

# **WCM Quality Global Growth Fund (Quoted Managed Fund)**

ARSN 625 955 240

**Financial report for the year ended  
30 June 2020**

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## **Directors' report**

The directors of Switzer Asset Management Limited (ABN 26 123 611 978), the Responsible Entity of WCM Quality Global Growth Fund (Quoted Managed Fund), present their report together with the financial statements of WCM Quality Global Growth Fund (Quoted Managed Fund) ("the Fund") for the financial year ended 30 June 2020.

The Fund is an Australian registered Fund, listed on the Australian Stock Exchange on 3 September 2018.

### **Responsible Entity**

The Responsible Entity of WCM Quality Global Growth Fund (Quoted Managed Fund) is Switzer Asset Management Limited (ABN 26 123 611 978). The Responsible Entity's registered office is Level 6, 10 Spring Street, Sydney NSW 2000.

### **Principal activities**

The Fund will invest in a high conviction, actively managed diversified portfolio of listed, quality, high growth companies sourced from developed and emerging markets, with the primary objective of providing long-term capital growth.

The Fund did not have any employees during the year ended 30 June 2020.

There were no significant changes in the nature of the Fund's activities during the year ended 30 June 2020.

### **Directors**

The following persons held office as directors of the Responsible Entity during the year ended 30 June 2020 and up to the date of this report:

Peter Switzer	Chairman and Non-Executive Director
Jarrod Deakin	Director
Martin Switzer	Director

### **Review and results of operations**

The Fund was constituted on 11 May 2018 and registered with the Australian Securities and Investments Commission on 15 May 2018.

During the year ended 30 June 2020, the Fund invested funds in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

In March 2020, the World Health Organisation ("WHO") officially declared COVID-19 a pandemic.

The Directors acknowledge the current outbreak of COVID-19 and the increased market volatility it has created within the markets the Fund operates. This volatility has had a corresponding impact on the fair value of the Fund's investment portfolio both during the financial year as well as subsequent to the reporting date.

The Responsible Entity are monitoring developments closely, noting that given the nature of the outbreak and the ongoing developments, there is a high degree of uncertainty and therefore it is not possible at this time to predict the extent and nature of the overall future impact on the Fund. The Fund however, actively manages the financial risks that it is exposed to, with the approach outlined further within Note 11 of these Financial Statements and the Net Asset Values of the Fund continue to be valued in accordance with the frequency set out in the Fund's Offer Documents, applying valuation policies reflective of the prevailing market conditions.

## Directors' report (continued)

### Review and results of operations (continued)

The Responsible Entity is delighted to report that the Fund has significantly outperformed its benchmark for the year ended 30 June 2020. The portfolio delivered a return of 16.4% for the year, outperforming its benchmark the MSCI All-Country World ex-Australia Index by 11.7%.

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

	For the year ended 30 June 2020 \$'000	The period from 11 May 2018 to 30 June 2019 \$'000
Profit before finance costs attributable to unitholders (\$'000)	15,082	9,504
Distributions paid and payable (\$'000)	3,844	-
Distributions (cents per unit - CPU)	21.36	-

### Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the year ended 30 June 2020.

### 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 governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Fund.

### Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund in regard to insurance cover provided to either the officers of WCM Quality Global Growth Fund (Quoted Managed Fund) or the auditors of the Fund. So long as the officers WCM Quality Global Growth Fund (Quoted Managed Fund) act in accordance with the Fund's Constitution and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditors of the Fund are in no way indemnified out of the assets of the Fund.

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

Fees paid to the Responsible Entity and its associates out of Fund property during the year ended 30 June 2020 are disclosed in note 12 of the financial statements.

No fees were paid out of Fund property to the directors of the Responsible Entity during the year ended 30 June 2020.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the year ended 30 June 2020 are disclosed in note 12 of the financial statements.

### Interests in the Fund

The movements in units on issue in the Fund during the year ended 30 June 2020 are disclosed in note 4 of 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 of the financial statements.

### Environmental regulation

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

## Directors' report (continued)

### Events occurring after the year

Except as disclosed in note 17 in the financial statements, no other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future years, or
- (ii) the results of those operations in future years, or
- (iii) the state of affairs of the Fund in future years.

### Rounding of amounts to the nearest thousand

The Fund is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission ("ASIC"), relating to the "rounding off" of amounts in the director's report. Amounts in the director's report have been rounded to the nearest thousand dollars in accordance with that ASIC Instrument, unless otherwise indicated.

### Auditor's independence declaration

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

This report is made in accordance with a resolution of the directors.



Martin Switzer  
Director Switzer Asset Management Limited



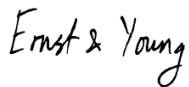
Jarrod Deakin  
Director Switzer Asset Management Limited

Sydney,  
25 September 2020

## **Auditor's Independence Declaration to the Directors of Switzer Asset Management Limited as Responsible Entity of WCM Quality Global Growth Fund (Quoted Managed Fund)**

As lead auditor for the audit of the financial statements of WCM Quality Global Growth Fund (Quoted Managed Fund) for the financial year ended 30 June 2020, I declare 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.



Ernst & Young



Luke Slater  
Partner  
25 September 2020

**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June 2020**

	Note	For the year ended 30 June 2020 \$'000	The period from 11 May 2018 to 30 June 2019 \$'000
<b>Investment income</b>			
Interest income		12	22
Dividend income		739	463
Net gains on financial instruments held at fair value through profit or loss	6	16,204	10,088
Other income		-	1
<b>Total investment income</b>		<b>16,955</b>	<b>10,574</b>
<b>Operating expenses</b>			
Management fees	12 (g)	1,216	580
Performance fees	12 (g)	456	394
Administration fees		97	49
Transaction costs		104	45
Other expenses		-	2
<b>Total operating expenses</b>		<b>1,873</b>	<b>1,070</b>
Profit before finance costs attributable to unitholders		15,082	9,504
<b>Finance costs attributable to unitholders</b>			
Distributions to unitholders	5	3,844	-
Increase in net assets attributable to unitholders	4	11,238	9,504
<b>Profit for the year attributable to unitholders</b>		<b>-</b>	<b>-</b>
Other comprehensive income for the year attributable to unitholders		-	-
<b>Total other comprehensive income for the year attributable to unitholders</b>		<b>-</b>	<b>-</b>

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**Statement of Financial Position**

**As at 30 June 2020**

	Note	As at 30 June 2020 \$'000	As at 30 June 2019 \$'000
<b>Assets</b>			
Cash & cash equivalents	10	5,671	3,086
Receivables	8	1,143	439
Financial assets held at fair value through profit or loss	7	115,479	69,886
<b>Total assets</b>		<b>122,293</b>	<b>73,411</b>
<b>Liabilities</b>			
Distribution payable		3,844	-
Payables	9	1,126	494
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>4,970</b>	<b>494</b>
<b>Net assets attributable to unitholders - liability</b>	4	<b>117,323</b>	<b>72,917</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

### Statement of Changes in Equity

In accordance with AASB 132 *Financial Instruments: Presentation*, net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the beginning and the end of the year ended 30 June 2020.

Changes in net assets attributable to unitholders are disclosed in Note 4.

## Statement of Cash flows

For the year ended 30 June 2020

	Note	For the year ended 30 June 2020 \$'000	The period from 11 May 2018 to 30 June 2019 \$'000
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments held at fair value through profit or loss		149,147	22,437
Purchase of financial instruments held at fair value through profit or loss		(178,601)	(82,127)
Interest received		13	20
Dividends received		798	355
Management fees paid		(1,166)	(513)
Performance fees paid		(274)	(119)
Administration fees paid		(93)	(38)
RITC paid		(10)	(13)
Realised foreign exchange impacts		(30)	(285)
Other income received		-	1
Other expense paid		(103)	(46)
<b>Net cash used in operating activities</b>	14 (a)	<b>(30,319)</b>	<b>(60,328)</b>
<b>Cash flows from financing activities</b>			
Proceeds from application by unitholders		69,947	66,627
Payments for redemptions by unitholders		(37,041)	(3,210)
<b>Net cash provided by financing activities</b>		<b>32,906</b>	<b>63,417</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,587</b>	<b>3,089</b>
Cash and cash equivalents at the beginning of the year		3,086	-
Effects of exchange rate changes on the balance of cash held in foreign currencies		(2)	(3)
<b>Cash and cash equivalents at the end of the year</b>	10, 14 (b)	<b>5,671</b>	<b>3,086</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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## **1 General information**

These financial statements cover WCM Quality Global Growth Fund (Quoted Managed Fund) ("the Fund") as an individual entity. The Fund was constituted on 11 May 2018 and listed on the Australian Stock Exchange on the 3 September 2018. The Fund will terminate on 3 September 2098 unless terminated earlier in accordance with the provisions of the Fund's Constitution.

The Responsible Entity of the Fund is Switzer Asset Management Limited ("the Responsible Entity"). The Responsible Entity's registered office is Level 6, 10 Spring Street, Sydney NSW 2000. The Responsible Entity is incorporated and domiciled in Australia.

The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the directors on 25 September 2020. 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, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia.

The Fund is a for-profit entity for the purposes 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 are not distinguished between current and non-current. All balances are generally expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders where the amount expected to be recovered or settled within twelve months after the end of the year cannot be reliably determined.

#### *Compliance with Australian Accounting Standards and International Financial Reporting Standards*

The financial statements of the Fund comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board and also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

#### *New standard adopted as at 1 July 2019*

AASB 16 Leases became mandatorily effective on 1 July 2019. Accordingly, these standards apply for the first time to this set of financial statements.

AASB 16 supersedes AASB 117 Leases and AASB Interpretation 4 Determining whether an Arrangement contains a Lease. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The Fund is not a Lessee and there is no impact of adopting this standard.

### **(b) Financial instruments**

#### **(i) Classification and measurement**

Financial assets:

The Fund classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

For equity securities the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss. The Fund's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is to evaluate the information about these financial assets on a fair value basis together with other related financial information.

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

### **(b) Financial instruments (continued)**

#### **(i) Classification and measurement (continued)**

A financial asset is measured at amortised cost only if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment.

#### **(ii) Recognition/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 and financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all the risks and rewards of ownership.

#### **(iii) Impairment**

The Fund holds only trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade receivables. Therefore, the Fund does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date.

The Fund's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Fund uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

Any change in expected credit losses between the previous year and the current year is recognised as an impairment gain or loss in profit or loss. There is no material impact on the Fund as of 30 June 2020. There is no material impairment during the year and as at 30 June 2020 (June 2019: Nil).

### **(c) Net assets attributable to unitholders**

Units are redeemable at the unitholders option and are classified as financial liabilities due to mandatory distributions. The units can be put back to the Fund at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the year if unitholders exercised their right to put the units back to the Fund. As the Fund's redemption unit price is based on different valuation principles to that applied in financial reporting, a valuation difference exists, which has been treated as a separate component of net assets attributable to unitholders. Changes in the value of this financial liability are recognised in the Statement of Profit or Loss and Other Comprehensive Income as they arise.

### **(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, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, 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 movements in the fair value of these securities represent the Fund's main income generating activity.

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

### **(e) Investment Income**

Interest income is recognised in the Statement of Profit or Loss and Other Comprehensive Income for all financial instruments on an accruals basis. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b).

Dividend income is recognised on the ex-dividend date.

Net gains/(losses) on financial assets and financial liabilities held at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at the end of the year and the fair value at the previous valuation point. Net gains/(losses) do not include interest or dividend/distribution income. Realised and unrealised gains/(losses) are shown in the notes to the financial statements.

### **(f) Expenses**

All expenses, including Responsible Entity's fees are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

### **(g) Income tax**

Under current legislation, the Fund is not subject to income tax as unitholders are presently entitled to the income of the Fund.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

The benefit of imputation credits and foreign tax paid is passed on to unitholders.

The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the Statement of Profit or Loss and Other Comprehensive Income.

### **(h) Distributions**

In accordance with the Fund's Constitution, the Fund distributes income adjusted for amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the Statement of Profit or Loss and Other Comprehensive Income as finance costs attributable to unitholders.

### **(i) Increase/(decrease) in net assets attributable to unitholders**

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the Statement of Profit or Loss and Other Comprehensive Income as finance costs.

### **(j) Foreign currency translation**

#### *(i) Functional and presentation currency*

Items 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 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 Profit or Loss and Other Comprehensive Income.

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

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

### **(k) Receivables**

Receivables may include amounts for interest, dividends and securities sold where settlement has not yet occurred. Interest is accrued at the end of each year from the time of last payment in accordance with the policy set out in Note 2(e) above. Dividends are accrued when the right to receive payment is established. Amounts are generally received within 30 days of being recorded as receivables.

Receivables include such items as Reduced Input Tax Credits (RITC) and application monies receivable from unitholders.

### **(l) Payables**

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the year.

Trades are recorded on trade date, and normally settled within two business days. Purchases of financial instruments that are unsettled at the end of each year are included in payables.

The distribution amount payable to unitholders as at the end of each year is recognised separately in the Statement of Financial Position when unitholders are presently entitled to the distributable income under the Fund's Constitution.

### **(m) Applications and redemptions**

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed. Unit redemption prices are determined by reference to the net assets of the Fund divided by the number of units on issue.

### **(n) Goods and Services Tax (GST)**

Expenses of various services provided to the Fund by third parties such investment management fees are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the related expense or cost item.

Accounts payable and receivable are stated inclusive of the GST receivable and payable. The net amount of GST recoverable from, or payable to, the taxation authority is included in receivables or payables in the Statement of Financial Position.

Cash flows relating to GST are included in the Statement of Cash Flows on a gross basis.

### **(o) Use of judgements and estimates**

The preparation of the Fund's financial statements requires it to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. However, estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Fund's financial instruments are traded in active markets and are valued 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 Fund uses independent pricing services to obtain these prices.

When the fair values of the reported financial instruments cannot be derived from active markets, they are determined using prices obtained from inactive or unquoted markets and/or other valuation techniques. The inputs to these valuation techniques (if applicable) are taken from observable markets to the extent practicable. Where observable inputs are not available, the inputs may be estimated based on a degree of judgements and assumptions in establishing fair values.

Where appropriate, the outcomes of the valuation techniques that are used in establishing fair values are validated using prices from observable current market transactions for similar instruments (without modification or repackaging) or based on relevant available observable market data.

The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

In addition, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates and judgements. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including cash and cash equivalents, amounts due from/to brokers, accounts payable and accounts receivable, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

## 2 Summary of significant accounting policies (continued)

### (p) New accounting standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual years beginning after 1 July 2020 and have not been early adopted in preparing these financial statements.

The Directors have assessed that the implementation of these standards does not have a material impact on the financial report in the year of initial application.

### (q) Rounding of amounts

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

## 3 Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor, Ernst & Young, to the Fund:

	For the year ended 30 June 2020	The period from 11 May 2018 to 30 June 2019
<b>Audit and review of financial reports</b>		
Audit and review of financial reports	39,948	30,750
<b>Total audit and review of financial statements</b>	39,948	30,750
<b>Non-Audit Services</b>		
Taxation compliance advice	12,500	10,500
<b>Total non-audit services</b>	12,500	10,500
<b>Total remuneration of Ernst &amp; Young</b>	<b>52,448</b>	<b>41,250</b>

Audit fees for WCM Quality Global Growth Fund (Quoted Managed Fund) are paid by the Responsible Entity of the Fund.

## 4 Net assets attributable to unitholders

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 to 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.

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

	For the year ended 30 June 2020		The period from 11 May 2018 to 30 June 2019	
	No. of Units	\$'000	No. of Units	\$'000
Opening balance	12,632,748	72,917	-	-
Applications for units by unitholders	11,544,159	70,255	13,443,891	66,672
Redemption of units by unitholders	(6,180,196)	(37,087)	(811,143)	(3,259)
Increase in net assets attributable to unitholders	-	11,238	-	9,504
<b>Closing balance</b>	<b>17,996,711</b>	<b>117,323</b>	<b>12,632,748</b>	<b>72,917</b>

#### 4 Net assets attributable to unitholders (continued)

##### Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a financial liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

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 unitholders.

#### 5 Distribution to unitholders

	30 June 2020	30 June 2019
	\$	\$
Distributions payable	3,844	-
<b>Total distribution payable</b>	<b>3,844</b>	<b>-</b>

#### 6 Net gains on financial assets held at fair value through profit or loss

	For the year ended 30 June 2020	The period from 11 May 2018 to 30 June 2019
	\$'000	\$'000
Unrealised gains on financial instruments at fair value through profit or loss	9,784	10,786
Realised gains/(losses) on financial instruments at fair value through profit or loss	6,420	(698)
<b>Net gains on financial assets held at fair value through profit or loss</b>	<b>16,204</b>	<b>10,088</b>

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

	30 June 2020	30 June 2019
	\$'000	\$'000
<b>Fair value through profit or loss</b>		
Listed equities	115,479	69,886
<b>Total financial assets held at fair value through profit or loss</b>	<b>115,479</b>	<b>69,886</b>

#### 8 Receivables

Interest receivable	-	2
Dividends receivable	49	108
RITC receivable	23	13
Application receivable	354	46
Due from brokers - receivable for securities sold	717	270
<b>Total receivables</b>	<b>1,143</b>	<b>439</b>

## **9 Payables**

	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Management fees payable	118	68
Performance fees payable	456	275
Administration fees payable	15	11
Redemptions payable	95	49
Due to brokers - payable for securities purchased	442	91
<b>Total payables</b>	<b>1,126</b>	<b>494</b>

## **10 Cash and cash equivalents**

Cash and cash equivalents	5,671	3,086
<b>Total cash and cash equivalents</b>	<b>5,671</b>	<b>3,086</b>

## **11 Financial risk management**

### **(a) Objectives, strategies, policies and processes**

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

The Fund's overall risk management program focuses on ensuring compliance with the Fund's Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. Financial risk management is carried out by an Investment Manager ("the Investment Manager") under policies approved by the Board of Directors of the Responsible Entity ("the Board").

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ratings analysis for credit risk.

### **(b) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, foreign exchange risk and interest rate risk. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

The market risk disclosures are prepared on the basis of the Fund's direct investments and not on a look-through basis for investments held in the Fund.

The sensitivity of the Fund's net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders) to price risk, foreign exchange risk and interest rate risk is measured by the reasonably possible movements approach. This approach is determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Fund's investments with the relevant benchmarks and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Fund invests. As a result, historic variations in the risk variables are not a definitive indicator of future variations in the risk variables.

#### **(i) Price risk**

Price risk is the risk that the fair value or future cash flows of listed securities will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

Price risk exposure arises from the Fund's investment portfolio. The investments are classified on the Statement of Financial Position as at fair value through profit or loss. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Investment Manager mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the Board.

## 11 Financial risk management (continued)

### (b) Market risk (continued)

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

The Fund's overall market positions are monitored on a regular basis by the Fund's Investment Manager. This information and the compliance with the Fund's Product Disclosure Statement are reported to the relevant parties on a regular basis as deemed appropriate such as the compliance manager, other key management personnel, compliance committees and ultimately the Board.

At 30 June, the overall market exposures were as follows:

	30 June 2020 \$'000	30 June 2019 \$'000
<b>Fair value through profit or loss</b>		
Listed equities	115,479	69,886
Total fair value through profit or loss	115,479	69,886
<b>Total financial assets held at fair value through profit or loss</b>	<b>115,479</b>	<b>69,886</b>

At 30 June 2020, if prices of listed securities had increased/(decreased) by the percentage indicated below, with all other variables held constant, the net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders) would have changed by the following amounts, approximately and respectively.

	As at 30 June 2020		As at 30 June 2019	
	Increased by 10% \$'000	Decreased by 10% \$'000	Increased by 10% \$'000	Decreased by 10% \$'000
Increase/(decrease) in net assets attributable to unitholders (and profit/(loss) before finance costs attributable to unitholders)	11,548	(11,548)	6,989	(6,989)

#### (ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company invests in equity securities that are denominated in foreign currencies.

The table below demonstrates the impact of a reasonably possible 5% movement in currency rate as at the end of each year for foreign currency denominated monetary assets.

Currency	Change in Currency Rate %	Effect on comprehensive Income (\$'000)		Effect on comprehensive Income (\$'000)	
		2020		2019	
USD	5/(5)	4,831	(4,831)	2,763	(2,763)
EUR	5/(5)	247	(247)	246	(246)
HKD	5/(5)	349	(349)	217	(217)
JPY	5/(5)	141	(141)	108	(108)
GBP	5/(5)	-	-	85	(85)
SEK	5/(5)	132	(132)	54	(54)
CHF	5/(5)	100	(100)	76	(76)
CAD	5/(5)	66	(66)	-	-

## 11 Financial risk management (continued)

### (b) Market risk (continued)

#### (ii) Currency risk (continued)

Foreign currency exposure related to non-hedged monetary items is made up predominantly of US Dollar cash deposits which are held at call with a major financial institution. The above analysis calculates the effect of a reasonably possible movement in the currencies disclosed above against the AUD on the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Financial Position, based on the last 5 years of historical movement in foreign exchange rates, with all other variables held constant.

Notwithstanding that investments in non-monetary items do not give rise to currency risk under the accounting standards, the investment manager monitors its exposure to each currency both monetary and non-monetary financial instruments as a percentage of net assets attributable to shareholders in order to ensure that its risk to adverse currency movements remains within its mandate limits.

The table below demonstrates the impact of a reasonably possible 5% movement in currency rate as at the end of each year for non-hedged foreign currency denominated monetary assets.

Currency	% of Net Assets	
	2020	2019
USD	82	78
EUR	4	7
HKD	6	6
JPY	2	3
GBP	-	2
SEK	2	2
CHF	2	2
CAD	1	-

#### (iii) Interest rate risk

There was no significant direct interest rate risk in the Fund as at 30 June 2020 (30 June 2019: Nil).

#### (c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and receivables.

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 purchase of the securities has been received by the broker. The trade will fail if either party fails to meet its obligations.

There was no significant credit risk in the Fund as at 30 June 2020 (30 June 2019: Nil).

## 11 Financial risk management (continued)

### (d) Concentrations of risk

Concentrations of risk arise when a number of financial instruments are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic conditions. These similarities would cause the counterparties' liabilities to meet the contractual obligations to be similarly affected by certain changes in the risk variables.

The concentrations of risk are monitored by the Investment Manager to ensure they are within acceptable limits by reducing the exposures or by other means as deemed appropriate.

Concentrations of risk are managed by industry sector for equity instruments.

Based on the concentrations of risk that are managed by industry sector, the following investments can be analysed by the industry sector and/or counterparty as at 30 June:

	At 30 June 2020	At 30 June 2019
	%	%
Information Technology	24.50	19.10
Health Care	22.40	24.40
Financials	10.80	12.70
Industrials	10.60	9.10
Consumer Discretionary	9.80	7.00
Consumer Staples	5.90	6.70
Materials	4.70	7.50
Communication Services	3.50	5.30
Real Estate	2.90	2.60
Energy	-	1.00
Cash	4.90	4.60
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

### (e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. This risk is controlled through the Fund's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Fund may be exposed to daily cash redemptions of redeemable units. It therefore primarily holds investments that are traded in active markets and can be readily disposed of.

The Fund's investments mainly consist of listed securities that are considered readily realisable, as they are listed on recognised stock exchanges.

The Fund's policy is to hold a significant proportion of its investments in liquid assets.

Under the terms of its constitution, the Fund has the ability to manage liquidity risk by delaying redemptions to unitholders, if necessary, until the funds are available to pay them. No redemptions to unitholders were delayed for the year ended 30 June 2020 (30 June 2019: Nil).

Units are redeemed on demand at the unitholders option. However, the Board of Directors 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.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position on a regular basis. This information and the compliance with the Fund's policy are reported to the relevant parties on a regular basis as deemed appropriate such as compliance manager, other key management personnel, compliance committees and ultimately the Board.

## 11 Financial risk management (continued)

### (e) Liquidity risk (continued)

#### *Maturity of non-derivative financial liabilities*

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining year at the end of the year to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	30 June 2020			
	< 1 month	1-3 months	3-6 months	Total
Liabilities	\$'000	\$'000	\$'000	\$'000
Management fees payable	118	-	-	118
Performance fees payable	456	-	-	456
Administration fees payable	15	-	-	15
Redemptions payable	95	-	-	95
Distribution payable	3,844	-	-	3,844
Due to brokers - payable for securities purchased	442	-	-	442
Net assets attributable to unitholders	117,323	-	-	117,323
<b>Total liabilities</b>	<b>122,293</b>	<b>-</b>	<b>-</b>	<b>122,293</b>

	30 June 2019			
	< 1 month	1-3 months	3-6 months	Total
Liabilities	\$'000	\$'000	\$'000	\$'000
Management fees payable	68	-	-	68
Performance fees payable	275	-	-	275
Administration fees payable	11	-	-	11
Redemptions payable	49	-	-	49
Due to brokers - payable for securities purchased	91	-	-	91
Net assets attributable to unitholders	72,917	-	-	72,917
<b>Total liabilities</b>	<b>73,411</b>	<b>-</b>	<b>-</b>	<b>73,411</b>

The Fund manages its liquidity risk by investing predominantly in liquid assets that it expects to be able to liquidate within 7 days or less. Liquid assets include cash and cash equivalents and listed equities.

### (f) Estimation of fair values of financial assets and liabilities

The carrying amounts of all the Fund's financial assets and financial liabilities at the end of the year approximated their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Fund's accounting policy on fair value measurement is set out in note 2(b). The methods and assumptions used in the determination of the fair value of each class of financial instruments are also set out in note 2(b).

Note 2(o) outlines further the nature of management's judgements, estimates and assumptions that might have been used in the determination of the fair values of these financial instruments.

## 11 Financial risk management (continued)

### (g) Fair value hierarchy

The Fund is required to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); quoted prices for similar securities in active and/or inactive markets; market-corroborated inputs; inputs that are developed based on available market data and reflect assumptions that markets would use when pricing similar securities.
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company held \$115,479,000 Level 1 Financial Assets as at 30 June 2020 (2019: 69,886,000). For all other financial assets and liabilities, the carrying value is an approximation of fair value, including cash and cash equivalents, trade and other receivables and trade and other payables due to their short term nature.

The table below sets out the Fund's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at the reporting date.

All fair value measurements disclosed are recurring fair value measurements.

	30 June 2020			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Fair value through profit or loss</b>				
Listed equities	115,479	-	-	115,479
<b>Total financial assets held at fair value through profit or loss</b>	<b>115,479</b>	<b>-</b>	<b>-</b>	<b>115,479</b>

	30 June 2019			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Fair value through profit or loss</b>				
Listed equities	69,886	-	-	69,886
<b>Total financial assets held at fair value through profit or loss</b>	<b>69,886</b>	<b>-</b>	<b>-</b>	<b>69,886</b>

## **12 Related party transactions**

### **(a) Responsible Entity**

The Responsible Entity of WCM Quality Global Growth Fund (Quoted Managed Fund) is Switzer Asset Management Limited.

### **(b) Key management personnel**

The Responsible Entity is a related party and considered the Fund's key management personnel.

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

Peter Switzer	Chairman and Non-Executive Director
Jarrold Deakin	Director
Martin Switzer	Director

### **(c) Other key management personnel**

There were no other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the year.

### **(d) Other transactions within the Fund**

From time to time directors of WCM Quality Global Growth Fund (Quoted Managed Fund), or their director related entities, may invest in or withdraw from the Fund. These investments or withdrawals are on the same terms and conditions as those entered into by other Fund investors.

### **(e) Related party Fund's unitholdings**

During the year ended 30 June 2020, the Responsible Entity did not hold investments in the Fund (30 June 2019: Nil).

### **(f) Investments**

During the year from ended 30 June 2020, the Fund did not hold investments in funds owned or managed by the Responsible entity or its related parties (30 June 2019: Nil).

### **(g) Responsible Entity fees and other transactions**

For the year ended 30 June 2020, in accordance with the Fund Constitution, the Responsible Entity received a total management fee of 1.25% of the net asset value (inclusive of GST, net of RITC available to the Fund) per annum. Total management fees for the year ended 30 June 2020 amounted to \$1,215,828 (2019: \$580,363). Management fees payable as at 30 June 2020 are \$118,096 (2019: \$67,789).

A performance fee is also charged at 10% of the cumulative outperformance of the Fund (after management fee and expenses, inclusive of GST, net of RITC available to the Fund) above the MSCI All Country World Index ex-Australia (with gross dividends reinvested reported in Australian dollars and unhedged) (the Benchmark), subject to a "high watermark" as set out in the Funds' offer document. The fee is calculated on the portfolio assets of the Fund and is accrued daily and payable six monthly. Total performance fees for the year ended 30 June 2020 amounted to \$456,097 (2019: \$393,648). Performance fees payable as at 30 June 2020 are \$456,152 (2019: \$274,607).

All expenses in connection with the preparation of accounting records and the maintenance of the unit register have been fully borne by the Responsible Entity.

## **13 Investment Manager**

The Responsible Entity has appointed WCM Investment Management as its Investment Manager in respect of the Fund's portfolio and the Responsible Entity pays on its fees under the Investment Manager Agreement to WCM Investment Management. The Fund is not required to pay any fees to WCM Investment Management.

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

	For the year ended 30 June 2020 \$'000	The period from 11 May 2018 to 30 June 2019 \$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Increase in net assets attributable to unitholders	11,238	9,504
Proceeds from sale of financial instruments held at fair value through profit or loss	149,147	22,437
Purchase of financial instruments held at fair value through profit or loss	(178,601)	(82,127)
Distribution to unitholders	3,844	-
Net gains on financial instruments held at fair value through profit or loss	(16,204)	(10,088)
Net change in receivables and other assets	(253)	439
Net change in payables and other liabilities	510	(493)
<b>Net cash outflow from operating activities</b>	<b>(30,319)</b>	<b>(60,328)</b>
<b>(b) Components of cash and cash equivalents</b>		
Cash as at the end of the year as shown in the statement of Cash Flows is reconciled to the Statement of Financial Position as follows:		
Cash and cash equivalents	5,671	3,086
	<b>5,671</b>	<b>3,086</b>
<b>(c) Non-cash financing activities</b>		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	-	-

## 15 Segment information

The Fund operates solely in the business of investment in companies listed on global share markets. Revenue, profit, net assets and other financial information reported to and monitored by the Chief Operating Decision Maker (CODM) for the single identified operating segment are the amounts reflected in the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows. The CODM has been identified as the Responsible Entity.

## 16 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2020 (2019: nil).

## 17 Events occurring after the year

No significant events have occurred since the end of the year which would impact on the financial position of the Fund disclosed in the Statement of Financial Position as at 30 June 2020 or on the results and cash flows of the Fund for the year ended on that date.

## **Directors' declaration**

In accordance with a resolution of the directors of WCM Quality Global Growth Fund (Quoted Managed Fund), I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Fund are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Fund's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (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.
- (c) the financial statements are in accordance with the Fund's Constitution.



Martin Switzer  
Director Switzer Asset Management Limited



Jarrod Deakin  
Director Switzer Asset Management Limited

Sydney,  
25 September 2020

## Independent Auditor's Report to the Members of WCM Quality Global Growth Fund (Quoted Managed Fund)

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of WCM Quality Global Growth Fund (Quoted Managed Fund) (the Fund), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration of the Fund.

In our opinion, the accompanying financial report of 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 2020 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

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

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Key audit matter	How our audit addressed the key audit matter
<b>Existence and valuation of the investment portfolio</b>	
<p>WCM Quality Global Growth Fund's investment portfolio as at 30 June 2020 includes listed offshore equities and cash holdings.</p> <p>Investment valuation and existence is a key audit matter as the investment balance of \$115,479,132 represents 94% of total assets.</p> <p>As detailed in the Fund's accounting policy, described in Note 2(b) of the financial report, these financial assets are recognised at fair value through profit or loss in accordance with Australian Accounting Standards.</p> <p>Pricing, exchange rates and other market drivers can have a significant impact on the value of these financial assets and the financial report. Accordingly, valuation of the investment portfolio was considered a key audit matter.</p>	<p>We assessed the effectiveness of controls relating to the recognition and valuation of investments.</p> <p>We obtained and considered the assurance report on the controls of the Fund's administrator and custodian in relation to the fund administration and custody services for the year ended 30 June 2020 and considered the auditor's qualifications, competence and objectivity and the results of their procedures.</p> <p>We agreed all investment holdings, including cash accounts, to third party confirmations at 30 June 2020.</p> <p>We assessed the fair value of all investments in the portfolio held at 30 June 2020. For listed securities, the values were verified against independently sourced market prices.</p> <p>We assessed the adequacy of the disclosures in Note 6 and Note 7 of the financial report.</p>

### Information Other than the Financial Report and Auditor's Report Thereon

The directors of the Responsible Entity of the Fund (Switzer Asset Management Limited) are responsible for the other information. The other information comprises the information included in the Fund's financial 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 and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

The directors 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 the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity of the Fund 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 of the Fund are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity of the Fund either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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

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

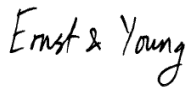
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

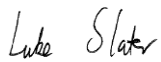
We communicate with the directors of the Responsible Entity of the Fund regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors of the Responsible Entity of the Fund with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors of the Responsible Entity of the Fund, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Ernst & Young



Luke Slater  
Partner  
Melbourne  
25 September 2020