

# **EQT Funds**

## **Annual report**

### **For the year ended 30 June 2019**

This financial report covers the following EQT Funds:

**EQT Core International Equity Fund (registered as Common Fund No 8)**

ARSN 095 852 412

**EQT Tax Aware Australian Equity Fund (registered as Common Fund No. 9) (formerly known as "EQT Core Australian Equity Fund")**

ARSN 092 615 355

# **EQT Funds Annual report For the year ended 30 June 2019**

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Independent auditor's report to the unit holders of EQT Funds

This annual report covers the following Funds as individual entities:

EQT Core International Equity Fund (registered as Common Fund No 8)

EQT Tax Aware Australian Equity Fund (registered as Common Fund No. 9) (formerly known as "EQT Core Australian Equity Fund")

The Responsible Entity of the Funds 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 the EQT Funds (the "Funds"), present their report together with the financial statements of the following Funds for the year ended 30 June 2019.

### **EQT Core International Equity Fund (registered as Common Fund No 8)**

### **EQT Tax Aware Australian Equity Fund (registered as Common Fund No. 9) (formerly known as "EQT Core Australian Equity Fund")**

The Funds are collectively known as "EQT Funds".

#### **Principal activities**

The principal activity of each Fund is to invest in accordance with the investment objective and guidelines as set out in the respective Funds' current Product Disclosure Statement and its Constitution.

The Funds did not have any employees during the year.

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

The various service providers for the Funds are detailed below:

<b>Service</b>	<b>Provider</b>
Responsible Entity	Equity Trustees Limited
Investment Manager	Equity Trustees Limited
Custodian and Administrator	State Street Australia Limited
Statutory Auditor	Deloitte Touche Tohmatsu

#### **Directors**

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

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

## Directors' report (continued)

### Review and results of operations

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

The Funds' performance and Funds' benchmark return for the year ended 30 June 2019 were as follows:

Fund name	Benchmark	Net return (net of fees)	Benchmark return
EQT Core International Equity Fund	MSCI World Index net dividends reinvested (AUD)	9.90	11.95
EQT Tax Aware Australian Equity Fund	S&P/ASX 200 Accumulation Index	7.63	11.55

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

	EQT Core International Equity Fund		EQT Tax Aware Australian Equity Fund	
	Year ended		Year ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Operating profit/(loss) for the year (\$'000)	9,654	10,925	4,802	1,575
Distributions paid and payable (\$'000)	7,031	14,516	740	512
Distributions (cents per unit)*	5.50*	12.12	4.43*	4.30

\*Distributions (cents per unit) excludes May 2019 special distributions paid in its calculation.

The basis for valuation of the Funds' assets is disclosed in Note 2 to the financial statements.

### Significant changes in the state of affairs

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

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

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## Directors' report (continued)

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

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may have a significant effect on:

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

### Likely developments and expected results of operations

The Funds 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 Funds' Constitution.

The results of the Funds' operations will be affected by a number of factors, including the performance of investment markets in which the Funds invest. 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 Funds 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 Funds' Constitution and the Law, the officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds.

### Indemnification of auditor

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

### Fees paid to and interests held in the Funds by the Responsible Entity and its associates

Fees paid to the Responsible Entity and its associates out of Funds' property during the year are disclosed in Note 16 to the financial statements.

No fees were paid out of Funds' property to the directors of the Responsible Entity during the year.

The number of interests in the Funds held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 16 to the financial statements.

### Interests in the Funds

The movement in units on issue in the Funds during the year is disclosed in Note 8 to the financial statements.

The value of the Funds' 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.

## Directors' report (continued)

### Environmental regulation

The operations of the Funds 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.

### Financial statements presentation

The Funds are entities of the kind referred to in *ASIC Corporations (Related Scheme Reports) Instrument 2015/839* and in accordance with that Instrument, Funds with a common Responsible Entity (or related Responsible Entities) can include their financial reports in adjacent columns in a single set of financial reports.

### 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 6.

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



Philip D Gentry  
Chairman

Melbourne  
26 September 2019

26 September 2019

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

Dear Board Members,

#### **Independence Declaration – EQT Funds**

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 reports of EQT Core International Equity Fund (registered as Common Fund No. 8) and EQT Tax Aware Australian Equity Fund (registered as Common Fund No. 9) (formerly known as EQT Core Australian Equity Fund) (collectively the "EQT Funds" or the "Funds").

As lead audit partner for the audits of the financial statements of the Funds for the financial year ended 30 June 2019, 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*

DELOITTE TOUCHE TOHMATSU



Chester Hii  
Partner  
Chartered Accountants

## Statements of comprehensive income

	Note	EQT Core International Equity Fund		EQT Tax Aware Australian Equity Fund	
		Year ended		Year ended	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
		\$ '000	\$ '000	\$ '000	\$ '000
<b>Investment income</b>					
Interest income from financial assets at amortised cost		1	6	1	-
Distribution income		6,122	7,638	861	516
Net gains/(losses) on financial instruments at fair value through profit or loss	5	4,061	3,819	4,105	1,049
Other income	15	119	105	73	71
<b>Total investment income/(loss)</b>		<b>10,303</b>	<b>11,568</b>	<b>5,040</b>	<b>1,636</b>
<b>Expenses</b>					
Management fees	16	535	525	121	3
Custody and administration fees		50	50	8	8
Transaction costs		-	-	82	-
Other expenses		64	68	27	50
<b>Total expenses</b>		<b>649</b>	<b>643</b>	<b>238</b>	<b>61</b>
<b>Operating profit/(loss) for the year</b>		<b>9,654</b>	<b>10,925</b>	<b>4,802</b>	<b>1,575</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>9,654</b>	<b>10,925</b>	<b>4,802</b>	<b>1,575</b>

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



## Statements of financial position

	Note	EQT Core International Equity Fund As at		EQT Tax Aware Australian Equity Fund As at	
		30 June 2019 \$ '000	30 June 2018 \$ '000	30 June 2019 \$ '000	30 June 2018 \$ '000
<b>Assets</b>					
Cash and cash equivalents	10	940	268	5,156	198
Receivables	12	4,813	2,929	695	117
Financial assets at fair value through profit or loss	6	<u>100,649</u>	<u>102,298</u>	<u>324,521</u>	<u>15,034</u>
<b>Total assets</b>		<u>106,402</u>	<u>105,495</u>	<u>330,372</u>	<u>15,349</u>
<b>Liabilities</b>					
Distributions payable	9	7,031	14,516	85	85
Payables	13	23	178	116	-
Due to brokers - payable for securities purchased		-	-	276	-
<b>Total liabilities</b>		<u>7,054</u>	<u>14,694</u>	<u>477</u>	<u>85</u>
<b>Net assets attributable to unit holders - equity</b>	8	<u>99,348</u>	<u>90,801</u>	<u>329,895</u>	<u>15,264</u>

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

## Statements of changes in equity

	Note	EQT Core International Equity Fund		EQT Tax Aware Australian Equity Fund	
		Year ended		Year ended	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
		\$ '000	\$ '000	\$ '000	\$ '000
<b>Total equity at the beginning of the financial year</b>		<b>90,801</b>	-	<b>15,264</b>	-
Reclassification due to AMIT tax regime implementation	8	-	82,077	-	14,201
<b>Total beginning balance</b>		<b>90,801</b>	-	<b>15,264</b>	-
<b>Comprehensive income for the year</b>					
Profit/(loss) for the year		<b>9,654</b>	10,925	<b>4,802</b>	1,575
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		<b>9,654</b>	10,925	<b>4,802</b>	1,575
<b>Transactions with unit holders</b>					
Applications	8	<b>11,730</b>	12,160	<b>310,567</b>	-
Redemptions	8	<b>(9,804)</b>	(3,389)	-	-
Reinvestment of distributions	8	<b>3,998</b>	3,544	<b>2</b>	-
Distributions paid and payable	8	<b>(7,031)</b>	(14,516)	<b>(740)</b>	(512)
<b>Total transactions with unit holders</b>		<b>(1,107)</b>	(2,201)	<b>309,829</b>	(512)
<b>Total equity at the end of the financial year</b>		<b>99,348</b>	90,801	<b>329,895</b>	15,264

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

## Statements of cash flows

	EQT Core International Equity Fund		EQT Tax Aware Australian Equity Fund	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Note	\$ '000	\$ '000	\$ '000	\$ '000
<b>Cash flows from operating activities</b>				
Proceeds from sale of financial instruments at fair value through profit or loss	9,700	39,200	37,755	50
Purchase of financial instruments at fair value through profit or loss	(2,701)	(43,522)	(40,527)	(449)
Interest received	1	6	-	-
Distributions received	2,958	5,841	728	804
Other income received	110	105	69	72
Management fees paid	(543)	(528)	(5)	(3)
Custody and administration fees paid	(51)	(57)	(8)	(8)
Other expenses paid	(66)	(61)	(109)	(48)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>9,408</b>	<b>984</b>	<b>(2,097)</b>	<b>418</b>
11(a)				
<b>Cash flows from financing activities</b>				
Proceeds from applications by unit holders	11,730	12,160	7,793	-
Payments for redemptions by unit holders	(9,948)	(3,479)	-	-
Distributions paid to unit holders	(10,518)	(10,003)	(738)	(557)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(8,736)</b>	<b>(1,322)</b>	<b>7,055</b>	<b>(557)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>672</b>	<b>(338)</b>	<b>4,958</b>	<b>(139)</b>
Cash and cash equivalents at the beginning of the year	268	606	198	337
<b>Cash and cash equivalents at the end of the year</b>	<b>940</b>	<b>268</b>	<b>5,156</b>	<b>198</b>
10				
Non-cash operating and financing activities	5,287	8,297	302,336	10
11(b)				

The above statements 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 the below Funds (the "Funds") as individual entities. The Funds are Australian registered managed investment schemes which were constituted on the dates in the below table and will terminate in accordance with the provisions of the Funds' Constitution or by Law.

EQT Core International Equity Fund	30 November 2000
EQT Tax Aware Australian Equity Fund	16 June 1998

The Responsible Entity of the Funds is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975) (the "Responsible Entity"). The Responsible Entity's registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. The financial statements are presented in the Australian currency unless otherwise noted.

The principal activity of each Fund is to invest in accordance with the investment objective and guidelines as set out in the respective Fund's current Product Disclosure Statement and its Constitution.

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

## 2 Summary of significant accounting policies

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

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. The Funds are for-profit entities 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 statements of financial position are 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 financial liabilities at fair value through profit or loss and net assets attributable to unit holders.

The Funds manage 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.

## 2 Summary of significant accounting policies (continued)

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

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

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

#### (ii) New and amended standards adopted by the Funds

The Funds had to change some of their accounting policies as a result of new and revised accounting standards which became effective for the first time in the current reporting period. The affected policies are:

- AASB 9 *Financial Instruments* (and applicable amendments)

AASB 9 became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and financial liabilities and replaces the multiple classification and measurement models in AASB 139. The derecognition rules have not changed from the previous requirements and the Funds do not apply hedge accounting.

Equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. AASB 9 also introduces a new expected credit loss (ECL) impairment model.

AASB 9 has been applied retrospectively by the Funds without the use of hindsight and it has determined that adoption did not result in a change to the classification or measurement of financial instruments in either the current or prior periods. The Funds' investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

- AASB 15 *Revenue from Contracts with Customers*

AASB 15 became effective for annual periods beginning on or after 1 January 2018 which 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 Funds' main sources of income are interest, dividends, distributions and gains on financial instruments at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the adoption of AASB 15 does not have a material impact on the Funds' accounting policies or the amounts recognised in the financial statements.

#### (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 January 2019, and have not been early adopted in preparing these financial statements.

## 2 Summary of significant accounting policies (continued)

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

#### (iv) *Change in accounting estimate: Fair value measurement*

From 1 July 2018, the Funds changed their valuation inputs for the fair value of listed financial assets and liabilities recognised in the financial statements from bid and ask to last traded prices. The Funds consider the last traded price as a more representative estimate of the instruments' fair value. This change is treated as a change in accounting estimate and applied prospectively.

The change in accounting estimate did not have a material impact on the fair value of financial instruments, nor did it have a material impact on the Funds' financial position or performance.

### (b) Financial instruments

#### (i) *Classification*

- Financial assets

The Funds classify their 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 Funds classify financial assets based on their business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The Funds' portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Funds' documented investment strategy. The Funds' policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

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

For cash and cash equivalents and receivables, these assets are held in order to collect the contractual cash flows and the contractual terms of these assets give rise on specified dates to cash 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 measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (distributions payable, management fees payable, administration fees payables and custodian fees payable).

## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments (continued)

#### (ii) Recognition and derecognition

The Funds recognise financial assets and financial liabilities on the date they become party to the contractual agreement (trade date) and recognise 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 Funds have transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities is discharged.

#### (iii) Measurement

- Financial instruments at fair value through profit or loss

At initial recognition, the Funds measure financial assets and financial liabilities at their 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 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.

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured according to their classification.

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

#### (iv) Impairment

At each reporting date, the Funds shall measure the loss allowance on financial assets at amortised cost (cash and cash equivalents, due from brokers and receivables) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds 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 a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross 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.



## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments (continued)

#### (v) *Offsetting financial instruments*

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

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

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

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

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

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

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 Funds' 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 Funds, and it is not a contract settled in the Funds' 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.

### (d) Cash and cash equivalents

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

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as trading of these securities represent the Funds' 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 on a time-proportionate basis 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 Funds estimate cash flows considering all contractual terms of the financial instruments (for example, prepayment options) but do 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.

Interest income on financial assets at fair value through profit or loss is also recognised in the statement of comprehensive income. Changes in fair value of financial instruments at fair value through profit or loss are recorded in accordance with the policies described in Note 2(b) to the financial statements.

#### (ii) Dividends and distributions

Trust distributions are recognised on an entitlement basis.

### (f) Expenses

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

### (g) Income tax

Under current legislation, the Funds are not subject to income tax provided they attribute the entirety of their taxable income to their unit holders.

### (h) Distributions

The Funds may distribute their distributable income, in accordance with the Funds' Constitution, to unit holders by cash or reinvestment. The distributions are recognised in the statement of changes in equity as distributions paid and payable.

## 2 Summary of significant accounting policies (continued)

### (i) Functional and presentation currency

Balances included in the Funds' 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 Funds compete for funds and is regulated. The Australian dollar is also the Funds' presentation currency.

### (j) Receivables

Receivables may include amounts for interest, dividends and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

### (k) Payables

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

A separate distributions 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.

### (l) Applications and redemptions

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

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

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

## 2 Summary of significant accounting policies (continued)

### (n) Use of estimates

The Funds make 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 Funds' 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 4 to the financial statements.

The adoption of AASB 9 introduced a new expected credit loss (ECL) impairment model, which has not materially impacted the Funds. Please see Note 3 for more information on credit risk.

### (o) Rounding of amounts

The Funds are entities 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.

### (p) 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 Funds' activities expose them to a variety of financial risks including market risk (which incorporates price risk and interest rate risk), credit risk and liquidity risk.

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

All securities investments present a risk of loss of capital. The maximum loss of capital on unit trusts is limited to the fair value of those positions. The maximum loss of capital on derivatives is limited to the notional contract values of those positions.

### 3 Financial risk management (continued)

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

The Funds use different methods to measure different types of risk to which they are exposed. These methods are explained below.

#### (a) Market risk

##### (i) Price risk

The Funds are exposed to price risk on unit trusts, investments in unlisted unit trust securities and investments in managed investments schemes. Price risk arises from investments held by the Funds for which prices in the future are uncertain.

The Funds seek to mitigate price risk by regular review of the Funds' investments. The Funds invest in managed investment schemes in line with its strategic asset allocation which is determined by Equity Trustees Limited's Management Investment Committee (MIC) with the view to meeting the Funds' investment objectives. The actual asset allocation of the Funds are reviewed in comparison to its strategic benchmark on a monthly basis by the MIC. MIC meeting minutes are reviewed by the Board on a monthly basis.

The table at Note 3(b) summarises the sensitivities of the Funds' financial assets and liabilities to price risk. The analysis is based on the assumption that the markets in which the Funds invest move by +/-10% (2018: +/-10%).

##### (ii) Interest rate risk

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

#### (b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Funds' 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 Funds' investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be

### 3 Financial risk management (continued)

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

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 Funds invest. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

EQT Core International Equity Fund	<b>Impact on operating profit/net assets attributable to unit holders</b>	
	<b>Price risk</b>	
	<b>-10%</b>	<b>+10%</b>
	<b>\$ '000</b>	<b>\$ '000</b>
<b>As at 30 June 2019</b>	<b>(10,065)</b>	<b>10,065</b>
As at 30 June 2018	(10,230)	10,230

EQT Tax Aware Australian Equity Fund	<b>Impact on operating profit/net assets attributable to unit holders</b>	
	<b>Price risk</b>	
	<b>-10%</b>	<b>+10%</b>
	<b>\$ '000</b>	<b>\$ '000</b>
<b>As at 30 June 2019</b>	<b>(32,452)</b>	<b>32,452</b>
As at 30 June 2018	(1,503)	1,503

#### (c) Credit risk

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

The Funds do 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 Funds are exposed, arises from cash and cash equivalents and amounts due from brokers' balances. None of these assets are impaired nor past their due date. The maximum exposure to credit risk at the reporting date is the carrying amount of cash and cash equivalents and amounts due from brokers.

### 3 Financial risk management (continued)

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

The Funds determine credit risk and measure expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2019 and 30 June 2018, all receivables, amounts due from brokers, cash and short-term deposits are held with counterparties are either callable on demand or due to be settled within 1 week. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Funds.

#### (d) Liquidity risk

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

Exposure to liquidity risk for the Funds may arise from the requirement to meet daily unit holder redemption requests.

Liquidity risk is managed by investing the majority of their assets in investments that can be readily disposed of.

In order to manage the Funds' 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 2019 and 2018.

### 3 Financial risk management (continued)

#### (d) Liquidity risk (continued)

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

The tables below analyse the Funds' 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.

#### EQT Core International Equity Fund

	Less than 1 month \$ '000	1-6 months \$ '000	6-12 months \$ '000	Over 12 months \$ '000	Total \$ '000
<b>As at 30 June 2019</b>					
Distributions payable	7,031	-	-	-	7,031
Payables	<u>23</u>	-	-	-	<u>23</u>
<b>Contractual cash flows (excluding derivatives)</b>	<b><u>7,054</u></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b><u>7,054</u></b>
As at 30 June 2018					
Distributions payable	14,516	-	-	-	14,516
Payables	<u>178</u>	-	-	-	<u>178</u>
<b>Contractual cash flows (excluding derivatives)</b>	<b><u>14,694</u></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b><u>14,694</u></b>



### 3 Financial risk management (continued)

#### (d) Liquidity risk (continued)

(i) *Maturities of non-derivative financial liabilities (continued)*

#### EQT Tax Aware Australian Equity Fund

	Less than 1 month \$ '000	1-6 months \$ '000	6-12 months \$ '000	Over 12 months \$ '000	Total \$ '000
<b>As at 30 June 2019</b>					
Distributions payable	85	-	-	-	85
Payables	116	-	-	-	116
Due to brokers - payable for securities purchased	<u>276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>276</u>
<b>Contractual cash flows (excluding derivatives)</b>	<u>477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>477</u>
<b>As at 30 June 2018</b>					
Distributions payable	<u>85</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85</u>
Contractual cash flows (excluding derivatives)	<u>85</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85</u>

### 4 Fair value measurement

The Funds measure and recognise financial assets and financial liabilities at fair value through profit or loss on a recurring basis.

The Funds have 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).

#### 4 Fair value measurement (continued)

The Funds value their 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.

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

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

The table below presents the Funds' financial assets and financial liabilities measured and recognised at fair value as at 30 June 2019.

	EQT Core International Equity Fund				EQT Tax Aware Australian Equity Fund			
	Level 1 \$ '000	Level 2 \$ '000	Level 3 \$ '000	Total \$ '000	Level 1 \$ '000	Level 2 \$ '000	Level 3 \$ '000	Total \$ '000
<b>As at 30 June 2019</b>								
<b>Financial assets at fair value through profit or loss</b>								
Equity securities	-	-	-	-	324,471	-	-	324,471
Unit trusts	-	100,649	-	100,649	-	50	-	50
<b>Total financial assets at fair value through profit or loss</b>	<b>-</b>	<b>100,649</b>	<b>-</b>	<b>100,649</b>	<b>324,471</b>	<b>50</b>	<b>-</b>	<b>324,521</b>
<b>As at 30 June 2018</b>								
<b>Financial assets at fair value through profit or loss</b>								
Unit trusts	-	102,298	-	102,298	-	15,034	-	15,034
<b>Total financial assets at fair value through profit or loss</b>	<b>-</b>	<b>102,298</b>	<b>-</b>	<b>102,298</b>	<b>-</b>	<b>15,034</b>	<b>-</b>	<b>15,034</b>

#### 4 Fair value measurement (continued)

##### (c) Transfer between levels

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

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

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

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

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

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

	EQT Core International Equity Fund		EQT Tax Aware Australian Equity Fund	
	Year ended		Year ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$ '000	\$ '000	\$ '000	\$ '000
<b>Financial assets</b>				
Net realised gain/(loss) on financial assets at fair value through profit or loss	1,270	6,042	869	(1)
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	<u>2,791</u>	<u>(2,223)</u>	<u>3,236</u>	<u>1,050</u>
Net gains/(losses) on financial assets at fair value through profit or loss	<u>4,061</u>	<u>3,819</u>	<u>4,105</u>	<u>1,049</u>
<b>Total net gains/(losses) on financial instruments at fair value through profit or loss</b>	<u>4,061</u>	<u>3,819</u>	<u>4,105</u>	<u>1,049</u>

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

	EQT Core International Equity Fund		EQT Tax Aware Australian Equity Fund	
	As at		As at	
	30 June 2019 \$ '000	30 June 2018 \$ '000	30 June 2019 \$ '000	30 June 2018 \$ '000
Equity securities	-	-	324,471	-
Unit trusts	<u>100,649</u>	<u>102,298</u>	<u>50</u>	<u>15,034</u>
<b>Total financial assets at fair value through profit or loss*</b>	<b><u>100,649</u></b>	<b><u>102,298</u></b>	<b><u>324,521</u></b>	<b><u>15,034</u></b>

\*The Funds' investments in unit trusts were previously designated at fair value through profit or loss. On adoption of AASB 9, all above investments are mandatorily classified as financial assets at fair value through profit or loss.

## 7 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 Funds consider all investments in managed investment schemes (the "Schemes") to be structured entities. The Funds invest in Schemes for the purpose of capital appreciation and or earning investment income.

The exposure to investments in related Schemes at fair value, and any related amounts recognised in the statement of comprehensive income is disclosed at Note 16(i) to the financial statements.

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 Funds' maximum exposure to loss from their interest in the Schemes is equal to the fair value of their investments in the Schemes as there are no off-balance sheet exposures relating to any of the Schemes. Once the Funds have disposed of their units in a Scheme, they cease to be exposed to any risk from that Scheme.

## 8 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 Funds shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.

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

	EQT Core International Equity Fund				EQT Tax Aware Australian Equity Fund			
	Year ended		Year ended		Year ended		Year ended	
	30 June 2019	30 June 2019	30 June 2018	30 June 2018	30 June 2019	30 June 2019	30 June 2018	30 June 2018
	Units '000	\$ '000	Units '000	\$ '000	Units '000	\$ '000	Units '000	\$ '000
<b>Opening balance</b>	<b>119,766</b>	<b>90,801</b>	104,019	82,077	<b>11,938</b>	<b>15,264</b>	11,938	14,201
Applications	15,257	11,730	15,316	12,160	238,670	310,567	-	-
Redemptions	(12,540)	(9,804)	(4,061)	(3,389)	-	-	-	-
Reinvestment of distributions	5,277	3,998	4,492	3,544	1	2	-	-
Distributions payable	-	(7,031)	-	(14,516)	-	(740)	-	(512)
Profit/(loss) for the year	-	9,654	-	10,925	-	4,802	-	1,575
<b>Closing balance</b>	<b>127,760</b>	<b>99,348</b>	119,766	90,801	<b>250,609</b>	<b>329,895</b>	11,938	15,264

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

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

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 Funds consider their net assets attributable to unit holders as capital. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Funds are subject to daily applications and redemptions at the discretion of unit holders.

Daily applications and redemptions are reviewed relative to the liquidity of the Funds' underlying assets on a daily basis by the Responsible Entity. Under the terms of the Funds' 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.

## 9 Distributions to unit holders

The distributions declared during the year were as follows:

	EQT Core International Equity Fund				EQT Tax Aware Australian Equity Fund			
	Year ended		Year ended		Year ended		Year ended	
	30 June 2019 \$ '000	30 June 2019 CPU	30 June 2018 \$ '000	30 June 2018 CPU	30 June 2019 \$ '000	30 June 2019 CPU	30 June 2018 \$ '000	30 June 2018 CPU
<b>Distributions</b>								
September	-	-	-	-	169	1.42	132	1.11
December	-	-	-	-	110	0.92	118	0.99
March	-	-	-	-	247	2.06	177	1.49
May*	-	-	-	-	129	-	-	-
June (payable)	7,031	5.50	14,516	12.12	85	0.03	85	0.71
<b>Total distributions</b>	<b>7,031</b>	<b>5.50</b>	<b>14,516</b>	<b>12.12</b>	<b>740</b>	<b>4.43</b>	<b>512</b>	<b>4.30</b>

\*The May 2019 distribution represents a special distribution paid by the EQT Tax Aware Australian Equity Fund which is due to a unit holder redemption of greater than 5% of the net assets of the Fund. Due to this redemption, as outlined in the Product Disclosure Statement, a portion of the withdrawal proceeds represented distributable income to the redeeming unit holder. Refer to the Fund's Product Disclosure Statement for details on special distributions.

## 10 Cash and cash equivalents

	EQT Core International Equity Fund		EQT Tax Aware Australian Equity Fund	
	As at		As at	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$ '000	\$ '000	\$ '000	\$ '000
Cash at bank	940	268	5,156	198
<b>Total cash and cash equivalents</b>	<b>940</b>	<b>268</b>	<b>5,156</b>	<b>198</b>

These accounts are earning a floating interest rate of 0.10% as at 30 June 2019 (30 June 2018: 0.15%).

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

	EQT Core International Equity Fund		EQT Tax Aware Australian Equity Fund	
	Year ended		Year ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$ '000	\$ '000	\$ '000	\$ '000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>				
Profit/(loss) for the year	9,654	10,925	4,802	1,575
Proceeds from sale of financial instruments at fair value through profit or loss	9,700	39,200	37,755	50
Purchase of financial instruments at fair value through profit or loss	(2,701)	(43,522)	(40,527)	(449)
Net (gains)/losses on financial instruments at fair value through profit or loss	(4,061)	(3,819)	(4,105)	(1,049)
Net change in receivables	(1,884)	2,956	(138)	301
Net change in payables	(11)	(3)	116	-
Distribution income reinvested	(1,289)	(4,753)	-	(10)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>9,408</b>	<b>984</b>	<b>(2,097)</b>	<b>418</b>

**11 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities (continued)**

	EQT Core International Equity Fund		EQT Tax Aware Australian Equity Fund	
	Year ended		Year ended	
	30 June 2019 \$ '000	30 June 2018 \$ '000	30 June 2019 \$ '000	30 June 2018 \$ '000
<b>(b) Non-cash operating and financing activities</b>				
The following applications were satisfied by in specie asset transfer	-	-	302,334	-
The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan	3,998	3,544	2	-
The following purchases of investments were satisfied by the participation in dividend and distribution reinvestment plans	1,289	4,753	-	10
The following purchases were satisfied by in specie asset transfer	-	-	(15,154)	-
The following sales were satisfied by in specie asset transfer	-	-	15,154	-
<b>Total non-cash operating and financing activities</b>	<u>5,287</u>	<u>8,297</u>	<u>302,336</u>	<u>10</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.



## 12 Receivables

	EQT Core International Equity Fund		EQT Tax Aware Australian Equity Fund	
	As at		As at	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$ '000	\$ '000	\$ '000	\$ '000
Interest receivable	-	-	1	-
Distributions receivable	4,804	2,929	245	112
Applications receivable	-	-	440	-
GST receivable	-	-	9	3
Management fee reimbursement receivable	9	-	-	2
<b>Total receivables</b>	<b>4,813</b>	<b>2,929</b>	<b>695</b>	<b>117</b>

## 13 Payables

	EQT Core International Equity Fund		EQT Tax Aware Australian Equity Fund	
	As at		As at	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$ '000	\$ '000	\$ '000	\$ '000
Management fees payable	8	16	116	-
Redemptions payable	-	144	-	-
Custody and administration fees payable	4	5	-	-
Other payables	11	13	-	-
<b>Total payables</b>	<b>23</b>	<b>178</b>	<b>116</b>	<b>-</b>

## 14 Remuneration of auditor

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

	EQT Core International Equity Fund		EQT Tax Aware Australian Equity Fund	
	Year ended		Year ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$	\$	\$	\$
<b>Deloitte Touche Tohmatsu</b>				
<i>Audit and other assurance services</i>				
Audit and review of financial statements	14,990	17,550	10,000	10,000
Audit of compliance plan	3,770	3,770	3,770	3,770
Total remuneration for audit and other assurance services	<u>18,760</u>	<u>21,320</u>	<u>13,770</u>	<u>13,770</u>
<i>Taxation services</i>				
Tax compliance services	5,040	5,040	5,860	5,860
Total remuneration for taxation services	<u>5,040</u>	<u>5,040</u>	<u>5,860</u>	<u>5,860</u>
<b>Total remuneration of Deloitte Touche Tohmatsu</b>	<u>23,800</u>	<u>26,360</u>	<u>19,630</u>	<u>19,630</u>

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

## 15 Other income

	EQT Core International Equity Fund		EQT Tax Aware Australian Equity Fund	
	Year ended		Year ended	
	30 June 2019 \$ '000	30 June 2018 \$ '000	30 June 2019 \$ '000	30 June 2018 \$ '000
Management fee rebate income	119	105	73	71
<b>Total other income</b>	<b>119</b>	<b>105</b>	<b>73</b>	<b>71</b>

## 16 Related party transactions

The Responsible Entity of the EQT Funds 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 Equity Trustees Limited, to act as Investment Manager for the Funds, and State Street Australia Limited to act as Custodian and Administrator for the Funds. 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)
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 Funds, directly or indirectly during the financial year.

## **16 Related party transactions (continued)**

### **(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 Funds as at 30 June 2019 (30 June 2018: nil).

### **(d) Key management personnel compensation**

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

### **(e) Key management personnel loans**

The Funds have 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 Funds**

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

## 16 Related party transactions (continued)

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

Under the terms of the Funds' Constitution and Product Disclosure Statement for the Funds, the Responsible Entity and the Investment Manager are entitled to receive management fees.

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

	<b>EQT Core International Equity Fund</b>		<b>EQT Tax Aware Australian Equity Fund</b>	
	<b>Year ended</b>		<b>Year ended</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Investment management fees for the year	<b>480,099</b>	470,614	<b>117,929</b>	3,494
Total fees payable to the Investment Manager at year end	<b>2,660</b>	3,185	<b>116,077</b>	-
Responsible Entity fees for the year	<b>55,357</b>	54,791	<b>2,825</b>	-
Total fees payable to the Responsible Entity at year end	<b>4,741</b>	12,987	-	-
Management fee rebate earned for the year	<b>118,641</b>	104,677	<b>73,081</b>	71,153
Total fees receivable from the Investment Manager at year end	<b>9,051</b>	-	-	1,852

For information on how management fees are calculated please refer to the Funds' Product Disclosure Statement.

Management fees rebate received relate to management fees rebated by related party investments to the Funds.

## 16 Related party transactions (continued)

### (h) Related party unit holdings

Parties related to the Funds (including Equity Trustees Limited, their related parties and other schemes managed by Equity Trustees Limited and the Investment Manager) hold units in the Funds, as follows:

#### EQT Core International Equity Fund

Unit holder	Number of units held opening	Number of units held closing	Fair value of investment \$	Interest held %	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund \$
<b>As at 30 June 2019</b>							
EQT Growth Fund	76,794,040	87,253,660	67,604,136	68.30	13,687,092	(3,227,472)	4,755,324
Freedom of Choice	3,934,304	-	-	-	7	(3,934,311)	-
The Yorke Family Foundation	98,712	112,724	82,865	0.09	14,012	-	11,964

Unit holder	Number of units held opening	Number of units held closing	Fair value of investment \$	Interest held %	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund \$
<b>As at 30 June 2018</b>							
EQT Growth Fund	65,327,376	76,794,040	57,979,499	64.12	11,466,664	-	9,307,743
Freedom of Choice	4,294,887	3,934,304	3,446,057	3.28	-	360,583	476,853
The Yorke Family Foundation	86,732	98,712	86,462	0.07	11,980	-	-

## 16 Related party transactions (continued)

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

#### EQT Tax Aware Australian Equity Fund

Unit holder	Number of units held opening	Number of units held closing	Fair value of investment \$	Interest held %	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund \$
<b>As at 30 June 2019</b>							
EQT Growth Fund	11,938,040	250,609,079	329,074,781	100	250,541,107	(11,870,068)	739,700

Unit holder	Number of units held opening	Number of units held closing	Fair value of investment \$	Interest held %	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund \$
<b>As at 30 June 2018</b>							
EQT Growth Fund	11,938,040	11,938,040	15,225,777	100.00	-	-	512,092

## 16 Related party transactions (continued)

### (i) Investments

The Funds held investments in the following schemes which are also managed by Equity Trustees Limited or their related parties:

#### EQT Core International Equity Fund

	Fair value of investment \$	Interest held %	Distributions received \$	Distributions receivable \$	Units acquired during the year	Units disposed during the year
<b>As at 30 June 2019</b>						
Eaton Vance (Australia) Hexavest All-Country Global Equity Fund	20,346,583	100.00	-	655,245	99,750	427,936
MFS Global Equity Trust	29,458,180	0.45	3,259,520	-	1,206,156	924,258
Apostle Dundas Global Equity Fund	10,734,212	1.26	30,118	71,703	-	745,295
Vontobel Global Equity Fund	16,056,430	71.59	817,177	-	-	1,080,688
Orbis Global Equity Fund (Australian Registered)	24,053,607	0.22	1,288,866	-	10,232	27,002
	Fair value of investment \$	Interest held %	Distributions received \$	Distributions receivable \$	Units acquired during the year	Units disposed during the year
<b>30 June 2018</b>						
Eaton Vance (Australia) Hexavest All-Country Global Equity Fund	19,551,731	100.00	976,259	-	942,030	-
MFS Global Equity Trust	27,243,711	0.41	-	2,776,367	2,278,827	(10,181,782)
Apostle Dundas Global Equity Fund	11,032,263	2.16	38,547	70,519	-	(10,977,920)
Vontobel Global Equity Fund	16,126,134	72.67	-	82,289	10,412,018	-
Orbis Global Equity Fund (Australian Registered)	28,344,043	0.43	3,694,058	-	181,045	-



## 16 Related party transactions (continued)

### (i) Investments (continued)

#### EQT Tax Aware Australian Equity Fund

	Fair value of investment	Interest held	Distributions received	Distributions receivable	Units acquired during the year	Units disposed during the year
30 June 2019	\$	%	\$	\$		
EQT Wholesale Flagship Fund	-	-	615,998	-	125,881	12,281,038
Armytage Global Disruptor Fund (formerly known as "MIR Australian Equities Fund")	48,316	100	-	-	-	-

	Fair value of investment	Interest held	Distributions received	Distributions receivable	Units acquired during the year	Units disposed during the year
30 June 2018	\$	%	\$	\$		
EQT Wholesale Flagship Fund	14,986,093	15.07	393,936	111,798	389,847	43,308
MIR Australian Equities Fund	47,910	100.00	10,295	-	10,742	-

## 17 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 Funds as disclosed in the statement of financial position as at 30 June 2019 or on the results and cash flows of the Funds for the year ended on that date.

## 18 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2019 and 30 June 2018.

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 7 to 40 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 Funds' financial position as at 30 June 2019 and of their performance for the financial year ended on that date.
- (b) There are reasonable grounds to believe that the Funds will be able to pay their 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  
26 September 2019

## Independent Auditor's Report to the Unit Holders of EQT Funds

### *Opinion*

We have audited the financial reports of EQT Tax Aware Australian Equity Fund (registered as Common Fund No 9) (formerly known as EQT Core Australian Equity Fund) and EQT Core International Equity Fund (registered as Common Fund No 8) (collectively the "EQT Funds" or the "Funds") which comprises the statements of financial position as at 30 June 2019, the statements of comprehensive income, the statements of cash flows and the statements of changes in equity for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

In our opinion, the accompanying financial reports of the Funds are in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Funds' financial position as at 30 June 2019 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 audits 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 Funds 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 audits of the financial reports 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 Funds (the "Directors"), would be in the same terms if given to Directors as at the time of this auditor's report.

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

### *Other Information*

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report for the year ended 30 June 2019, but does not include the financial reports and our auditor's report thereon.

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

In connection with our audits of the financial reports, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reports or our knowledge obtained in the audits, 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 Reports*

The Directors are responsible for the preparation of the financial reports 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 reports that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial reports, the Directors are responsible for assessing the ability of the Funds 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 Funds or to cease operations, or has no realistic alternative but to do so.

### *Auditor's Responsibilities for the Audits of the Financial Reports*

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole are 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 these financial reports.

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 reports, 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 audits 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 Funds' 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 Funds' 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 reports 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 Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represent the underlying transactions and events in a manner that achieves fair presentation.

**Deloitte.**

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

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read 'Chester Hii', with a stylized flourish at the end.

Chester Hii  
Partner  
Chartered Accountants

Melbourne, 26 September 2019