

**GUARDCAP GLOBAL EQUITY FUND**

ARSN 642 341 106

**ANNUAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

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This annual financial report covers GuardCap Global Equity Fund as an individual entity.

The Responsible Entity of GuardCap Global Equity Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:

Level 1, 575 Bourke Street,  
Melbourne, VIC 3000.

## DIRECTORS' REPORT

The directors of Equity Trustees Limited, the Responsible Entity of GuardCap Global Equity Fund (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2023.

### Principal activities

The Fund invests primarily in shares and related instruments of shares issued by high quality companies and listed in countries which are members of the Organisation of Economic Co-operation and Development ("OECD") 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.

Net assets attributable to unit holders are reclassified from equity to liability from 1 July 2022.

There were no other 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	GuardCap Asset Management Limited
Custodian and Administrator	Apex Fund Services Pty Ltd (an Apex Group Company)*
Statutory Auditor	KPMG

\*Effective on 21 October 2022, Mainstream Fund Services Pty changed its name to Apex Fund Services Pty Ltd.

### 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 invested its funds in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund's performance was 17.68% (net of fees) for the year ended 30 June 2023. The Fund's benchmark, the MSCI World Index (Net AUD) returned 22.43% for the same period.

The Fund's performance of the GuardCap Global Equity Fund - Hedged Class was -0.34% (net of fees) for the year ended 30 June 2023. The Fund's benchmark, the MSCI World (Net) 100% Hedged to AUD Index returned 8.32% for the same period.

The Fund's performance is calculated based on the percentage change in the Redemption Price in the each of the Funds over the period (With any distributions paid during the period reinvested). Returns are disclosed after fees and expenses but before taxes.

Hedge class is the sole investor in Class B and Class B is a fee free class so that investors in Hedged Class are not charged twice.

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

	Year ended	
	30 June 2023	30 June 2022
Profit/(loss) for the year (\$'000)	14,760	(3,800)
<b>GuardCap Global Equity Fund Class- A</b>		
Distributions paid and payable (\$'000)	1,955	1,030
Distributions (cents per unit)	2.1555	2.3135
<b>GuardCap Global Equity Fund Class- B</b>		
Distributions paid and payable (\$'000)	32	-
Distributions (cents per unit)	1.6188	-
<b>GuardCap Global Equity Fund - Hedged Class</b>		
Distributions paid and payable (\$'000)	30	-
Distributions (cents per unit)	1.4843	-

## DIRECTORS' REPORT (CONTINUED)

### Significant changes in the state of affairs

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

A GuardCap Global Equity Fund - Hedged Class has been issued on 29 March 2023 under a separate Product Disclosure Statement.

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.

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



Philip D Gentry,  
Chairman

Melbourne  
28 September 2023



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Equity Trustees Limited, the Responsible Entity of GuardCap Global Equity Fund:

I declare that, to the best of my knowledge and belief, in relation to the audit of GuardCap Global Equity Fund for the financial year ended 30 June 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'Quang Dang'. It is positioned above a horizontal line.

Quang Dang  
Partner

Sydney  
28 September 2023

**STATEMENT OF COMPREHENSIVE INCOME**

	Note	<b>Year ended</b>	
		30 June 2023	30 June 2022
		\$'000	\$'000
<b>Investment income</b>			
Dividend and distribution income		1,489	568
Net foreign exchange gain/(loss)		(226)	(81)
Net gains/(losses) on financial instruments at fair value through profit or loss		14,622	(3,774)
Other income		2	1
<b>Total investment income/(loss)</b>		<b>15,887</b>	<b>(3,286)</b>
<b>Expenses</b>			
Management fees and costs	13	855	374
Interest expenses from financial assets at amortised cost		2	-
Withholding taxes		226	121
Transaction costs		44	19
<b>Total expenses</b>		<b>1,127</b>	<b>514</b>
<b>Profit/(loss) before finance costs attributable to unit holders for the year</b>		<b>14,760</b>	<b>(3,800)</b>
<b>Finance costs attributable to unit holders*</b>			
Distributions to unit holders		(2,017)	-
(Increase)/decrease in net assets attributable to unit holders		(12,743)	-
<b>Profit/(loss) for the year</b>		<b>-</b>	<b>(3,800)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>(3,800)</b>

\* Net assets attributable to unit holders are reclassified from equity to liability from 15 May 2023. As a result, the Fund's distributions are no longer classified as distributions paid and payable in the statement of changes in equity but rather as finance costs in the statement of comprehensive income. Refer to Note 1 and Note 6 for further details.

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

**STATEMENT OF FINANCIAL POSITION**

		<b>As at</b>	
		30 June 2023	30 June 2022
	Note	\$'000	\$'000
<b>Assets</b>			
Cash and cash equivalents	8	1,306	957
Receivables	10	74	37
Financial assets at fair value through profit or loss	5	<b>116,967</b>	48,113
<b>Total assets</b>		<b>118,347</b>	49,107
<b>Liabilities</b>			
Distributions payable	7	2,017	1,030
Due to brokers - payable for securities purchased		856	-
Payables	11	438	77
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>3,311</b>	1,107
<b>Net assets attributable to unit holders – equity*</b>	6	-	48,000
<b>Net assets attributable to unit holders – liability*</b>	6	<b>115,036</b>	-

\*Net assets attributable to unit holders are classified as liability at 30 June 2023 and as equity at 30 June 2022. Refer to Note 1 and Note 6 for further details.

*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</b>	<b>30 June</b>
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Total equity at the beginning of the financial year</b>	<b>48,000</b>	29,030
Reclassification from equity to liability*	(48,000)	
<b>Comprehensive income for the financial year</b>		
Profit/(loss) for the year	-	(3,800)
Other comprehensive income	-	-
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>(3,800)</b>
<b>Transactions with unit holders</b>		
Applications	6	-
Redemptions	6	-
Reinvestment of distributions	6	-
Distributions paid and payable	6	-
<b>Total transactions with unit holders</b>	<b>-</b>	<b>22,770</b>
<b>Total equity at the end of the financial year*</b>	<b>-</b>	<b>48,000</b>

\* Under Australian Accounting Standards, net assets attributable to unit holders are classified as a liability rather than equity. Effective from 1 July 2023, the Fund's units have been reclassified from equity to financial liability. Refer to Note 1 and Note 6 for further detail. As a result, equity transactions, including distributions are not disclosed in the above statement for the year 30 June 2023.

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

**GuardCap Global Equity Fund**  
**Statement of cash flows**  
**For the year ended 30 June 2023**

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**STATEMENT OF CASH FLOWS**

	Note	Year ended 30 June 2023 \$'000	30 June 2022 \$'000
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments at fair value through profit or loss		4,671	3,005
Payments for purchase of financial instruments at fair value through profit or loss		(58,047)	(26,085)
Net foreign exchange gain/(loss)		(220)	(81)
Dividends and distributions received		1,210	440
Other income received		2	1
Interest expenses paid		(2)	-
Management fees and costs paid		(494)	(318)
Transaction costs paid		(44)	(19)
Other expenses paid		16	(8)
<b>Net cash inflow/(outflow) from operating activities</b>	9(a)	<b>(52,908)</b>	<b>(23,065)</b>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unit holders		73,623	27,843
Payments for redemptions by unit holders		(19,446)	(4,049)
Distributions paid to unit holders		(914)	(25)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>53,263</b>	<b>23,769</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>355</b>	<b>704</b>
Cash and cash equivalents at the beginning of the year		957	253
Effects of foreign currency exchange rate changes on cash and cash equivalents		(6)	-
<b>Cash and cash equivalents at the end of the year</b>	8	<b>1,306</b>	<b>957</b>
Non-cash operating and financing activities	9(b)	116	6

*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 GuardCap Global Equity Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 1 July 2020 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 Fund invests primarily in shares and related instruments of shares issued by high quality companies and listed in countries which are members of the Organisation of Economic Co-operation and Development ("OECD") in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

During the year, the Fund issued a two new classes of units, named GuardCap Global Equity Fund - Class B and Hedged Class. Consequently, the Fund no longer satisfies the criteria under AASB 132 *Financial Instruments: Presentation* that would allow it to classify net assets attributable to unit holders as equity and the classification has therefore been changed from equity to liability. The effect of this change in classification has been presented from 1 July 2022 onwards. Refer to Note 6 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 standards and interpretations 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 current year or will affect the future periods.

#### 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

For cash and cash equivalents and receivables, these assets are held in order to collect the contractual cash flows and the contractual terms of these assets give rise, on specified dates, to cash flow 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 (due to brokers and management fees and costs payable).

#### ii. Recognition and derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets or financial liabilities from this date.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. 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 at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets or liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

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

- 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 and payables are carried at amortised cost.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### b. Financial instruments (continued)

#### iv. Impairment

At each reporting date, the Fund shall estimate a loss allowance on each of the financial assets carried at amortised cost (cash and cash equivalents, due from broker and receivables) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that the asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

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

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

#### v. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Fund has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

As at the end of the reporting period, there are no financial assets or liabilities offset or with the right to offset in the statement of financial position.

### c. Net assets attributable to unit holders

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.

As at 30 June 2023, the Fund's units are classified as a liability as they do not meet the definition of a financial instrument to be classified as equity.

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

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

The Fund's units were reclassified to liability from 15 May 2023.

### 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.

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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Changes in fair value of financial instruments at fair value through profit or loss are recorded in accordance with the policies described in Note 2(b) to the financial statements.

#### ii. Dividends and distributions

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the statement of comprehensive income.

Trust distributions are recognised on an entitlement basis.

### 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 Responsible Entity fees, investment management fees, custodian fees, and administration and audit fees and other operating expense.

### g. Income tax

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

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

### h. Distributions

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

#### i. 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.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### j. 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.

### k. 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.

### l. Payables

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

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.

### m. 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.

### n. 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.

### o. 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.

### p. Rounding of amounts

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

### q. 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.

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

The investments of the Fund, and associated risks, are managed by the Investment Manager, GuardCap Asset Management Limited under an Investment Management Agreement (IMA) approved by the Responsible Entity and contains 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 Investment Manager manages/moderates this risk through a careful selection of securities within the specified limits as outlined in the investment policies of the Fund, and through diversification of the investment portfolio.

The Investment Manager monitors the Fund's overall market position on a daily basis, and positions are maintained within established ranges.

The table at Note 3(b) summarises the sensitivities of the Fund's assets and liabilities to price risk. The analysis is based on the reasonably possible shift that the investment portfolio in which the Fund invests moves by +/-10% (2022: +/-10%).

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 95%) 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 daily VaR measures for the portfolios are an estimate, using a confidence level of 95%, of the potential worst case portfolio loss that is not expected to be exceeded if the current market risk positions were to be held unchanged for one month. The use of a 95% confidence level means that, within a one month horizon, losses exceeding the VaR figure should not occur, on average, more than once every one hundred months. For example, when a portfolio is estimated to have a VaR of \$1 million over a monthly horizon at the 95 percent confidence level, under normal market conditions, the expected losses should not exceed \$1 million over the next eight year period (with 95% probability). 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:

	As at 30 June 2023		As at 30 June 2022	
	VaR (\$'000)	% of financial assets	VaR (\$'000)	% of financial assets
<b>GuardCap Global Equity Fund</b>	<b>6,913</b>	<b>5.91</b>	<b>3,522</b>	<b>7.32</b>

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### a. Market risk (continued)

##### i. Price risk (continued)

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

The Fund operates internationally and holds both monetary and non-monetary assets 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.

Unit holders should note that the assets of the portfolio are fully exposed to the movements in exchange rates of the Australian dollar against the currencies in which the holdings are listed, as the Investment Manager does not hedge the currency.

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.

	DKK Dollars A\$'000	CHF Dollars A\$'000	EUR Dollars A\$'000	GBP Dollars A\$'000	JPY Dollars A\$'000	US Dollars A\$'000
<b>As at 30 June 2023</b>						
Cash and cash equivalents	-	-	-	-	26	3
Receivables	-	-	-	-	-	34
Financial assets at fair value through profit or loss	15,142	4,410	12,467	5,920	5,299	73,730
Due to brokers - payable for securities purchased	(109)	(32)	(90)	(43)	(40)	(542)
<b>Net exposure</b>	<b>15,033</b>	<b>4,378</b>	<b>12,377</b>	<b>5,877</b>	<b>5,285</b>	<b>73,225</b>
As at 30 June 2022						
Cash and cash equivalents	-	-	42	4	12	25
Receivables	-	-	-	-	-	13
Financial assets at fair value through profit or loss	6,764	1,987	4,494	2,678	2,121	30,070
<b>Net exposure</b>	<b>6,764</b>	<b>1,987</b>	<b>4,536</b>	<b>2,682</b>	<b>2,133</b>	<b>30,108</b>

The table at Note 3(b) summarises the sensitivities of the Fund's monetary assets and liabilities to foreign exchange risk. The analysis is based on the reasonably possible shift that the Australian dollar weakened and strengthened by 10% (2022: +/-10%) against the material foreign currencies to which the Fund is exposed.

##### 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's interest bearing financial assets expose it to risks associated with the effects of fluctuation in the prevailing levels of market interest rate on its financial positions and cash flows. The impact of interest rate risk on profit and net assets attributable to unit holders is considered immaterial to the Fund.

Interest rate risk management is undertaken by maintaining as close to a fully invested position as possible thus limiting the exposure of the Fund to interest rate risk.

#### 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 estimate, having regard to the historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances 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 variances in the risk variables.

### **3. FINANCIAL RISK MANAGEMENT (CONTINUED)**

#### **b. Summarised sensitivity analysis (continued)**

	Impact on operating profit/net assets attributable to unit holders			
	Price risk		Foreign exchange risk	
	+10% \$'000	-10% \$'000	+10% \$'000	-10% \$'000
<b>As at 30 June 2023</b>	<b>11,697</b>	<b>(11,697)</b>	<b>(79)</b>	<b>79</b>
As at 30 June 2022	4,811	(4,811)	10	(10)

#### **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 is the carrying of these balances as 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, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of B+/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.

##### **i. Settlement of securities transactions**

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once the securities purchased have been received by the broker. The trade will fail if either party fails to meet its obligations.

##### **ii. Cash and cash equivalents**

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of B+ or higher.

##### **iii. Other**

The Fund is not materially exposed to credit risk on other financial assets.

##### **iv. Maximum exposure to credit risk**

The maximum exposure to credit risk before any credit enhancements at the end of each reporting period is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

#### **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 cash flow requirements.

Liquidity risk is managed by investing the majority of its assets in investments that can be readily disposed of. The Fund's listed securities are considered readily releasable, as they are quoted in reputable stock exchanges.

The investment manager monitors the liquidity position on a daily basis.

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 FY2023 and FY2022.

##### **i. Maturities of non-derivative financial liabilities**

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

#### **4. FAIR VALUE MEASUREMENT**

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

- Financial assets/liabilities 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. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

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

The fair value of financial assets and liabilities traded in active markets (such as listed equity securities) 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.

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. Recognised fair value measurements**

The table below presents the Fund's financial assets measured and recognised at fair value as at 30 June 2023 and 30 June 2022.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 30 June 2023</b>				
<b>Financial assets</b>				
Listed equity securities	116,967	-	-	116,967
<b>Total financial assets</b>	<b>116,967</b>	<b>-</b>	<b>-</b>	<b>116,967</b>
As at 30 June 2022				
Financial assets				
Listed equity securities	48,113	-	-	48,113
<b>Total financial assets</b>	<b>48,113</b>	<b>-</b>	<b>-</b>	<b>48,113</b>

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

## 5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	
	30 June 2023 \$'000	30 June 2022 \$'000
Listed equity securities	116,967	48,113
<b>Total financial assets at fair value through profit or loss</b>	<b>116,967</b>	<b>48,113</b>

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

## 6. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS - LIABILITY

As at 30 June 2023, the Fund's units are classified as a liability as they do not meet the definition of a financial instrument to be classified as equity.

During the year, the Fund issued two new classes of units, named GuardCap Global Equity Fund - Class B and Hedged Class. Consequently, the Fund no longer satisfies the criteria under AASB 132 *Financial Instruments: Presentation* that would allow it to classify net assets attributable to unit holders as 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.

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

	Year ended		Year ended	
	30 June 2023	30 June 2023	30 June 2022	30 June 2022
	Units '000	\$'000	Units '000	\$'000
<b>GuardCap Global Equity Fund Class- A</b>				
Opening balance	44,504	48,000	24,484	29,030
Applications	62,405	71,658	23,386	27,843
Redemptions	(16,334)	(19,446)	(3,371)	(4,049)
Reinvestment of distributions	107	116	5	6
Distributions paid and payable	-	(1,955)	-	(1,030)
Profit/(loss) for the year	-	-	-	(3,800)
Increase/(decrease) in net assets attributable to unit holders	-	14,736	-	-
<b>Closing balance</b>	<b>90,682</b>	<b>113,109</b>	<b>44,504</b>	<b>48,000</b>
<b>GuardCap Global Equity Fund Class- B</b>				
Opening balance	-	-	-	-
Applications	1,976	1,965	-	-
Distributions paid and payable	-	(32)	-	-
Profit/(loss) for the year	-	-	-	-
Increase/(decrease) in net assets attributable to unit holders	-	(6)	-	-
<b>Closing balance</b>	<b>1,976</b>	<b>1,927</b>	<b>-</b>	<b>-</b>
<b>GuardCap Global Equity Fund - Hedged Class</b>				
Opening balance	-	-	-	-
Applications	2,024	2,017	-	-
Distributions paid and payable	-	(30)	-	-
Profit/(loss) for the year	-	-	-	-
Increase/(decrease) in net assets attributable to unit holders	-	-	-	-
<b>Closing balance</b>	<b>2,024</b>	<b>1,987</b>	<b>-</b>	<b>-</b>
<b>Elimination**</b>	<b>(2,024)</b>	<b>(1,987)</b>	<b>-</b>	<b>-</b>
<b>Closing balance</b>	<b>92,658</b>	<b>115,036</b>	<b>44,504</b>	<b>48,000</b>

\*\*Hedge class is the sole investor in Class B hence an adjustment is made to eliminate the holding of Hedge class in Class B.

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 three separate classes of units (2022: one class). GuardCap Global Equity Fund - Class B and Hedged Class commenced on 15 May 2023. Each unit within the same class has the same rights as all other units within that class. Each unit class has a different management fee rate.

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.

## 6. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS - LIABILITY (CONTINUED)

### 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.

## 7. DISTRIBUTIONS TO UNIT HOLDERS

The distributions declared during the year were as follows:

	Year ended		Year ended	
	30 June 2023 \$'000	30 June 2023 CPU	30 June 2022 \$'000	30 June 2022 CPU
<b>Distributions- GuardCap Global Equity Fund Class- A</b>				
June (payable)	1,955	2.1555	1030	2.3135
<b>Total distributions</b>	<b>1,955</b>	<b>2.1555</b>	<b>1030</b>	<b>2.3135</b>
<b>Distributions- GuardCap Global Equity Fund Class- B</b>				
June (payable)	32	1.6188	-	-
<b>Total distributions</b>	<b>32</b>	<b>1.6188</b>	<b>-</b>	<b>-</b>
<b>Distributions- GuardCap Global Equity Fund - Hedged Class</b>				
June (payable)	30	1.4843	-	-
<b>Total distributions</b>	<b>30</b>	<b>1.4843</b>	<b>-</b>	<b>-</b>
<b>Total distributions</b>	<b>2,017</b>	<b>5.2586</b>	<b>1,030</b>	<b>2.3135</b>

## 8. CASH AND CASH EQUIVALENTS

	As at	
	30 June 2023 \$'000	30 June 2022 \$'000
Cash at bank	1,306	957
<b>Total cash and cash equivalents</b>	<b>1,306</b>	<b>957</b>

## 9. RECONCILIATION OF PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

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

	Year ended	
	30 June 2023 \$'000	30 June 2022 \$'000
Profit/(loss) for the year	14,760	(3,800)
Proceeds from sale of financial instruments at fair value through profit or loss	4,671	3,005
Payments for purchase of financial instruments at fair value through profit or loss	(58,047)	(26,085)
Net (gains)/losses on financial instruments at fair value through profit or loss	(14,622)	3,774
Net change in receivables	(37)	(14)
Net change in payables	361	55
Effects of foreign currency exchange rate changes on cash and cash equivalents	6	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(52,908)</b>	<b>(23,065)</b>

### 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

<b>Total non-cash operating and financing activities</b>	116
	6

## 10. RECEIVABLES

	As at	
	30 June 2023 \$'000	30 June 2022 \$'000
GST receivable	8	24
Dividends receivable	66	13
<b>Total receivables</b>	<b>74</b>	<b>37</b>

## 11. PAYABLES

	As at	
	30 June 2023 \$'000	30 June 2022 \$'000
Management fees and costs payable	438	77
<b>Total payables</b>	<b>438</b>	<b>77</b>

## 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 \$	30 June 2022 \$
<b>KPMG</b>		
<i>Audit and other assurance services</i>		
Audit of financial statements	12,600	12,000
<b>Total auditor remuneration and other assurance services</b>	<b>12,600</b>	<b>12,000</b>
<i>Taxation services</i>		
Tax compliance services	8,140	7,752
<b>Total remuneration for taxation services</b>	<b>8,140</b>	<b>7,752</b>
<b>Total remuneration of KPMG</b>	<b>20,740</b>	<b>19,752</b>
<b>PricewaterhouseCoopers</b>		
<i>Audit and other assurance services</i>		
Audit of compliance plan	2,346	2,346
<b>Total auditor remuneration and other assurance services</b>	<b>2,346</b>	<b>2,346</b>
<b>Total remuneration of PricewaterhouseCoopers</b>	<b>2,346</b>	<b>2,346</b>

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

## 13. RELATED PARTY TRANSACTIONS

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

The Responsible Entity has contracted services to GuardCap Asset Management Limited to act as Investment Manager for the Fund and Apex Fund Services Pty Ltd to act as Custodian and Administrator for the Fund. The contracts are on normal commercial terms and conditions.

### 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)

### **13. RELATED PARTY TRANSACTIONS (CONTINUED)**

#### **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 the 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.

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	30 June 2022
	\$	\$
Responsible Entity fees for the year	55,037	35,476
Management fees for the year	555,266	100,669
Responsible Entity fees payable at year end	5,453	2,917
Management fees payable at year end	415,879	51,103

Under the terms of the Fund's Constitution and Product Disclosure Statement for the Fund, 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, administration and audit fees) paid to other unrelated parties. For information on how management fees and costs are calculated, please refer to the Fund's 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) hold units in the Fund, as follows:

	Number of units held opening	Number of units held closing	Fair value of investment	Interest held	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund
<b>Unit holder</b>							
<b>As at 30 June 2023</b>							
GuardCap Asset Management Limited	5,005,319	1,264,956	1,233,838	1.07%	1,372,337	(5,112,700)	18,776

### **13. RELATED PARTY TRANSACTIONS (CONTINUED)**

#### **h. Related party unit holdings (continued)**

	<b>Number of units held opening</b>	<b>Number of units held closing</b>	<b>Fair value of investment (\$)</b>	<b>Interest held (%)</b>	<b>Number of units acquired</b>	<b>Number of units disposed</b>	<b>Distributions paid/payable by the Fund (\$)</b>
<b>Unit holder</b>							
As at 30 June 2022							
GuardCap Asset Management Limited	5,000,000	5,005,319	5,384,222	11.22%	5,319	-	115,799

#### **i. Investments**

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

### **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 24 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  
28 September 2023



# Independent Auditor's Report

To the unitholders of GuardCap Global Equity Fund

## Opinion

We have audited the **Financial Report** of GuardCap Global Equity Fund (the Fund).

In our opinion, the accompanying **Financial Report** of GuardCap Global Equity Fund is in accordance with the *Corporations Act 2001*, including

- giving a true and fair view of the Fund's financial position as at 30 June 2023, and of its financial performance and its cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises the:

- Statement of financial position as at 30 June 2023
- Statement of comprehensive income for the year then ended
- Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration made by the Directors of Equity Trustees Limited (the Responsible Entity).

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *Corporations Act 2001* and the relevant 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 fulfilled our other ethical responsibilities in accordance with these requirements.

## Other Information

Other Information is financial and non-financial information in GuardCap Global Equity Fund's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of Equity Trustees Limited are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.



In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### **Responsibilities of Directors for the Financial Report**

The Directors of Equity Trustees Limited are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Fund's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they 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 objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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.

A further description of our responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standards Board website at:  
[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our Auditor's Report.

KPMG

KPMG

Quang Dang  
Partner

Sydney  
28 September 2023