

# **Impax Sustainable Leaders Fund**

ARSN 615 479 662

## **Annual report**

**For the year ended 30 June 2023**

# Impax Sustainable Leaders Fund

ARSN 615 479 662

## Annual report For the year ended 30 June 2023

### Contents

Directors' report

Auditor's independence declaration

Statement of comprehensive income

Statement of financial position

Statement of changes in equity

Statement of cash flows

Notes to the financial statements

Directors' declaration

Independent auditor's report to the unit holders of Impax Sustainable Leaders Fund

This annual report covers Impax Sustainable Leaders Fund as an individual entity.

The Responsible Entity of Impax Sustainable Leaders 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 Impax Sustainable Leaders 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 in listed global equity securities, listed managed investment funds and derivatives in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund did not have any employees during the year.

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

The various service providers for the Fund are detailed below:

Service	Provider
Responsible Entity	Equity Trustees Limited
Investment Manager	IMPAX Asset Management Limited
Distributor	Fidante Partners Limited
Custodian and Administrator	BNP Paribas
Statutory Auditor	PricewaterhouseCoopers

### 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 25.08% and 25.32% (net of fees) for class A and class B respectively for the year ended 30 June 2023. The Fund's benchmark, the MSCI All Country World Index Net Dividends Reinvested measured in Australian Dollars returned 20.38% for class A and class B during the same period.

The Fund's performance for the year ended 30 June 2023 was calculated as percentage change in unit price adjusted for distribution on a monthly basis. For longer period these have been geometrically linked by adding the monthly returns.

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) before finance costs attributable to unit holders for the year (\$'000)	<b>69,528</b>	(54,678)
Class A		
Distributions paid and payable (\$'000)	<b>7,293</b>	2,030
Distributions (cents per unit)	<b>4.19</b>	1.18
Class B		
Distributions paid and payable (\$'000)	<b>1,443</b>	334
Distributions (cents per unit)	<b>4.13</b>	1.16

## 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.

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 or its associates

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in Note 15 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 15 to the financial statements.

### Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 8 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.

A handwritten signature in black ink, appearing to read 'P.D. Gentry', with a large, sweeping flourish extending to the right.

Philip D Gentry  
Chairman

Melbourne  
21 September 2023



## Auditor's Independence Declaration

As lead auditor for the audit of Impax Sustainable Leaders Fund for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'CJ Cummins', with a long horizontal flourish extending to the right.

CJ Cummins  
Partner  
PricewaterhouseCoopers

Sydney  
21 September 2023

## Statement of comprehensive income

		Year ended	
	Note	30 June 2023 \$'000	30 June 2022 \$'000
<b>Investment income</b>			
Interest income from financial assets at amortised cost		151	1
Dividend income		4,971	4,746
Trust distribution income		126	82
Net foreign exchange gain/(loss)		13	(5)
Net gains/(losses) on financial instruments at fair value through profit or loss		68,299	(56,461)
Other income		127	83
<b>Total investment income/(loss)</b>		<u>73,687</u>	<u>(51,554)</u>
<b>Expenses</b>			
Management fees and costs		3,246	2,432
Transaction costs		250	248
Withholding taxes		643	444
Other expenses		20	-
<b>Total expenses</b>		<u>4,159</u>	<u>3,124</u>
<b>Profit/(loss) before finance costs attributable to unit holders for the year</b>		<u>69,528</u>	<u>(54,678)</u>
Distributions to unit holders	9	(8,736)	(2,364)
(Increase)/decrease in net assets attributable to unit holders	8	<u>(60,792)</u>	<u>57,042</u>
<b>Profit/(loss) for the year</b>		-	-
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u>-</u>	<u>-</u>

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

## Statement of financial position

		As at	
	Note	30 June 2023 \$'000	30 June 2022 \$'000
<b>Assets</b>			
Cash and cash equivalents	10	6,154	3,378
Due from brokers - receivable for securities sold		1,304	294
Receivables	12	1,245	1,444
Financial assets at fair value through profit or loss	5	<u>345,894</u>	<u>269,384</u>
<b>Total assets</b>		<u>354,597</u>	<u>274,500</u>
<b>Liabilities</b>			
Distributions payable	9	8,593	2,328
Due to brokers - payable for securities purchased		1,091	1,473
Payables	13	3,241	1,544
Financial liabilities at fair value through profit or loss	6	<u>2</u>	<u>-</u>
<b>Total liabilities (excluding net assets attributable to unit holders)</b>		<u>12,927</u>	<u>5,345</u>
<b>Net assets attributable to unit holders - liability</b>	8	<u>341,670</u>	<u>269,155</u>

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



## Statement of changes in equity

	30 June 2023 \$'000	Year ended 30 June 2022 \$'000
<b>Total equity at the beginning of the financial year</b>	-	-
<b>Comprehensive income for the financial year</b>		
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
<b>Total comprehensive income</b>	-	-
Transactions with owners in their capacity as owners	-	-
<b>Total equity at the end of the financial year*</b>	-	-

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

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

## Statement of cash flows

		Year ended	
	Note	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		99,354	45,284
Payments for purchase of financial instruments at fair value through profit or loss		(108,955)	(199,944)
Interest income received from financial assets at amortised cost		133	-
Trust distributions received		126	82
Dividends received		4,034	3,666
GST received/(paid)		47	(14)
Other income received		127	83
Management fees and costs paid		(1,438)	(1,796)
Transaction costs paid		(244)	(246)
Other expenses paid		(20)	-
<b>Net cash inflow/(outflow) from operating activities</b>	11(a)	<u>(6,836)</u>	<u>(152,885)</u>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unit holders		68,021	175,307
Payments for redemptions by unit holders		(56,094)	(21,614)
Distributions paid to unit holders		<u>(2,328)</u>	<u>(2,690)</u>
<b>Net cash inflow/(outflow) from financing activities</b>		<u>9,599</u>	<u>151,003</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,763</b>	<b>(1,882)</b>
Cash and cash equivalents at the beginning of the year		3,378	5,265
Effect of foreign currency exchange rate changes on cash and cash equivalents		<u>13</u>	<u>(5)</u>
<b>Cash and cash equivalents at the end of the year</b>	10	<u><b>6,154</b></u>	<u><b>3,378</b></u>
<b>Non-cash operating and financing activities</b>	11(b)	<b>143</b>	<b>147</b>

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

## Notes to the financial statements

### Contents

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

## 1. General information

These financial statements cover Impax Sustainable Leaders Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 20 October 2016 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 in listed global equity securities, listed managed investment funds and derivatives in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

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

## 2. Summary of significant accounting policies

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

### a. Basis of preparation

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

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

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

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

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

#### i. Compliance with International Financial Reporting Standards (IFRS)

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

#### ii. New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in the prior periods or will affect the current or 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 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 equities securities and derivatives, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

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

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (distributions payable, due to brokers, management fees and costs payable, redemptions payable and transaction costs payable).

Derivative contracts that have a negative fair value are presented as financial liabilities at fair value through profit or loss.

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

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

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

#### v. Offsetting financial instruments

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

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

### c. Net assets attributable to unit holders

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 are classified as financial liabilities as the Fund is required to distribute its distributable income in accordance with the Fund's Constitution.

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.

### 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 represent 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. Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities measured at fair value through profit or loss.

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.

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 entitlements 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 investment management fees, Responsible Entity fees, custodian and administration fees, audit fees and other operating expenses.

### 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 unit holders.

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

### 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 comprehensive income as finance costs attributable to unit holders.

### 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.

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

### j. Foreign currency translation (continued)

#### 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 the portion of unrealised gains or losses on financial instruments that are measured at fair value through profit or loss and which is due to changes in foreign exchange rates. Such fluctuations are included with the net gains/(losses) on financial instruments at fair value through profit or loss.

### 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 are recognised initially at fair value and subsequently measured at amortised cost.

### l. 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.

### 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 30 June of the same 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.

### 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.



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

### p. Use of estimates and judgements (continued)

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 the expected credit loss (ECL) using impairment model, which 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 thousand dollars, 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 Constitution, the Product Disclosure Statement and the investment guidelines of the Fund. It seeks to maximise the returns derived for the level of risk to which the Fund is exposed to and seeks to minimise potential adverse effects on the Funds' financial performance.

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

The investment of the Fund and associated risks are managed by a Specialist Investment Manager, IMPAX Asset Management Limited under an Investment Management Agreement (IMA) approved by the Responsible Entity and containing the investment strategy and guidelines of the Fund and 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 and debt securities measured at fair value. 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.

Price risk is managed by the Sub-Investment Manager's portfolio construction process, and by adhering to the mandate guidelines of the sub IMA. The Sub-Investment Manager seeks to achieve sustainable, above market returns over the longer term by investing globally in companies active in the growing resource efficiency and environmental markets, versus the broader market (MSCI All Country World Index). The Sub-Investment Manager shall invest in equities of companies with at least 20% of revenue, profits or capital employed in environmental markets. The majority of the Fund's targeted excess return is typically derived from stock selection, rather than from macro-economic or top-down predictions. At each stock itself, the Sub-Investment Manager focuses on bottom up stock selection, and each stock selection must be approved by the Sub-Investment Managers investment committee.

### 3. Financial risk management (continued)

#### a. Market risk (continued)

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

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%).

##### ii. Foreign exchange risk

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

Foreign exchange risk is managed as a part of price risk and measured using VaR analysis.

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

	US Dollars	Euro	British Pound	Danish Krone	All other foreign currencies
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
<b>As at 30 June 2023</b>					
Cash and cash equivalents	229	4	1	-	8
Due from brokers - receivable for securities sold	1,197	-	-	-	106
Receivables	129	154	34	43	604
Financial assets at fair value through profit or loss	221,959	62,067	19,846	18,094	23,921
Due to brokers - payable for securities purchased	(408)	(683)	-	-	-
Payables	(1)	(7)	-	-	-
<b>Net exposure</b>	<b>223,105</b>	<b>61,535</b>	<b>19,881</b>	<b>18,137</b>	<b>24,639</b>
Net increase/(decrease) in exposure from foreign currency forward contracts					
- buy foreign currency	254	13	-	-	-
- sell foreign currency	(1,192)	-	-	-	-
<b>Net exposure including forward currency contracts</b>	<b>222,167</b>	<b>61,548</b>	<b>19,881</b>	<b>18,137</b>	<b>24,639</b>
	US Dollars	Euro	British Pound	Japanese Yen	All other foreign currencies
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
<b>As at 30 June 2022</b>					
Cash and cash equivalents	97	-	-	1	1,319
Due from brokers - receivable for securities sold	189	-	-	-	105
Receivables	73	107	-	73	417
Financial assets at fair value through profit or loss	161,466	48,359	21,653	12,953	24,953
Due to brokers - payable for securities purchased	-	-	-	-	(1,473)
Payables	-	-	-	-	(1)
<b>Net exposure</b>	<b>161,825</b>	<b>48,466</b>	<b>21,653</b>	<b>13,027</b>	<b>25,320</b>

The table in Note 3(b) summarises the sensitivities of the Fund's monetary assets and liabilities to foreign exchange risk. The estimated impact has been calculated on the basis of a VaR number incorporating market price, currency and interest rate factors into an overall return risk.

### 3. Financial risk management (continued)

#### a. Market risk (continued)

##### 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 Funds' interest bearing financial instruments expose them to risks associated with the effects of fluctuation in the prevailing 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 VaR analysis

Value at risk ("VaR") VaR is a statistical technique that attempts to summarise the exposure of a given portfolio to market risk by making assumptions about the expected probability distribution of future portfolio returns. VaR represents the maximum reasonable loss that an investor could expect during a time period, with a given probability. In order to estimate this future market risk, VaR assumes a normal or "bell shaped" curve of future portfolio returns and uses the unique characteristics of the normal distribution primarily symmetry of future returns both higher and lower than the average future return to estimate the amount of the possible future losses.

To calculate VaR, IMPAX uses the historic price volatility and correlations of current portfolio holdings to calculate both the historic average return and the historic standard deviation of returns around the average. These statistics are then extrapolated into the future using the assumption of normal distribution to calculate an expected loss if the future portfolio return volatility behaves according to these assumptions. The VaR calculation presented here for the Fund uses a 95% confidence interval and assumes a 5 day holding period.

##### *Assumptions and limitations of VaR*

The calculation process involves gathering the historical price volatility and correlations of the current portfolio holdings to arrive at an estimate of predicted future volatility and expected risk of loss. These limitations and the nature of the VaR measures mean that the Fund can neither guarantee that losses will not exceed the VaR amounts indicated nor that losses in excess of the VaR amounts will not occur more frequently than is stipulated by the model. VaR represents the probable expected loss that could be experienced during a given period - not the maximum loss that an investor could experience. It must be noted however that while the VaR model is an important and valuable risk management tool, it cannot and does not take account of all possible market conditions and extremities that may impact market price risk. For further information regarding market price risk and other risk factors please refer to the Fund's Product Disclosure Statement.

The following table summarises the estimated market risk impact to the profitability of the Fund. The estimated impact has been calculated on the basis of a VaR number incorporating market price, currency and interest rate factors into an overall return risk.

	VaR Factor %	Net assets attributable to unit holders \$'000	Estimated impact of net assets attributable to unit holders \$'000
<b>As at 30 June 2023</b>	<b>3.19</b>	<b>341,670</b>	<b>10,899</b>
As at 30 June 2022	3.58	269,155	9,636

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.

### 3. Financial risk management (continued)

#### c. Credit risk

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

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

#### 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, margin calls on derivative transactions or to fund foreign exchange related cashflow requirements.

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

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders. The Fund did not reject or withhold any redemptions during 2023 and 2022.

##### 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.

##### ii. Maturities of net settled derivative financial instruments

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

	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	Total \$'000
<b>At 30 June 2023</b>					
Net settled derivatives					
Forward currency contracts	5	-	-	-	5
<b>Total net settled derivatives</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>

As at 30 June 2022 the Fund did not hold any derivative instruments.

#### 4. Fair value measurement

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

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

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

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 publicly traded derivatives and listed global 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. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

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

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

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

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

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

## 4. Fair value measurement (continued)

### c. Recognised fair value measurements

The table below presents the Fund's financial assets and liabilities measured and recognised at fair value as at 30 June 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>				
Forward foreign exchange contracts	-	7	-	7
International listed equity securities	340,266	-	-	340,266
International listed trusts	5,621	-	-	5,621
<b>Total financial assets</b>	<b>345,887</b>	<b>7</b>	<b>-</b>	<b>345,894</b>
<b>Financial liabilities</b>				
Forward currency contracts	-	2	-	2
<b>Total financial liabilities</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 30 June 2022</b>				
<b>Financial assets</b>				
International listed equity securities	263,847	-	-	263,847
International listed trusts	5,537	-	-	5,537
<b>Total financial assets</b>	<b>269,384</b>	<b>-</b>	<b>-</b>	<b>269,384</b>

### d. Transfer between levels

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

There were no transfers between levels in the fair value hierarchy at the end of the reporting period (30 June 2022: nil).

### e. Financial instruments not carried at fair value

The financial instruments not measured at fair value through the profit and 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 values 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 value of net assets attributable to unit holders 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

	30 June 2023 \$'000	As at 30 June 2022 \$'000
Forward foreign exchange contracts	7	-
International listed equity securities	340,266	263,847
International listed trusts	5,621	5,537
<b>Total financial assets at fair value through profit or loss</b>	<b>345,894</b>	<b>269,384</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. Financial liabilities at fair value through profit or loss

	30 June 2023 \$'000	As at 30 June 2022 \$'000
Forward currency contracts	2	-
<b>Total financial liabilities at fair value through profit or loss</b>	<b>2</b>	<b>-</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.

## 7. Derivative financial instruments

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

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

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

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

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

The Fund holds the following derivatives:

### Forward currency contracts

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

## 7. Derivative financial instruments (continued)

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

There was no derivative financial instruments measured at fair value at 30 June 2022.

	Contractual/notional \$'000	Assets \$'000	Liabilities \$'000
<b>As at 30 June 2023</b>			
Forward currency contracts	<u>1,467</u>	<u>7</u>	<u>2</u>
<b>Total derivatives</b>	<u>1,467</u>	<u>7</u>	<u>2</u>

Information about the Fund's exposure to credit risk, foreign exchange, interest rate risk and about the methods and assumptions used in determining fair values is provided in Note 3 and Note 4 to the financial statements. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial instruments disclosed above.

## 8. Net assets attributable to unit holders - liability

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.

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

	Year ended 30 June 2023 Units '000		Year ended 30 June 2022 Units '000	
		\$'000		\$'000
<b>Class A</b>				
Opening balance	172,250	231,153	86,461	138,544
Applications	36,790	55,732	99,537	163,003
Redemptions	(34,841)	(53,221)	(13,790)	(21,206)
Units issued upon reinvestment of distributions	88	143	42	59
Increase/(decrease) in net assets attributable to unit holders	-	51,460	-	(49,247)
<b>Closing balance</b>	<u>174,287</u>	<u>285,267</u>	<u>172,250</u>	<u>231,153</u>
<b>Class B</b>				
Opening balance	28,752	38,002	21,488	33,862
Applications	7,981	11,825	7,823	12,810
Redemptions	(1,811)	(2,756)	(559)	(875)
Increase/(decrease) in net assets attributable to unit holders	-	9,332	-	(7,795)
<b>Closing balance</b>	<u>34,922</u>	<u>56,403</u>	<u>28,752</u>	<u>38,002</u>
<b>Closing balance</b>		<u>341,670</u>		<u>269,155</u>

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 two separate classes of units. Each unit within the same class has the same rights as all other units within that class. The two different classes have the same preferences and restrictions.

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.



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

### Capital risk management

The Fund considers its net assets attributable to unit holders as capital, notwithstanding that net assets attributable to unit holders are classified as a liability. 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 by the Responsible Entity. Under the terms of the Fund's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unit holders.

## 9. Distributions to unit holders

The distributions declared during the year were as follows:

	Year ended		Year ended	
	30 June	30 June	30 June	30 June
	2023	2023	2022	2022
	\$'000	CPU	\$'000	CPU
<b>Distributions - Class A</b>				
June	143	4.19	-	-
June (payable)	<u>7,150</u>	<u>4.19</u>	<u>2,030</u>	<u>1.18</u>
<b>Total distributions - Class A</b>	<u>7,293</u>	<u>4.19</u>	<u>2,030</u>	<u>1.18</u>
<b>Distributions - Class B</b>				
June (payable)	<u>1,443</u>	<u>4.13</u>	<u>334</u>	<u>1.16</u>
<b>Total distributions - Class B</b>	<u>1,443</u>	<u>4.13</u>	<u>334</u>	<u>1.16</u>
<b>Total distributions</b>	<u>8,736</u>		<u>2,364</u>	

## 10. Cash and cash equivalents

	As at	
	30 June	30 June
	2023	2022
	\$'000	\$'000
Cash at bank	<u>6,154</u>	<u>3,378</u>
<b>Total cash and cash equivalents</b>	<u>6,154</u>	<u>3,378</u>

## 11. 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	-	-
Increase/(decrease) in net assets attributable to unit holders	60,792	(57,042)
Distributions to unit holders	8,736	2,364
Proceeds from sale of financial instruments at fair value through profit or loss	99,354	45,284
Payments for purchase of financial instruments at fair value through profit or loss	(108,955)	(199,944)
Net (gains)/losses on financial instruments at fair value through profit or loss	(68,299)	56,461
Investment income reinvested	-	(88)
Net foreign exchange (gain)/loss	(13)	5
Net change in receivables	(265)	(563)
Net change in payables	1,814	638
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(6,836)</b>	<b>(152,885)</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

	143	59
The following applications were satisfied by participation in dividend reinvestment plan	-	88
<b>Total non-cash operating and financing activities</b>	<b>143</b>	<b>147</b>

As described in Note 2(i), income not distributed is included in net assets attributable to unit holders. The change in this amount for the year (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

## 12. Receivables

	As at 30 June 2023 \$'000	30 June 2022 \$'000
Dividends receivable	720	520
Interest receivable from financial assets at amortised cost	19	1
GST receivable	-	47
Applications receivable	262	726
Withholding tax reclaims receivable	244	150
<b>Total receivables</b>	<b>1,245</b>	<b>1,444</b>

## 13. Payables

	As at	
	30 June 2023 \$'000	30 June 2022 \$'000
Management fees and costs payable	2,857	1,049
Redemptions payable	376	493
Transaction costs payable	8	2
<b>Total payables</b>	<b>3,241</b>	<b>1,544</b>

## 14. Remuneration of auditor

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

	Year ended	
	30 June 2023 \$	30 June 2022 \$
<b>PricewaterhouseCoopers</b>		
<i>Audit and other assurance services</i>		
Audit and review of financial statements	25,500	24,650
Audit of compliance plan	2,346	2,346
Total remuneration for audit services	27,846	26,996
<i>Taxation services</i>		
Tax compliance services	14,086	13,289
Total remuneration for taxation services	14,086	13,289
<b>Total remuneration of PricewaterhouseCoopers</b>	<b>41,932</b>	<b>40,285</b>

The auditor's remuneration is borne by the Investment Manager, IMPAX Asset Management Limited. Fees are stated exclusive of GST.

## 15. Related party transactions

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

The Responsible Entity has contracted services to IMPAX Asset Management Limited to act as Investment Manager and BNP Paribas 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)

#### ii. Responsible Entity

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

## 15. Related party transactions (continued)

### a. Key management personnel (continued)

#### iii. Other key management personnel

There were no other key management personnel with responsibility for planning, directing and controlling the 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 key management personnel's interests existing at year end.

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

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

	Year ended	
	30 June	30 June
	2023	2022
	\$	\$
Management fees for the year	2,586,049	1,763,592
Responsible Entity fees for the year	161,640	127,485
Management fees payable at year end	2,082,171	477,424
Responsible Entity fees payable at year end	70,204	69,381

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.

### 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).

## **16. 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.

## **17. Contingent assets and liabilities and commitments**

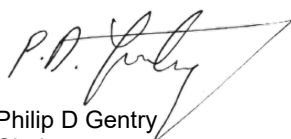
There were no outstanding contingent assets, liabilities or commitments as at 30 June 2023 and 30 June 2022.

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- a. The financial statements and notes set out on pages 6 to 28 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  
21 September 2023



## Independent auditor's report

To the unit holders of Impax Sustainable Leaders Fund

---

### Our opinion

In our opinion:

The accompanying financial report of Impax Sustainable Leaders Fund (the Fund) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Fund's financial position as at 30 June 2023 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2023
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

---

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

### Independence

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 & 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.

---

### Other information

The directors of Equity Trustees Limited (the Responsible Entity) are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

PricewaterhouseCoopers, ABN 52 780 433 757  
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001  
T: +61 2 8266 0000, F: +61 2 8266 9999  
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124  
T: +61 2 9659 2476, F: +61 2 8266 9999

Liability limited by a scheme approved under Professional Standards Legislation.



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

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 on the other information that we obtained prior to the date of this auditor's report, 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 of the Responsible Entity for the financial report**

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determines 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 of the Responsible Entity 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 of the Responsible Entity either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

---

### **Auditor's responsibilities for the audit of the financial report**

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

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written over a light blue horizontal line.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'CJ Cummins', written over a light blue horizontal line.

CJ Cummins  
Partner

Sydney  
21 September 2023