

# **Standard Life Investments Global Corporate Bond Trust**

ARSN 125 896 184

## **Annual report**

**For the year ended 30 June 2018**

# Standard Life Investments Global Corporate Bond Trust

ARSN 125 896 184

## Annual report

### For the year ended 30 June 2018

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This annual report covers Standard Life Investments Global Corporate Bond Trust as an individual entity.

The Responsible Entity of Standard Life Investments Global Corporate Bond Trust 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 Standard Life Investments Global Corporate Bond Trust (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2018.

### Principal activities

The Fund invests in fixed interest securities and may hold derivatives and forward currency contracts 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.

The various service providers for the Fund are detailed below:

Service	Provider
Responsible Entity	Equity Trustees Limited
Investment Manager	Standard Life Investments Limited
Custodian and Administrator	State Street Australia Limited
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
Harvey H Kalman	
Ian C Westley	
Michael J O'Brien	(appointed 11 July 2018)

### Review and results of operations

During the year, the Fund continued to invest funds in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund's performance was 0.33% (net of fees) for the year ended 30 June 2018. The Fund's benchmark, the Barclays Global Aggregate Corporate Index returned 0.70% for the same period.

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

	Year ended	
	30 June 2018	30 June 2017
Operating profit/(loss) for the year (\$'000)	593	8,556
Distributions paid and payable (\$'000)	1,690	16,699
Distributions (cents per unit)	0.71	7.96

## Directors' report (continued)

### Significant changes in the state of affairs

Aberdeen Asset Management PLC entered into a scheme of arrangement to merge with Standard Life PLC. The merger was completed on Monday 14 August 2017 in the United Kingdom. The ultimate holding company of Standard Life Investments Limited is now named Standard Life Aberdeen PLC. The schemes continue to be managed by the Australian subsidiary of Standard Life Aberdeen PLC, Standard Life Investments Limited.

The Fund has amended its Constitution to change the obligation to distribute trust income to unit holders effective 1 July 2017 as part of a process to become eligible to elect into the new Attribution Managed Investment Trust ("AMIT") tax regime.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Fund that occurred during the financial year.

### Matters subsequent to the end of the financial year

Michael J O'Brien was appointed as a director of Equity Trustees Limited on 11 July 2018.

On 4 September 2018 the Fund changed its name from Standard Life Investments Global Corporate Bond Trust to Aberdeen Standard Global Corporate Bond Fund.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may have a significant effect on:

- (i) the operations of the Fund in future financial years;
- (ii) the results of those operations in future financial years; or
- (iii) the state of 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 17 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 17 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 10 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  
26 September 2018



## *Auditor's Independence Declaration*

As lead auditor for the audit of Standard Life Investments Global Corporate Bond Trust for the year ended 30 June 2018, 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 blue ink, appearing to read 'G. Sagonas', is written over a faint, light blue grid background.

George Sagonas  
Partner  
PricewaterhouseCoopers

Melbourne  
26 September 2018

## Statement of comprehensive income

		Year ended	
		30 June 2018	30 June 2017
	Note	\$'000	\$'000
<b>Investment income</b>			
Interest income		7,563	6,506
Net foreign exchange gain/(loss)		(101)	10
Net gains/(losses) on financial instruments held at fair value through profit or loss	6	(5,332)	3,405
Other income		<u>84</u>	<u>30</u>
<b>Total investment income/(loss)</b>		<u><b>2,214</b></u>	<u><b>9,951</b></u>
<b>Expenses</b>			
Management fees	17	1,227	1,111
Custody and administration fees		225	158
Withholding taxes		11	4
Transaction costs		83	73
Other expenses		<u>75</u>	<u>49</u>
<b>Total expenses</b>		<u><b>1,621</b></u>	<u><b>1,395</b></u>
<b>Operating profit/(loss) for the year</b>		<u><b>593</b></u>	<u><b>8,556</b></u>
<b>Finance costs attributable to unit holders</b>			
Distributions to unit holders*	11	-	(16,699)
(Increase)/decrease in net assets attributable to unit holders	10	<u>-</u>	<u>8,143</u>
<b>Profit/(loss) for the year</b>	10	<u><b>593</b></u>	<u>-</u>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><b>593</b></u>	<u>-</u>

\* Net assets attributable to unit holders are reclassified from liabilities to equity from 1 July 2017. As a result, the Fund's distributions are no longer classified as finance costs in the statement of comprehensive income, but rather as distributions paid and payable in the statement of changes in equity. Refer to Note 1 and Note 10 for further detail.

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

## Statement of financial position

		As at	
	Note	30 June 2018 \$'000	30 June 2017 \$'000
<b>Assets</b>			
Cash and cash equivalents	12	-	8,173
Receivables	14	2,782	2,161
Due from brokers - receivable for securities sold		1,431	2,947
Financial assets held at fair value through profit or loss	7	258,834	218,731
Margin accounts		<u>6,703</u>	<u>3,363</u>
<b>Total assets</b>		<u>269,750</u>	<u>235,375</u>
<b>Liabilities</b>			
Borrowings	12(a)	2,738	-
Distributions payable	11	-	13,544
Payables	15	191	136
Due to brokers - payable for securities purchased		1,210	2,138
Financial liabilities held at fair value through profit or loss	8	661	656
Payable for margin accounts		<u>2</u>	<u>3,247</u>
<b>Total liabilities (30 June 2017: excluding net assets attributable to unit holders)</b>		<u>4,802</u>	<u>19,721</u>
<b>Net assets attributable to unit holders - liability*</b>	10	<u>-</u>	<u>215,654</u>
<b>Net assets attributable to unit holders - equity*</b>	10	<u>264,948</u>	<u>-</u>

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

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



## Statement of changes in equity

	Note	Year ended	
		30 June 2018 \$'000	30 June 2017 \$'000
<b>Total equity at the beginning of the financial year</b>		-	-
Reclassification due to AMIT tax regime implementation*	10	215,654	-
<b>Comprehensive income for the year</b>			
Profit/(loss) for the year		593	-
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<u>593</u>	<u>-</u>
<b>Transactions with unit holders</b>			
Applications	10	35,157	-
Redemptions	10	-	-
Reinvestment of distributions	10	15,234	-
Distributions paid and payable	10	<u>(1,690)</u>	<u>-</u>
<b>Total transactions with unit holders</b>		<u>48,701</u>	<u>-</u>
<b>Total equity at the end of the financial year*</b>		<u>264,948</u>	<u>-</u>

\* Effective from 1 July 2017, the Fund's units have been reclassified from financial liability to equity. Refer to Note 1 and Note 10 for further detail. As a result, equity transactions, including distributions have been disclosed in the above statement for the year ended 30 June 2018.

*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 2018 \$'000	30 June 2017 \$'000
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments held at fair value through profit or loss		190,423	152,512
Purchase of financial instruments held at fair value through profit or loss		(236,023)	(173,456)
Net foreign exchange gain/(loss)		(101)	(5)
Net movement in margin accounts		(6,585)	(4,405)
Interest income received		7,791	7,002
Other income received		84	22
Management fees paid		(1,200)	(1,204)
Custody and administration fees paid		(224)	(172)
Other expenses paid		(156)	(130)
<b>Net cash inflow/(outflow) from operating activities</b>	13(a)	<b>(45,991)</b>	<b>(19,836)</b>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unit holders		35,080	15,597
<b>Net cash inflow/(outflow) from financing activities</b>		<b>35,080</b>	<b>15,597</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(10,911)</b>	<b>(4,239)</b>
Cash and cash equivalents at the beginning of the year		8,173	12,397
Effect of foreign currency exchange rate changes on cash and cash equivalents		-	15
<b>Cash and cash equivalents at the end of the year</b>	12	<b>(2,738)</b>	<b>8,173</b>
Non-cash operating and financing activities	13(b)	<b>15,234</b>	4,912

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

## Notes to the financial statements

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## 1 General information

These financial statements cover Standard Life Investments Global Corporate Bond Trust (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 6 June 2007 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.

Aberdeen Asset Management PLC entered into a scheme of arrangement to merge with Standard Life PLC. The merger was completed on Monday 14 August 2017 in the United Kingdom. The ultimate holding company of Standard Life Investments Limited is now named Standard Life Aberdeen PLC. The schemes continue to be managed by the Australian subsidiary of Standard Life Aberdeen PLC, Standard Life Investments Limited.

The Fund invests in fixed interest securities and may hold derivatives and forward currency contracts in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

On 5 May 2016, a new tax regime applying to Managed Investment Trusts ("MITs") was established under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The Attribution Managed Investment Trust ("AMIT") regime allows MITs that meet certain requirements to make an irrevocable choice to be an AMIT. In order to allow the Fund to elect into the AMIT tax regime, the Fund's Constitution has been amended and the other conditions to adopt the AMIT tax regime have been met effective 1 July 2017. The Responsible Entity is therefore no longer contractually obligated to pay distributions. Consequently the units in the Fund have been reclassified from a financial liability to equity on 1 July 2017, see Note 10 for further information.

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

## 2 Summary of significant accounting policies

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

### (a) Basis of preparation

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

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

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

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

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

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

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

## 2 Summary of significant accounting policies (continued)

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

#### (ii) *New and amended standards adopted by the Fund*

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2017 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

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

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

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

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

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

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

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

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

### (b) Financial instruments

#### (i) *Classification*

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

- Financial instruments held for trading

These are investments in derivative financial instruments such as futures and forward currency contracts. The Fund does not designate any derivatives as hedges in a hedging relationship.

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

These include financial assets and liabilities that are not held for trading purposes and which may be sold. These are investments in fixed interest securities.

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

## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments (continued)

#### (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 liabilities are discharged.

#### (iii) Measurement

- Financial instruments held at fair value through profit or loss

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

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

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

#### (iv) Offsetting financial instruments

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

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

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

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

The units can be put back to the Fund at any time for cash based on the redemption price.

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

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

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

As at 30 June 2017, net assets attributable to unit holders are classified as a financial liability. Effective from 1 July 2017, the Fund's units have been reclassified from financial liability to equity as they satisfied all the above criteria.

## 2 Summary of significant accounting policies (continued)

### (d) Cash and cash equivalents

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

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

### (e) Margin accounts

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

### (f) Investment income

#### (i) Interest income

Interest income on cash and cash equivalents is recognised in the statement of comprehensive income on an accruals basis. Interest income on financial assets held at fair value through profit or loss is recognised using the effective interest method. Changes in fair value of financial instruments are recorded in accordance with the policies described in Note 2(b) to the financial statements.

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.

### (g) Expenses

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

### (h) Income tax

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unit holders. The benefits of any imputation credits and foreign tax paid are passed on to unit holders.

### (i) Distributions

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

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

Income not distributed is included in net assets attributable to unit holders. Where the Fund's units are classified as financial liabilities, movements in net assets attributable to unit holders are recognised in the statement of comprehensive income as finance costs.

## 2 Summary of significant accounting policies (continued)

### (k) Foreign currency translation

#### (i) Functional and presentation currency

Balances included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

#### (ii) Transactions and balances

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

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

### (l) Due from/to brokers

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

### (m) Receivables

Receivables may include amounts for interest. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

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

### (n) Payables

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

A separate 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.

### (o) Applications and redemptions

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



## 2 Summary of significant accounting policies (continued)

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

The GST incurred on the costs of various services provided to the Fund by third parties such as management, administration and custodian services where applicable, have been passed on to the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%. Hence, fees for these services and any other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

### (q) Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Investment Manager.

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

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

### (r) Rounding of amounts

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

### (s) Comparative revisions

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

## 3 Financial risk management

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

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

The investments of the Fund, and associated risks, are managed by a specialist Investment Manager, Standard Life Investment Limited (SLI) under an Investment Management Agreement (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.

### 3 Financial risk management (continued)

#### (a) Market risk

##### (i) Price risk

The Fund is exposed to price risk on fixed interest securities. Price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of adverse price movements. 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.

In order to manage price risk, SLI considers the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst ensuring compliance with Fund's investment objectives.

SLI uses a number of quantitative techniques to assess the impact of market risks including credit events, changes in interest rates, credit spreads and recovery values on the Fund's investment portfolio. SLI uses a VaR model to assess the Fund's volatility, an approach widely used by financial institutions to qualify assess and report market risk.

SLI may also use derivatives to hedge against price risk or to achieve investment objectives, this may give rise to additional exposure to risk, however any such exposure will be covered and risk captured and managed using the VaR model. SLI monitors exposures on a daily basis.

Volatility figures are calculated and reported automatically each day using closing prices and market information of the most recent business day.

Not all risks to which the Fund may be exposed are intended to be captured by the VaR model. The framework does not seek to capture liquidity risk, counterparty credit risk, or extreme credit events such as an issuer default.

The following table sets out the potential maximum monthly risk of loss for the portfolio as at 30 June 2018 as indicated by the VaR model using a 99% confidence level and a 1 month time horizon.

	As at 30 June 2018		As at 30 June 2017	
	VaR (\$A'000)	% of Net Assets	VaR (\$A'000)	% of Net Assets
Standard Life Investments Global Corporate Bond	5,431	2.05	(4,852)	-2.25

In practice, the actual trading results will differ from VaR and may not provide a meaningful indication of profits and losses in stressed market conditions. To determine the reliability of the VaR model actual outcomes are monitored to test the validity of the assumptions and parameters used in the VaR calculation. Price risk positions are also subject to stress tests to ensure that the Fund would withstand an extreme market event.

##### (ii) Foreign exchange risk

The Fund operates internationally and holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar.

Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk and not foreign exchange risk. The exposure of all foreign currency denominated assets and liabilities is monitored by SLI.

Foreign exchange risk is managed as part of price risk, and measured using the VaR model.

### 3 Financial risk management (continued)

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

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

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

As at 30 June 2018	Canadian Dollars A\$'000	Euro A\$'000	British Pounds A\$'000	US Dollars A\$'000
Cash and cash equivalents	-	-	-	-
Margin accounts	-	-	1	-
Receivables	43	550	390	1,674
Due from brokers - receivable for securities sold	-	-	-	1,431
Financial assets held at fair value through profit or loss	4,555	62,836	25,866	165,577
Payables	-	-	-	-
Due to brokers - payable for securities purchased	-	-	-	(1,210)
Financial liabilities held at fair value through profit or loss	<u>(58)</u>	<u>(250)</u>	<u>(49)</u>	<u>(304)</u>
Net exposure	<u>4,540</u>	<u>63,136</u>	<u>26,208</u>	<u>167,168</u>
Net increase/(decrease) in exposure from forward currency contracts	<u>(4,543)</u>	<u>(63,150)</u>	<u>(26,534)</u>	<u>(164,206)</u>
Net exposure including forward currency contracts	<u>(3)</u>	<u>(14)</u>	<u>(326)</u>	<u>2,962</u>
As at 30 June 2017	Canadian Dollars A\$'000	Euro A\$'000	British Pounds A\$'000	US Dollars A\$'000
Cash and cash equivalents	-	175	-	-
Margin accounts	-	4	-	6
Receivables	22	413	394	1,308
Due from brokers - receivable for securities sold	-	1,408	-	1,539
Financial assets held at fair value through profit or loss	1,663	55,140	21,451	140,477
Due to brokers - payable for securities purchased	-	(1,361)	(216)	(561)
Financial liabilities held at fair value through profit or loss	<u>(94)</u>	<u>(465)</u>	<u>(96)</u>	<u>(1)</u>
Net exposure	<u>1,591</u>	<u>55,314</u>	<u>21,533</u>	<u>142,768</u>
Net increase/(decrease) in exposure from forward currency contracts	<u>(1,685)</u>	<u>(56,533)</u>	<u>(21,401)</u>	<u>(144,280)</u>
Net exposure including forward currency contracts	<u>(94)</u>	<u>(1,219)</u>	<u>132</u>	<u>(1,512)</u>

### 3 Financial risk management (continued)

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

##### (iii) Interest rate risk

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Fund's main interest rate risk arises from its investments in fixed interest securities and fixed interest derivatives.

Interest rate risk is measured as a part of price risk, and measured using the VaR model.

The table below summarises the Fund's exposure to interest rate risk at the end of the reporting period.

As at 30 June 2018	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Assets</b>				
Receivables	-	-	2,782	2,782
Due from brokers - receivable for securities sold	-	-	1,431	1,431
Financial assets held at fair value through profit or loss	42,213	216,505	116	258,834
Margin accounts	<u>6,703</u>	-	-	<u>6,703</u>
<b>Total assets</b>	<u>48,916</u>	<u>216,505</u>	<u>4,329</u>	<u>269,750</u>
<b>Liabilities</b>				
Overdraft and cash equivalents	2,738	-	-	2,738
Payables	-	-	191	191
Due to brokers - payable for securities purchased	-	-	1,210	1,210
Financial liabilities held at fair value through profit or loss	-	78	583	661
Payable for margin accounts	<u>2</u>	-	-	<u>2</u>
<b>Total liabilities</b>	<u>2,740</u>	<u>78</u>	<u>1,984</u>	<u>4,802</u>
Net increase/(decrease) in exposure from fixed interest futures (notional principal)	<u>1,534</u>	<u>(1,534)</u>	-	-
<b>Net exposure</b>	<u>47,710</u>	<u>214,893</u>	<u>2,345</u>	<u>264,948</u>

### 3 Financial risk management (continued)

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

##### (iii) Interest rate risk (continued)

As at 30 June 2017	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Assets</b>				
Cash and cash equivalents	8,173	-	-	8,173
Receivables	-	-	2,161	2,161
Due from brokers - receivable for securities sold	-	-	2,947	2,947
Financial assets held at fair value through profit or loss	24,294	193,068	1,369	218,731
Margin accounts	3,363	-	-	3,363
<b>Total assets</b>	<u>35,830</u>	<u>193,068</u>	<u>6,477</u>	<u>235,375</u>
<b>Liabilities</b>				
Distributions payable	-	-	13,544	13,544
Payables	-	-	136	136
Due to brokers - payable for securities purchased	-	-	2,138	2,138
Financial liabilities held at fair value through profit or loss	-	79	577	656
Payable for margin accounts	3,247	-	-	3,247
<b>Total liabilities (excluding net assets attributable to unit holders)</b>	<u>3,247</u>	<u>79</u>	<u>16,395</u>	<u>19,721</u>
Net increase/(decrease) in exposure from fixed interest futures (notional principal)	2,204	(2,204)	-	-
<b>Net exposure</b>	<u>34,787</u>	<u>190,785</u>	<u>(9,918)</u>	<u>215,654</u>

#### (b) Credit risk

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

The Fund minimises concentrations of credit risk by undertaking transactions with a large number of customers and counterparties. The main concentration of credit risk, to which the Fund is exposed, arises from the Fund's investment in debt securities. While the Fund may be exposed to credit (issuer or counterparty) risk in relation to amounts treated as cash and cash equivalents, due from brokers and other receivables, the credit risk associated with these exposures is considered low and therefore has not been incorporated in the following table. Given existing collateral arrangements associated with open derivative contracts, the credit risk has been assessed as low and not incorporated in the following table.

##### (i) Debt securities

The Fund generally invests in investment grade debt securities as rated by Moody's or Standard and Poor's. For unrated assets a rating is assigned by the Investment Manager. This approach will be consistent with that used by rating agencies.

### 3 Financial risk management (continued)

#### (b) Credit risk (continued)

An analysis of the debt ratings is set out in the table below:

	Year ended	
	30 June 2018 \$'000	30 June 2017 \$'000
<b>International debt securities rating</b>		
AAA	5,534	5,259
AA	10,373	11,021
A	72,181	55,603
BBB	153,505	131,225
BB	16,251	12,651
B	-	695
Not rated	838	815
<b>Total</b>	<b>258,682</b>	<b>217,269</b>

#### (ii) Derivative financial instruments

The Fund restricts its exposure to credit losses on the trading of derivative instruments it holds by entering into master netting arrangements with counterparties (approved brokers) with whom it undertakes a significant volume of transactions. Credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are closed and settled on a net basis. The Fund's overall exposure to credit risk on derivative instruments subject to a master netting arrangement can change substantially within a short period, as it is affected by each transaction subject to the arrangements. Refer to Note 4 to the financial statements for further analysis of the Fund's master netting arrangements.

#### (iii) Settlement of securities transactions

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

#### (iv) Other

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

#### (v) Maximum exposure to credit risk

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

#### (c) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Exposure to liquidity risk for the Fund may arise from the requirement to meet daily unit holder redemption requests or to fund foreign exchange related cash flow requirements.

SLI manages liquidity risk by monitoring the portfolios and considering investments deemed to be illiquid or not readily and easily sold, to ensure there are sufficient segregated liquid assets to cover the outstanding liabilities of the Fund.

### 3 Financial risk management (continued)

#### (c) Liquidity risk (continued)

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

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

As at 30 June 2018	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	Total \$'000
Borrowings	2,738	-	-	-	2,738
Payables	191	-	-	-	191
Payable for margin accounts	2	-	-	-	2
Due to brokers - payable for securities purchased	1,210	-	-	-	1,210
<b>Contractual cash flows (excluding derivatives)</b>	<b>4,141</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,141</b>

As at 30 June 2017	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	Total \$'000
Distributions payable	13,544	-	-	-	13,544
Payables	136	-	-	-	136
Payable for margin accounts	3,247	-	-	-	3,247
Due to brokers - payable for securities purchased	2,138	-	-	-	2,138
Net assets attributable to unit holders - liability	215,654	-	-	-	215,654
Contractual cash flows (excluding derivatives)	234,719	-	-	-	234,719

##### (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.

As at 30 June 2018	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	Total \$'000
Net settled derivatives					
Forward currency contracts	(467)	-	-	-	(467)
Futures contracts	-	(42)	-	-	(42)
<b>Total net settled derivatives</b>	<b>(467)</b>	<b>(42)</b>	<b>-</b>	<b>-</b>	<b>(509)</b>

### 3 Financial risk management (continued)

(ii) *Maturities of net settled derivative financial instruments (continued)*

As at 30 June 2017	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	Total \$'000
Net settled derivatives					
Forward currency contracts	792	-	-	-	792
Futures contracts	-	14	-	-	14
Total net settled derivatives	792	14	-	-	806

### 4 Offsetting financial assets and financial liabilities

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

	Effects of offsetting on the statement of financial position			Related amounts not offset		
	Gross amounts of financial instruments	Gross amounts set off in the statement of financial position	Net amount of financial instruments presented in the statement of financial position	Amounts subject to master netting arrangements	Collateral pledged/ received	Net amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 30 June 2018</b>						
<b>Financial assets</b>						
Derivative financial instruments	2,713	(2,561)	152	(147)	-	5
<b>Total</b>	2,713	(2,561)	152	(147)	-	5
<b>Financial liabilities</b>						
Derivative financial instruments	3,222	(2,561)	661	(147)	(511)	3
<b>Total</b>	3,222	(2,561)	661	(147)	(511)	3
<b>As at 30 June 2017</b>						
<b>Financial assets</b>						
Derivative financial instruments	4,741	(3,279)	1,462	(85)	-	1,377
<b>Total</b>	4,741	(3,279)	1,462	(85)	-	1,377
<b>Financial liabilities</b>						
Derivative financial instruments	3,935	(3,279)	656	(85)	(103)	468
<b>Total</b>	3,935	(3,279)	656	(85)	(103)	468



## 4 Offsetting financial assets and financial liabilities (continued)

### (a) Master netting arrangement – not currently enforceable

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

## 5 Fair value measurement

The Fund measures and recognises financial assets and liabilities held at fair value through profit or loss on a recurring basis. The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

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

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

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

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

The fair value of financial assets and liabilities traded in active markets 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.

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.

## 5 Fair value measurement (continued)

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

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.

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.

### (c) Recognised fair value measurements

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

As at 30 June 2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Financial assets held for trading:				
Forward currency contracts	-	116	-	116
Futures contracts	36	-	-	36
Financial assets designated at fair value through profit or loss:				
Fixed interest securities	-	258,682	-	258,682
<b>Total financial assets</b>	<b>36</b>	<b>258,798</b>	<b>-</b>	<b>258,834</b>
<b>Financial liabilities</b>				
Financial liabilities held for trading:				
Forward currency contracts	-	583	-	583
Futures contracts	78	-	-	78
<b>Total financial liabilities</b>	<b>78</b>	<b>583</b>	<b>-</b>	<b>661</b>
As at 30 June 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets held for trading:				
Forward currency contracts	-	1,369	-	1,369
Futures contracts	93	-	-	93
Financial assets designated at fair value through profit or loss:				
Fixed interest securities	-	217,269	-	217,269
<b>Total financial assets</b>	<b>93</b>	<b>218,638</b>	<b>-</b>	<b>218,731</b>

## 5 Fair value measurement (continued)

### (c) Recognised fair value measurements (continued)

As at 30 June 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial liabilities				
Financial liabilities held for trading:				
Forward currency contracts	-	577	-	577
Futures contracts	<u>79</u>	<u>-</u>	<u>-</u>	<u>79</u>
Total financial liabilities	<u>79</u>	<u>577</u>	<u>-</u>	<u>656</u>

### (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.

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

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

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

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

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

	Year ended	
	30 June 2018 \$'000	30 June 2017 \$'000
<b>Financial assets</b>		
Net gain/(loss) on financial assets held for trading	12,598	19,030
Net gain/(loss) on financial assets designated as at fair value through profit or loss	<u>4,122</u>	<u>(4,065)</u>
Net gains/(losses) on financial assets held at fair value through profit or loss	<u>16,720</u>	<u>14,965</u>
Net realised gain/(loss) on financial assets held at fair value through profit or loss	14,910	23,024
Net unrealised gain/(loss) on financial assets held at fair value through profit or loss	<u>1,810</u>	<u>(8,059)</u>
Net gains/(losses) on financial assets held at fair value through profit or loss	<u>16,720</u>	<u>14,965</u>
<b>Financial liabilities</b>		
Net gain/(loss) on financial liabilities held for trading	<u>(22,052)</u>	<u>(11,560)</u>
Net gains/(losses) on financial liabilities held at fair value through profit or loss	<u>(22,052)</u>	<u>(11,560)</u>
Net realised gain/(loss) on financial liabilities held at fair value through profit or loss	(22,047)	(11,231)
Net unrealised gain/(loss) on financial liabilities held at fair value through profit or loss	<u>(5)</u>	<u>(329)</u>
Net gains/(losses) on financial liabilities held at fair value through profit or loss	<u>(22,052)</u>	<u>(11,560)</u>
<b>Total net gains/(losses) on financial instruments held at fair value through profit or loss</b>	<u>(5,332)</u>	<u>3,405</u>

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

	As at	
	30 June 2018 \$'000	30 June 2017 \$'000
<b>Held for trading</b>		
Derivatives (Note 9)	<u>152</u>	<u>1,462</u>
Total held for trading	<u>152</u>	<u>1,462</u>
<b>Designated at fair value through profit or loss</b>		
Fixed interest securities	<u>258,682</u>	<u>217,269</u>
Total designated at fair value through profit or loss	<u>258,682</u>	<u>217,269</u>
<b>Total financial assets held at fair value through profit or loss</b>	<u>258,834</u>	<u>218,731</u>

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

	As at	
	30 June 2018 \$'000	30 June 2017 \$'000
<b>Held for trading</b>		
Derivatives (Note 9)	661	656
Total held for trading	661	656
<b>Total financial liabilities held at fair value through profit or loss</b>	<b>661</b>	<b>656</b>

## 9 Derivative financial instruments

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

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

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

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

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

The Fund holds the following derivatives:

### (a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

### (b) Forward currency contracts

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

## 9 Derivative financial instruments (continued)

### (b) Forward currency contracts (continued)

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

As at 30 June 2018

	Contractual/ notional \$'000	Fair values	
		Assets	Liabilities
		\$'000	\$'000
Forward currency contracts	272,306	116	583
Futures contracts	<u>14,614</u>	<u>36</u>	<u>78</u>
<b>Total derivatives</b>	<u>286,920</u>	<u>152</u>	<u>661</u>

As at 30 June 2017

	Contractual/ notional \$'000	Fair values	
		Assets	Liabilities
		\$'000	\$'000
Forward currency contracts	227,932	1,369	577
Futures contracts	<u>7,262</u>	<u>93</u>	<u>79</u>
<b>Total derivatives</b>	<u>235,194</u>	<u>1,462</u>	<u>656</u>

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

## 10 Net assets attributable to unit holders

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

Prior to 1 July 2017 the Fund classified its net assets attributable to unit holders as liabilities in accordance with AASB 132. On 1 July 2017, the Fund has elected into the AMIT tax regime. The Fund's Constitution has been amended on the same date and it no longer has a contractual obligation to pay distributions to unit holders. Therefore the net assets attributable to unit holders of the Fund meet the criteria set out under AASB 132 and are classified as equity from 1 July 2017 onwards.

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

## 10 Net assets attributable to unit holders (continued)

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

	Year ended			
	30 June 2018 Units'000	30 June 2018 \$'000	30 June 2017 Units'000	30 June 2017 \$'000
<b>Opening balance</b>	211,651	215,654	192,339	203,288
Applications	33,910	35,157	14,677	15,597
Redemptions	-	-	-	-
Reinvestment of distributions	14,915	15,234	4,635	4,912
Increase/(decrease) in net assets attributable to unit holders	-	-	-	(8,143)
Distributions paid and payable	-	(1,690)	-	-
Profit/(loss) for the year	-	593	-	-
<b>Closing balance</b>	<u>260,476</u>	<u>264,948</u>	<u>211,651</u>	<u>215,654</u>

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

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

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

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

### Capital risk management

The Fund considers its net assets attributable to unit holders as capital, notwithstanding that net assets attributable to unit holders are classified as a liability until 30 June 2017. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unit holders.

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

## 11 Distributions to unit holders

The distributions declared during the year were as follows:

	30 June 2018 \$'000	Year ended		30 June 2017 CPU
		30 June 2018 CPU	30 June 2017 \$'000	
<b>Distributions</b>				
September	880	0.39	921	0.46
December	-	-	1,538	0.77
March	810	0.32	696	0.33
June (payable)	-	-	13,544	6.40
<b>Total distributions</b>	<b>1,690</b>	<b>0.71</b>	<b>16,699</b>	<b>7.96</b>

## 12 Cash and cash equivalents

	As at	
	30 June 2018 \$'000	30 June 2017 \$'000
Cash at bank	-	8,173
<b>Total cash and cash equivalents</b>	<b>-</b>	<b>8,173</b>

These accounts are not earning interest as at 30 June 2018 (30 June 2017: -0.60% to 0.15%).

### (a) Reconciliation to cash flow statement

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

	As at	
	30 June 2018 \$'000	30 June 2017 \$'000
Balances as above	-	8,173
Borrowings	<b>(2,738)</b>	-
<b>Balances as per statement of cash flows</b>	<b>(2,738)</b>	<b>8,173</b>

### Borrowings

Bank overdraft is payable to State Street Bank and Trust Company, who act as the Fund's Custodian. The interest rates imposed on the overdrawn amount are 3.50%.



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

	Year ended	
	30 June 2018	30 June 2017
	\$'000	\$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Profit/(loss) for the year	593	-
Increase/(decrease) in net assets attributable to unit holders	-	(8,143)
Distributions to unit holders	-	16,699
Proceeds from sale of financial instruments held at fair value through profit or loss	190,423	152,512
Purchase of financial instruments held at fair value through profit or loss	(236,023)	(173,456)
Net (gains)/losses on financial instruments held at fair value through profit or loss	5,332	(3,405)
Net foreign exchange (gain)/loss	-	(15)
Net interest bought/(sold)	(165)	(499)
Amortisation income	923	1,040
Net movement in margin accounts	(6,585)	(4,405)
Net change in receivables	(544)	(57)
Net change in payables	55	(107)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(45,991)</b>	<b>(19,836)</b>
<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	15,234	4,912
<b>Total non-cash operating and financing activities</b>	<b>15,234</b>	<b>4,912</b>

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

### 14 Receivables

	As at	
	30 June 2018	30 June 2017
	\$'000	\$'000
Interest receivable	2,658	2,139
Applications receivable	77	-
GST receivable	37	12
Other receivables	10	10
<b>Total receivables</b>	<b>2,782</b>	<b>2,161</b>

## 15 Payables

	As at	
	30 June 2018 \$'000	30 June 2017 \$'000
Management fees payable	150	123
Custody and administration fees payable	14	13
Other payables	27	-
<b>Total payables</b>	<b>191</b>	<b>136</b>

## 16 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 2018 \$	30 June 2017 \$
<b>PricewaterhouseCoopers Australian Firm</b>		
<i>Audit and other assurance services</i>		
Audit of financial statements	20,235	20,235
Audit of compliance plan	2,463	2,463
Total remuneration for audit and other assurance services	<b>22,698</b>	22,698
<i>Taxation services</i>		
Tax compliance services	21,351	21,351
Total remuneration for taxation services	<b>21,351</b>	21,351
<b>Total remuneration of PricewaterhouseCoopers Australian Firm</b>	<b>44,049</b>	44,049

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

## 17 Related party transactions

The Responsible Entity of Standard Life Investments Global Corporate Bond Trust 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 Standard Life Investments Limited, to act as Investment Manager for the Fund, and State Street Australia Limited to act as Custodian and Administrator for the Fund. The contracts are on normal commercial terms and conditions.

## 17 Related party transactions (continued)

### (a) Key management personnel

#### (i) Directors

Key management personnel include persons who were directors of Equity Trustees Limited at any time during or since the end of the financial year and up to the date of this report.

Philip D Gentry	Chairman
Harvey H Kalman	
Ian C Westley	
Michael J O'Brien	(appointed 11 July 2018)

#### (ii) 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 2018 (30 June 2017: Nil).

### (d) Key management personnel compensation

Key management personnel are paid by EQT Services Pty Ltd. Payments made from the Fund to Equity Trustees Limited do not include any amounts directly attributable to the compensation of key management personnel.

### (e) Key management personnel loans

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

### (f) Other transactions within the Fund

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

### (g) Responsible Entity and 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.

## 17 Related party transactions (continued)

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

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

	Year ended	
	30 June 2018	30 June 2017
	\$	\$
Investment management fees for the year	1,095,003	990,275
Total fees payable to the Investment Manager at year end	126,137	101,514
Responsible Entity fees for the year	132,173	120,294
Total fees payable to the Responsible Entity at year end	23,722	21,025

### (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 2018 (30 June 2017: Nil).

### (i) Investments

The Fund did not hold any investments in Equity Trustees Limited or its related parties during the year (2017: Nil).

## 18 Events occurring after the reporting period

On 4 September 2018 the Fund changed its name from Standard Life Investments Global Corporate Bond Trust to Aberdeen Standard Global Corporate Bond Fund.

No other significant events have occurred since the end of the year which would impact on the financial position of the Fund as disclosed in the statement of financial position as at 30 June 2018 or on the results and cash flows of the Fund for the year ended on that date.

## 19 Contingent assets and liabilities and commitments

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

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 6 to 35 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2018 and of its performance for the financial year ended on that date.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; 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 the Equity Trustees Limited's Board.



Philip D Gentry  
Chairman

Melbourne  
26 September 2018



## *Independent auditor's report*

To the unit holders of Standard Life Investments Global Corporate Bond Trust

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### *Our opinion*

In our opinion:

The accompanying financial report of Standard Life Investments Global Corporate Bond Trust (the Fund) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Fund's financial position as at 30 June 2018 and of its financial performance for the year 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 2018
- 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 a summary of significant accounting policies
- the declaration of the directors of Equity Trustees Limited (the Responsible Entity).

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### *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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



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### *Other information*

The Directors of 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 2018, including the Directors' report, 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 accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above 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 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.

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### *Responsibilities of the directors of the Responsible Entity for the financial report*

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



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### *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 stylized, handwritten-style logo for PricewaterhouseCoopers, with the words 'PricewaterhouseCoopers' written in a cursive script.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'George Sagonas'.

George Sagonas  
Partner

Melbourne  
26 September 2018