trust or its underlying investment, or any restrictions on redemptions and the basis of accounting.

(b) 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 2023 and 30 June 2022.

As at 30 June 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Unlisted unit trusts	-	<u>421,737</u>	-	<u>421,737</u>
Total financial assets	-	<u>421,737</u>	-	<u>421,737</u>
	Level 1	Level 2	Level 3	Total
As at 30 June 2022	\$	\$	\$	\$
Financial assets				
Unlisted unit trusts	-	<u>434,633</u>	-	<u>434,633</u>
Total financial assets	-	<u>434,633</u>	-	<u>434,633</u>

(c) 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.

(d) Financial instruments not carried at fair value

The financial instruments not measured at fair value through profit or loss include:

- i. Cash and cash equivalents, balances due from/to brokers and receivables/payables under sale and repurchase agreements. These are short-term financial assets and financial liabilities whose carrying approximate fair value, because of their short-term nature and the high credit quality of counterparties; and
- ii. Net assets attributable to unit holders, as the Fund routinely redeems and issues units at an amount equal to the proportionate share of the Fund's net assets at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amounts of net assets attributable to unitholders approximates their fair value. Any difference is not material in the current year or prior year.

5 Financial assets at fair value through profit or loss

	As at	
	30 June 2023	30 June 2022
	\$	\$
Unlisted unit trusts	421,737	434,633
Total financial assets at fair value through profit or loss	421,737	434,633

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 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 arrangement.

The Fund considers all investments in the Master Fund to be structured entities. The Fund invests in the Master Fund for the purpose of capital appreciation and/or earning investment income.

The exposure to investments in the Master Fund at fair value is disclosed in the following table:

	Fair value of investment	
	As at 30 June 2023	As at 30 June 2022
	\$	\$
GAM Star Emerging Market Rates	421,737	434,633
Total	421,737	434,633

*GAM Star Emerging Market Rates, which is a sub-fund of GAM Star Fund p.l.c.

The fair value of the Fund's investment in the Master Fund is included in financial assets at fair value through profit or loss in the statement of financial position.

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

During the year ended 30 June 2023, total gains/(losses) incurred on investments in the Master Fund were \$(9,074) (2022: \$(34,826)). The Fund also earned distribution income of \$10,109 (2022: \$10,685) as a result of its interests in the Master Fund.

7 Net assets attributable to unit holders - liability

During the year, management reviewed the classification of net assets attributable to unit holders and concluded that units in the Fund no longer meets the classification of equity for the year ended 30 June 2023. As such, units in the fund have been reclassified as a financial liability.

As a result, the Fund's distributions to unit holders and (increase)/decrease in net assets attributable to unit holders have been classified as finance costs in the statement of comprehensive income.

7 Net assets attributable to unit holders - liability (continued)

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

	Year ended 30 June 2023 Units	Year ended 30 June 2023 \$	For the period 10 March 2021 to 30 June 2022 Units	For the period 10 March 2021 to 30 June 2022 \$
Opening balance	500,000	467,415	-	-
Applications	-	-	500,000	500,000
Reinvestment of distributions	4,418	4,130	-	-
Distributions paid and payable	-	-	-	(4,130)
Profit/(loss) for the year	-	-	-	(28,455)
Increase/(decrease) in net assets attributable to unit holders	-	(11,366)	-	-
Closing balance	504,418	460,179	500,000	467,415

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right in the underlying assets of the Fund.

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

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

Capital risk management

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

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Fund's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders.

8 Distributions to unit holders

The distributions declared during the year/period were as follows:

	Year ended 30 June 2023 \$	Year ended 30 June 2023 CPU	For the period 10 March 2021 to 30 June 2022 \$	For the period 10 March 2021 to 30 June 2022 CPU
Distributions				
June (payable)	8,781	1.74	4,130	0.83
Total distributions	8,781		4,130	

9 Cash and cash equivalents

	As at	
	30 June 2023	30 June 2022
	\$	\$
Cash at bank	-	9,846
Total cash and cash equivalents	-	9,846

(a) Reconciliation to statement of cash flows

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

	As at	
	30 June 2023	30 June 2022
	\$	\$
Balances as above	-	9,846
Borrowings	(1,979)	-
Balances as per statement of cash flows	(1,979)	9,846

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

	Year ended 30 June 2023	For the period 10 March 2021 to 30 June 2022
	\$	\$
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) for the year	-	(28,455)
Increase/(decrease) in net assets attributable to unit holders	(11,366)	-
Distributions to unit holders	8,781	-
Proceeds from sale of financial instruments at fair value through profit or loss	1,843	30,541
Payments for purchase of financial instruments at fair value through profit or loss	-	(500,000)
Net (gains)/losses on financial instruments at fair value through profit or loss	9,074	34,826
Net change in receivables	(20,157)	(27,066)
Net cash inflow/(outflow) from operating activities	(11,825)	(490,154)
(b) Non-cash operating and financing activities		
The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan	4,130	-
Total non-cash operating and financing activities	4,130	-

11 Receivables

	30 June 2023	As at 30 June 2022
	\$	\$
Distributions receivable	-	2,294
GST receivable	353	200
Management fees reimbursement receivable	<u>46,870</u>	<u>24,572</u>
Total receivables	<u>47,223</u>	<u>27,066</u>

12 Remuneration of auditors

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

	Year ended 30 June 2023	For the period 10 March 2021 to 30 June 2022
	\$	\$
Deloitte Touche Tohmatsu		
<i>Audit and other assurance services</i>		
Audit of financial statements	<u>23,320</u>	22,000
Total auditor remuneration and other assurance services	<u>23,320</u>	<u>22,000</u>
<i>Taxation services</i>		
Tax compliance services	<u>11,534</u>	8,964
Total remuneration for taxation services	<u>11,534</u>	<u>8,964</u>
Total remuneration of Deloitte Touche Tohmatsu	<u>34,854</u>	<u>30,964</u>
PricewaterhouseCoopers		
<i>Audit and other assurance services</i>		
Audit of compliance plan	<u>2,346</u>	2,346
Total auditor remuneration and other assurance services	<u>2,346</u>	<u>2,346</u>
Total remuneration of PricewaterhouseCoopers	<u>2,346</u>	<u>2,346</u>

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

13 Related party transactions

The Responsible Entity of GAM Emerging Market Rates AU 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 GAM International Management Limited, to act as Investment Manager for the Fund, and State Street Australia Limited to act as Custodian and 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	
Mary A O'Connor	
David B Warren	(appointed 6 March 2023)

(ii) Responsible Entity

Other than fees paid 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 2023 (30 June 2022: 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 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 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 2023	For the period 10 March 2021 to 30 June 2022
	\$	\$
Responsible Entity fees for the year	188	145
Management fees reimbursement received for the year	22,298	24,572
Management fees reimbursement receivable at year end	46,870	24,572

Under the terms of the Fund's Constitution and Product Disclosure Statement, management fees and costs includes responsible entity fees paid to the Responsible Entity, management fees paid to the Investment Manager and other costs (such as custody fees, administration fees and audit fees) paid to other unrelated parties. Please refer to the Fund's Product Disclosure Statement for information on how management fees and costs are calculated.

Management fees reimbursed represent monies put into the Fund to ensure that the Fund's overall management costs remain within that disclosed in the Product Disclosure Statement.

(h) Related party unit holdings

Parties related to the Fund (including Equity Trustees Limited, its related parties and other schemes managed by Equity Trustees Limited and the Investment Manager) held no units in the Fund as at 30 June 2023 (30 June 2022: nil).

(i) Investments

The Fund did not hold any investments in Equity Trustees Limited or its related parties during the year (30 June 2022: nil).

The Fund holds investments in the Master Fund (please refer to Note 6 for additional information) for which GAM International Management Limited is also the Investment Manager.

14 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 2023 or on the results and cash flows of the Fund for the year ended on that date.

15 Contingent assets and liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 30 June 2023 and 30 June 2022.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 6 to 26 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 2023 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

Melbourne
29 November 2023

Independent Auditor's Report to the Unitholders of GAM Emerging Market Rates AU

Opinion

We have audited the financial report of GAM Emerging Market Rates AU (the "Fund") which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

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

- (i) giving a true and fair view of the Fund's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) 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 Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

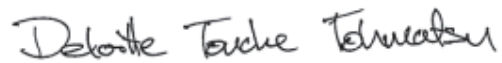
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

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

Deloitte.

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

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu". The signature is written in a cursive, flowing style.

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink that reads "Jonathon Corbett". The signature is written in a cursive, flowing style.

Jonathon Corbett
Partner
Chartered Accountants
Melbourne, 29th November 2023