

# **Kimura Trade Finance AU Fund**

ARSN 637 568 999

## **Annual report**

**For the year ended 30 June 2022**

# Kimura Trade Finance AU Fund

ARSN 637 568 999

## Annual report

### For the year ended 30 June 2022

#### 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 Kimura Trade Finance AU Fund

This annual report covers Kimura Trade Finance AU Fund as an individual entity.

The Responsible Entity of Kimura Trade Finance AU 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 Kimura Trade Finance AU Fund (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2022.

### Principal activities

The Fund's investment objective is to achieve a return by investing substantially all its assets in Kimura Commodity Trade Finance Offshore Feeder Fund Limited, a fund domiciled in the Cayman Islands. The Fund may also invest in other collective investment schemes with similar trade finance strategies.

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	Kimura Capital LLP
Custodian and Administrator	State Street Australia Limited
Statutory Auditor	Deloitte Touche Tohmatsu

### Directors

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

Philip D Gentry	Chairman
Michael J O'Brien	
Russell W Beasley	
Mary A O'Connor	(appointed 24 May 2022)

### 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 4.64% for GKT1 class of units for the year ended 30 June 2022 and -6.42% for GKT2 class of units for the period ended 30 June 2022.

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

	Year ended	
	30 June 2022	30 June 2021
Profit/(loss) before finance costs attributable to unit holders for the year (\$'000)	(106)	448
<b>Distributions - Institutional Class</b>		
Distributions paid and payable (\$'000)	462	413
Distributions (cents per unit)	4.20	1.87

There were no distributions paid or payable to GKT2 for the year ended 30 June 2022.

## Directors' report (continued)

### Significant changes in the state of affairs

Mary A O'Connor was appointed as a director of Equity Trustees Limited on 24 May 2022.

Certain assets which are deemed to have been impaired may be transferred to a separate "Side Pocket" account and held for benefit of each investor in the Fund at that time in proportion to their unit holding in the Fund (excluding any existing Side Pocket units) and units in the Side Pocket will be issued to those investors. Once a Side Pocket is created, further assets cannot be included in that particular Side Pocket.

In addition to active Institutional class and non active Wholesale class, a separate sidepocket class, called GKT2, was set up to mirror the Master Fund's sidepocket. This class cannot be subscribed to or redeemed from and is subject to Management fees only.

Subsequent applications to the Fund will not have exposure to previously quarantined assets or be issued units in an existing Side Pocket.

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 2022 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 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.

## Directors' report (continued)

### Interests in the Fund

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

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

### Environmental regulation

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

### Rounding of amounts to the nearest thousand dollars

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

### Auditor's independence declaration

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

This report is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by the Equity Trustees Limited's Board.



Philip D Gentry  
Chairman

Melbourne  
27 October 2022

27 October 2022

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

Dear Board Members,

## Independence Declaration – Kimura Trade Finance AU Fund

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Equity Trustees Limited, the Responsible Entity, regarding the financial report of Kimura Trade Finance AU Fund (the “Fund”).

As lead audit partner for the audit of the financial statements of the Fund for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Adam Kuziow  
Partner  
Chartered Accountants

## Statement of comprehensive income

	Note	Year ended	
		30 June 2022 \$'000	30 June 2021 \$'000
<b>Income</b>			
Dividend and distribution income		663	634
Net gains/(losses) on financial instruments at fair value through profit or loss		(468)	55
Other income		9	-
<b>Total income/(loss)</b>		<u>204</u>	<u>689</u>
<b>Expenses</b>			
Management fees	15	211	86
Performance fees	15	58	50
Custody and administration fees		13	3
Transaction costs		1	1
Other expenses	14	27	101
<b>Total expenses</b>		<u>310</u>	<u>241</u>
<b>Profit/(loss) before finance costs attributable to unit holders for the year</b>		<u>(106)</u>	<u>448</u>
<b>Finance costs attributable to unit holders</b>			
Distributions to unit holders	8	(462)	(413)
(Increase)/decrease in net assets attributable to unit holders	7	568	(35)
<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

	Note	As at	
		30 June 2022 \$'000	30 June 2021 \$'000
<b>Assets</b>			
Cash and cash equivalents	9	776	3,501
Receivables	11	12	11
Financial assets at fair value through profit or loss	5	<u>19,534</u>	<u>21,912</u>
<b>Total assets</b>		<u>20,322</u>	<u>25,424</u>
<b>Liabilities</b>			
Distributions payable	8	225	413
Payables	12	<u>55</u>	<u>2,491</u>
<b>Total liabilities (excluding net assets attributable to unit holders)</b>		<u>280</u>	<u>2,904</u>
<b>Net assets attributable to unit holders - liability</b>		<u>20,042</u>	<u>22,520</u>

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



## Statement of changes in equity

	Year ended	
	30 June 2022 \$'000	30 June 2021 \$'000
<b>Total equity at the beginning of 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 financial year.

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

## Statement of cash flows

	Note	Year ended	
		30 June 2022 \$'000	30 June 2021 \$'000
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments at fair value through profit or loss		1,910	-
Payments for purchase of financial instruments at fair value through profit or loss		-	(18,714)
Dividends and distributions received		663	663
Other income received		8	-
Management fees paid		(201)	(72)
Performance fees paid		(52)	(30)
Custody and administration fees paid		(13)	(3)
Other expenses paid		(28)	(113)
<b>Net cash inflow/(outflow) from operating activities</b>	10(a)	<u>2,287</u>	<u>(18,269)</u>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unit holders		7,650	23,848
Payments for redemptions by unit holders		(12,012)	(4,454)
Distributions paid to unit holders		(650)	4
<b>Net cash inflow/(outflow) from financing activities</b>		<u>(5,012)</u>	<u>19,398</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(2,725)</b>	<b>1,129</b>
Cash and cash equivalents at the beginning of the year		<u>3,501</u>	<u>2,372</u>
<b>Cash and cash equivalents at the end of the year</b>	9	<u>776</u>	<u>3,501</u>
Non-cash operating and financing activities	10(b)	-	4,065

*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	Structured entities
7	Net assets attributable to unit holders - liability
8	Distributions to unit holders
9	Cash and cash equivalents
10	Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities
11	Receivables
12	Payables
13	Remuneration of auditors
14	Other expenses
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 Kimura Trade Finance AU Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 19 November 2019 and will terminate in accordance with the provisions of the Fund's Constitution or by Law.

The Fund's investment objective is to achieve a return by investing substantially all its assets in Kimura Commodity Trade Finance Offshore Feeder Fund Limited, a fund domiciled in the Cayman Islands. The Fund may also invest in other collective investment schemes with similar trade finance strategies.

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 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 2021 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 2022 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 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 cash and cash equivalents and receivables, these assets are held in order to collect the contractual cash flows. The contractual terms of these assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (distributions payable and payables).

#### (ii) Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

#### (iii) Measurement

- Financial instruments at fair value through profit or loss

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

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

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

- Financial instruments at amortised cost

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured using the effective interest rate method less any allowance for expected credit losses.

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

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

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

#### (v) Offsetting financial instruments

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

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

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

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

The units 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 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 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 or liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

#### (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.

Fund distributions are recognised on an entitlement basis.

### (f) Expenses

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

### (g) Income tax

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

### (h) Distributions

The Fund distributes its distributable income, in accordance with the Fund's Constitution, to unit holders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unit holders.

### (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) 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)

### (k) Receivables

Receivables may include amounts for dividends, trust distributions and subscriptions paid in advance. 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.

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

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

### (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 period 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.

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) Side Pockets

Certain assets which are deemed to have been impaired may be transferred to a separate "Side Pocket" account and held for benefit of each investor in the Fund at that time in proportion to their unit holding in the Fund (excluding any existing Side Pocket units) and units in the Side Pocket will be issued to those investors. Once a Side Pocket is created, further assets cannot be included in that particular Side Pocket.

Subsequent applications to the Fund will not have exposure to previously quarantined assets or be issued units in an existing Side Pocket.



## 2 Summary of significant accounting policies (continued)

### (p) Side Pockets (continued)

From 1 January 2021, Kimura Commodity Trade Finance Fund Limited (the "Master Fund") started to provision all unpaid interest for one facility Antanium (formerly Rhodium resources). All interest was paid up until 31 December 2020. The company filed for creditor protection in Singapore on 14 January 2021. Other provisions were also created for expenses relating to this facility they amounted to \$1,052,675 with \$426,335 left payable at the end of the year.

In addition to this, recovery of principal outstanding was carried out through a credit insurance claim process where the Master Fund expects to be paid in full over time.

In August 2021 it was decided to put the Antanium facility into a sidepocket at the Cayman level to protect the recovery of existing investors and allow new investors into the fund.

This sidepocket was replicated in the AU Fund by the creation of new unit series (GKT2).

All unpaid redemptions that were submitted prior to the sidepocket being created were revised on the basis of being pro-rated in the same ratio as the share split between GKT1 and GKT2.

### (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 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 and debt securities is limited to the fair value of those positions.

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

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 its investments in unlisted unit trust securities. Price risk arises from investments held by the Fund for which prices in the future are uncertain.

### 3 Financial risk management (continued)

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

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

The Investment Manager manages investment scheme price risk for the Fund by selecting and investing in underlying managed investment schemes that are deemed most appropriate to achieve the investment objectives of the Fund. This process involves extensive due diligence and ongoing monitoring of the selected schemes. The underlying managed investment schemes are diversified to further mitigate price risk.

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 +/-5% (2021: +/-5%).

##### (ii) 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 them 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 a number of factors, including historical levels of changes in foreign exchange rates, interest rates and 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.

	<b>Impact on operating profit/net assets attributable to unit holders</b>	
	<b>Price risk</b>	
	<b>+5%</b>	<b>-5%</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>As at 30 June 2022</b>	<b>977</b>	<b>(977)</b>
As at 30 June 2021	1,096	(1,096)

#### (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. 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.

### 3 Financial risk management (continued)

#### (c) Credit risk (continued)

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 consider both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2022 and 30 June 2021, all receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of A-1 or higher and are either callable on demand or due to be settled within 1 week. Management consider 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.

#### (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.

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 Responsible Entity did not reject or withhold any redemptions during 2022 and 2021.

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

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

### 4 Fair value measurement

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

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

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

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

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

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements.

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

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

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

#### 4 Fair value measurement (continued)

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

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. The fair value of an option contract is determined by applying the Black Scholes option valuation model.

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

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

##### (b) Recognised fair value measurements

The table below presents the Fund's financial assets and liabilities measured and recognised at fair value as at 30 June 2022 and 30 June 2021.

As at 30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Unlisted unit trusts	-	10,386	9,148	19,534
<b>Total financial assets</b>	-	10,386	9,148	19,534

As at 30 June 2021

<b>Financial assets</b>				
Unlisted unit trusts	-	21,912	-	21,912
<b>Total financial assets</b>	-	21,912	-	21,912

##### (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.

The following table presents the transfers between levels for the year ended 30 June 2022 (30 June 2021: nil).

#### 4 Fair value measurement (continued)

##### (c) Transfer between levels (continued)

	Level 2 \$'000	Level 3 \$'000
<b>Year ended 30 June 2022</b>		
<b>Transfer between levels 2 and 3</b>		
<b>Unlisted unit trusts</b>	<b>(9,148)</b>	<b>9,148</b>

At the end of the current reporting period, management have transferred the Fund's investments in Kimura Commodity Trade Fin Offshore Side Pocket from level 2 to level 3 on the fair value hierarchy. There were no other transfers between levels in the fair value hierarchy at the end of the reporting period.

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

The following table presents the movement in level 3 instruments for the year ended 30 June 2022 and 30 June 2021.

	<b>Unlisted Unit Trusts \$'000</b>
<b>Opening balance - 1 July 2021</b>	-
Transfers into level 3	<b>9,148</b>
<b>Closing balance - 30 June 2022</b>	<b>9,148</b>

##### (i) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in the level 3 fair value measurements. See below for the valuation processes adopted.

Description	Fair value \$'000	Unobservable inputs	Range of inputs (probability- weighted average)	Relationship of unobservable inputs to fair value
<b>As at 30 June 2022</b>				
Unit trusts	9,148	Fair value with any impairment valuation assessment	N/A	Direct

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

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

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

## 5 Financial assets at fair value through profit or loss

	As at	
	30 June 2022 \$'000	30 June 2021 \$'000
Unlisted unit trusts	19,534	21,912
<b>Total financial assets at fair value through profit or loss</b>	<b>19,534</b>	<b>21,912</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 Structured entities

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

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

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

	Fair value of investment	
	30 June 2022 \$'000	30 June 2021 \$'000
Kimura Commodity Trade Fin Mutual Fund NPV	10,386	21,912
Kimura Commodity Trade Fin Offshore Side Pocket	9,148	-
<b>Total unrelated Schemes</b>	<b>19,534</b>	<b>21,912</b>

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

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

During the year ended 30 June 2022, total gains/(losses) incurred on investments in the Schemes were (\$467,504) (2021: (\$55,044)). The Fund also earned distribution income of \$662,922 as a result of its interests in the Schemes (2021:\$634,264).

## 7 Net assets attributable to unit holders - liability

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

	Year ended			
	30 June 2022 Units '000	30 June 2022 \$'000	30 June 2021 Units '000	30 June 2021 \$'000
<b>Institutional Class</b>				
Opening balance	22,027	22,520	3,200	3,221
Applications	-	-	19,181	19,653
Redemptions	(11,538)	(11,824)	(4,406)	(4,454)
Reinvestment of distributions	-	-	4,052	4,065
Increase/(decrease) in net assets attributable to unit holders	-	63	-	35
<b>Closing balance</b>	<b>10,489</b>	<b>10,759</b>	<b>22,027</b>	<b>22,520</b>
<b>GKT2 - Side Pocket</b>				
Opening balance	-	-	-	-
Applications	10,102	10,102	-	-
Redemptions	(197)	(188)	-	-
Reinvestment of distributions	-	-	-	-
Increase/(decrease) in net assets attributable to unit holders	-	(631)	-	-
<b>Closing balance</b>	<b>9,905</b>	<b>9,283</b>	<b>-</b>	<b>-</b>
<b>Closing balance</b>		<b>20,042</b>		<b>22,520</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 two separate classes of units. The Wholesale class is not active yet. 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.

In addition to active institutional class and non active wholesale class, a separate sidepocket class, called GKT2, was set up to mirror the Master Fund's sidepocket. This class cannot be subscribed to or redeemed from and is subject to Management fees only.

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

### Capital risk management

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

## 8 Distributions to unit holders

The distributions declared during the year were as follows:

	Year ended			
	30 June 2022 \$'000	30 June 2022 CPU	30 June 2021 \$'000	30 June 2021 CPU
<b>Distributions - Institutional Class</b>				
December	237	2.06	-	-
June (payable)	<u>225</u>	<u>2.14</u>	413	<u>1.87</u>
<b>Total distributions</b>	<u>462</u>	<u>4.20</u>	413	<u>1.87</u>

There were no distributions paid or payable to GKT2 for the year ended 30 June 2022.

## 9 Cash and cash equivalents

	As at	
	30 June 2022 \$'000	30 June 2021 \$'000
Cash at bank	<u>776</u>	<u>3,501</u>
<b>Total cash and cash equivalents</b>	<u>776</u>	<u>3,501</u>



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

	Year ended	
	30 June 2022	30 June 2021
	\$'000	\$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Profit/(loss) for the year	-	-
Increase/(decrease) in net assets attributable to unit holders	(568)	35
Distributions to unit holders	462	413
Proceeds from sale of financial instruments at fair value through profit or loss	1,910	-
Payments for purchase of financial instruments at fair value through profit or loss	-	(18,714)
Net (gains)/losses on financial instruments at fair value through profit or loss	468	(55)
Net change in receivables	(1)	18
Net change in payables	16	34
<b>Net cash inflow/(outflow) from operating activities</b>	<u>2,287</u>	<u>(18,269)</u>
<b>(b) Non-cash operating and financing activities</b>		
The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan	-	4,065
<b>Total non-cash operating and financing activities</b>	<u>-</u>	<u>4,065</u>

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.

## 11 Receivables

	As at	
	30 June 2022	30 June 2021
	\$'000	\$'000
GST receivable	2	11
Other receivables	10	-
<b>Total receivables</b>	<u>12</u>	<u>11</u>

## 12 Payables

	As at	
	30 June 2022 \$'000	30 June 2021 \$'000
Management fees payable	27	17
Application received in advance	-	2,452
Performance fees payable	28	22
<b>Total payables</b>	<b>55</b>	<b>2,491</b>

## 13 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 2022 \$	30 June 2021 \$
<b>Deloitte Touche Tohmatsu</b>		
<i>Audit and other assurance services</i>		
Audit of financial statements	20,680	20,000
Total auditor remuneration and other assurance services	20,680	20,000
<i>Taxation services</i>		
Tax compliance services	10,903	10,095
Total remuneration for taxation services	10,903	10,095
<b>Total remuneration of Deloitte Touche Tohmatsu</b>	<b>31,583</b>	<b>30,095</b>
<b>PricewaterhouseCoopers</b>		
<i>Audit and other assurance services</i>		
Audit of compliance plan	2,342	2,342
Total auditor remuneration and other assurance services	2,342	2,342
<b>Total remuneration of PricewaterhouseCoopers</b>	<b>2,342</b>	<b>2,342</b>

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

## 14 Other expenses

	Year ended	
	30 June 2022	30 June 2021
	\$'000	\$'000
Audit fees	27	29
Other expenses	-	72
<b>Total other expenses</b>	<b>27</b>	<b>101</b>

## 15 Related party transactions

The Responsible Entity of Kimura Trade Finance AU 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 Kimura Capital LLP to act as Investment Manager for the Fund and State Street Australia Limited to act as Custodian and Administrator for the Fund. The contracts are on normal commercial terms and conditions.

### (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	(appointed 24 May 2022)

#### (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 2022 (30 June 2021: 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.

## 15 Related party transactions (continued)

### (e) Key management personnel loans

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

### (f) Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial year and there were no material contracts involving management personnel's interests existing at year end.

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

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

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

	Year ended	
	30 June 2022	30 June 2021
	\$	\$
Management fees for the year	90,594	16,452
Performance fees for the year	57,748	49,861
Responsible Entity fees for the year	120,363	70,138
Management fees payable at year end	27,411	16,767
Performance fees payable at year end	27,977	21,860

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

### (h) Related party unit holdings

Parties related to the Fund (including 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 2022 (30 June 2021: nil).

### (i) Investments

The Fund did not hold any investments in Equity Trustees Limited or its related parties for the year (2021: 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 2022 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 2022 and 30 June 2021.

## 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 2022 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  
27 October 2022

## Independent Auditor's Report to the Unit holders of Kimura Trade Finance AU Fund

### Opinion

We have audited the financial report of Kimura Trade Finance AU Fund (the "Fund") which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the period ending on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

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

- (i) giving a true and fair view of the Fund's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for Opinion

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

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

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

### Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report for the period ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*Adam Kuziow*

Adam Kuziow  
Partner  
Chartered Accountants

Melbourne, 27 October 2022