

# **Robeco Emerging Conservative Equity Fund (AUD)**

ARSN 165 582 543

## **Annual report**

### **For the year ended 30 June 2020**

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This annual report covers Robeco Emerging Conservative Equity Fund (AUD) as an individual entity.

The Responsible Entity of Robeco Emerging Conservative Equity Fund (AUD) 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 Robeco Emerging Conservative Equity Fund (AUD) (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2020.

### Principal activities

The Fund's objective is to achieve capital growth equal to, or greater than the MSCI Emerging Markets NR Index (AUD unhedged) (the "Benchmark") with lower volatility over the long-term by investing in Robeco QI Emerging Conservative Equities, a Sub-Fund of the Robeco Capital Growth Funds SICAV (the "Underlying Fund") based in Luxembourg, in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution. The Investment Manager of the Underlying Fund is Robeco Institutional Asset Management B.V.

The Fund did not have any employees during the year.

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

The various service providers of the Fund are detailed below:

<b>Service</b>	<b>Provider</b>
Responsible Entity	Equity Trustees Limited
Investment Manager	Robeco Hong Kong Limited
Custodian	JPMorgan Chase Bank, N.A. (Sydney Branch)
Administrator and Registrar	Link Fund Solutions Pty Limited
Statutory Auditor	KPMG

### 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 (resigned 1 September 2020)  
 Ian C Westley (resigned 3 July 2020)  
 Michael J O'Brien  
 Russell W Beasley (appointed 1 September 2020)

### Review and results of operations

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

The Fund's performance was -12.6% (net of fees) for the year ended 30 June 2020. The Fund's benchmark, the MSCI Emerging Markets NR Index (AUD unhedged) returned -1.5% for the same period.

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

	<b>Year ended</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>
Operating profit/(loss) for the year (\$ '000)	<b>(38,789)</b>	22,318
Distributions paid and payable (\$'000)	<b>11,261</b>	12,549
Distributions (cents per unit)	<b>5.5124</b>	8.1548

### **Significant changes in the 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 financial year.

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

Ian C Westley resigned as a director of Equity Trustees Limited on 3 July 2020.

Harvey H Kalman resigned as a director of Equity Trustees Limited on 1 September 2020.

Russell W Beasley was appointed as a director of Equity Trustees Limited on 1 September 2020.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may have a significant effect on:

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

### **Likely developments and expected results of operations**

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the Product Disclosure Statement and the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

### **COVID-19 Outbreak**

In March 2020, the World Health Organisation (WHO) officially declared COVID-19 a pandemic. The Directors and the Investment Manager 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 and Investment Manager 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 Investment Manager however, actively manages the financial risks that the Fund is exposed to, with the approach outlined further within Note 3 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.

### **Indemnification and insurance of officers**

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to the officers of Equity Trustees Limited. So long as the officers of Equity Trustees Limited act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

### **Indemnification of auditor**

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

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

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

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

**Fees paid to and interests held in the Fund by the Responsible Entity and its associates (continued)**

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 15 to the financial statements.

**Interests in the Fund**

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

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

**Environmental regulation**

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

**Rounding of amounts to the nearest thousand dollars**

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

**Auditor's independence declaration**

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

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



Philip D Gentry  
Chairman

Melbourne  
10 September 2020



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Robeco Emerging Conservative Equity Fund (AUD)

I declare that, to the best of my knowledge and belief, in relation to the audit of Robeco Emerging Conservative Equity Fund (AUD) for the financial year ended 30 June 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Andrew Reeves  
*Partner*

Sydney  
10 September 2020

**Robeco Emerging Conservative Equity Fund (AUD)**  
**Statement of comprehensive income**  
**For the year ended 30 June 2020**

**Statement of comprehensive income**

		<b>Year ended</b>	
		<b>30 June</b>	<b>30 June</b>
		<b>2020</b>	<b>2019</b>
	Note	<b>\$'000</b>	<b>\$'000</b>
<b>Investment income</b>			
Interest income from financial assets at amortised cost		4	19
Distribution income		13,659	14,156
Net gains/(losses) on financial instruments at fair value through profit or loss	5	(50,049)	9,771
Expense reimbursement income	15	459	298
<b>Total investment income/(loss)</b>		<u>(35,927)</u>	<u>24,244</u>
<b>Expenses</b>			
Management fees	15	2,548	1,719
Administration fees		205	116
Custody fees		58	49
Remuneration of auditor		28	28
Other expenses		23	14
<b>Total expenses</b>		<u>2,862</u>	<u>1,926</u>
<b>Operating profit/(loss) for the year</b>		<u>(38,789)</u>	<u>22,318</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u>(38,789)</u>	<u>22,318</u>

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

**Robeco Emerging Conservative Equity Fund (AUD)**  
**Statement of financial position**  
**As at 30 June 2020**

**Statement of financial position**

		As at	
		30 June 2020	30 June 2019
	Note	\$'000	\$'000
<b>Assets</b>			
Cash and cash equivalents	10	15,588	17,593
Receivables	12	121	92
Financial assets at fair value through profit or loss	6	249,859	225,287
<b>Total assets</b>		<b>265,568</b>	<b>242,972</b>
<b>Liabilities</b>			
Distributions payable	9	11,261	12,549
Payables	13	1,509	1,913
Due to brokers - payable for securities purchased		436	1,253
<b>Total liabilities</b>		<b>13,206</b>	<b>15,715</b>
<b>Net assets attributable to unit holders - equity</b>	8	<b>252,362</b>	<b>227,257</b>

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



**Robeco Emerging Conservative Equity Fund (AUD)**  
**Statement of changes in equity**  
**For the year ended 30 June 2020**

**Statement of changes in equity**

		Year ended	
		30 June 2020	30 June 2019
	Note	\$'000	\$'000
<b>Total equity at the beginning of the financial year</b>	8	<b>227,257</b>	115,172
<b>Comprehensive income for the financial year</b>			
Profit/(loss) for the year	8	<b>(38,789)</b>	22,318
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>(38,789)</b>	22,318
<b>Transactions with unit holders</b>			
Applications	8	<b>114,061</b>	127,284
Redemptions	8	<b>(40,091)</b>	(25,531)
Reinvestment of distributions	8	<b>1,185</b>	563
Distributions paid and payable	8	<b>(11,261)</b>	(12,549)
<b>Total transactions with unit holders</b>		<b>63,894</b>	89,767
<b>Total equity at the end of the financial year</b>		<b>252,362</b>	227,257

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

**Robeco Emerging Conservative Equity Fund (AUD)**  
**Statement of cash flows**  
**For the year ended 30 June 2020**

**Statement of cash flows**

	<b>Year ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>
Note	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Proceeds from sale of financial instruments at fair value through profit or loss	8,951	4,920
Payments for purchase of financial instruments at fair value through profit or loss	(84,389)	(105,026)
Interest income received from financial assets at amortised cost	5	22
Distribution income received	13,659	14,156
Expense reimbursement income received	449	324
Management fees paid	(2,489)	(1,734)
Other expenses paid	(327)	(203)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>11(a) (64,141)</b>	<b>(87,541)</b>
<b>Cash flows from financing activities</b>		
Proceeds from applications by unit holders	114,441	127,361
Payments for redemptions by unit holders	(40,941)	(24,371)
Distributions paid to unit holders	(11,364)	(2,921)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>62,136</b>	<b>100,069</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(2,005)</b>	<b>12,528</b>
Cash and cash equivalents at the beginning of the year	17,593	5,065
<b>Cash and cash equivalents at the end of the year</b>	<b>10 15,588</b>	<b>17,593</b>
Non-cash operating and financing activities	11(b) 1,185	563

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

## **Notes to the financial statements**

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## **1 General information**

These financial statements cover Robeco Emerging Conservative Equity Fund (AUD) (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 30 August 2013 and will terminate in accordance with the provisions of the Fund's Constitution or by Law.

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

The Fund's objective is to achieve capital growth equal to, or greater than the MSCI Emerging Markets NR Index (AUD unhedged) (the "Benchmark") with lower volatility over the long-term by investing in Robeco QI Emerging Conservative Equities, a Sub-Fund of the Robeco Capital Growth Funds SICAV (the "Underlying Fund"). The Investment Manager of the Underlying Fund is Robeco Institutional Asset Management B.V.

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

## **2 Summary of significant accounting policies**

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

### **(a) Basis of preparation**

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

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

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

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

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

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

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

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

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2019 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

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

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

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

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

None of these are expected to have a material effect on the financial statements of the Fund.

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

#### *(i) Classification*

- Financial assets

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

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

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

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

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

- Financial liabilities

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (distributions payable, management fees payable, redemptions payable, applications pending, audit and tax fees payable and other payables).

#### *(ii) Recognition and derecognition*

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities are discharged, cancelled or expired.

## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments (continued)

#### (iii) Measurement

- Financial instruments at fair value through profit or loss

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

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

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

- Financial instruments at amortised cost

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

Cash and cash equivalents, receivables and payables are carried at amortised cost.

#### (iv) Impairment

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

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

#### (v) Offsetting financial instruments

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

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

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

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

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

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

## 2 Summary of significant accounting policies (continued)

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

The Fund's units are classified as equity as they satisfy the following criteria under AASB 132 *Financial Instruments: Presentation*:

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

### (d) Cash and cash equivalents

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

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

### (e) Investment income

#### (i) Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities.

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

#### (ii) Distributions

Trust distributions are recognised on an entitlement basis.

### (f) Expenses

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

### (g) Income tax

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unit holders.

### (h) Distributions

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

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

### **(i) Foreign currency translation**

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

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

### **(j) Due from/to brokers**

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and are recognised initially at fair value and subsequently measured at amortised cost.

### **(k) Receivables**

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

### **(l) Payables**

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

A separate 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.

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

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

### **(n) Goods and services tax (GST)**

The investment portfolio composition is 100% offshore investments. As the Investment Manager is offshore domiciled, the investment management fee will be exclusive of GST. All other expenses will incur GST at 10% but will be entitled to a Reduced Input Tax Credit (RITC) at a rate of at least 55%. Expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

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

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

The Fund estimates the expected credit loss (ECL) using impairment model, which has not materially impacted the Fund. Please see Note 3 for more information on credit risk.

For more information on how fair value is calculated please refer to Note 4 to the financial statements.



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

### **(p) Rounding of amounts**

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

### **(q) 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.

### **(r) Going concern**

Management has prepared cash flow forecast scenarios that represent plausible downside scenarios to the Fund and the global economy arising from the COVID-19 pandemic over the next 18 months, which have been reviewed by the directors. These forecasts demonstrate that the Fund has sufficient cash and other liquid resources to enable the Fund to meet its obligations as they fall due. As such, the directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial information.

## **3 Financial risk management**

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

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

All securities investments present a risk of loss of capital. The maximum loss of capital on the investment in unit trust is limited to the fair value of those positions.

The investments of the Fund are managed by a specialist Investment Manager, Robeco Hong Kong Limited, under an Investment Management Agreement (IMA) approved by the Responsible Entity and containing the investment strategy and investment guidelines of the Fund, consistent with that stated in the Product Disclosure Statement.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

### **(a) Market risk**

Risk controls are designed to limit the Fund's market risk. The internal risk management methodology applied by the Investment Manager focuses on relative volatility versus the benchmark. Where appropriate, the extent to which the Fund is exposed to market risk is restricted by means of limits on these risk measures. Derivative positions are included in the market risk calculations, by taking into account the economic exposures of each instrument to its underlying values. The use of market risk limits implicitly limits the economic exposure introduced by derivatives that can be part of the portfolio.

In the last week of February and first two weeks of March 2020, equity and credit markets have fallen with unprecedented velocity, not seen since 1987 and sharper than 1929. Primary risk measures moved higher following the market movements, and in line with the fund risk profile. Any passive transgressions of limits or controls that occurred as a consequence of these extreme circumstances have been adequately addressed and reduced within limits in line with the Investment Manager's risk governance.

### 3 Financial risk management (continued)

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

##### (i) Price risk

The Fund is exposed to price risk on its investment in the Underlying Fund. Price risk arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates which are considered a component of price risk.

The market risk in the Underlying Fund is measured by Robeco using a Volatility-Ratio (Vol-Ratio) approach. Absolute risk of the portfolio (Volatility) is considered and scaled to the absolute risk of the reference index, MSCI Emerging Markets NR Index. This scaling serves to curb relative fund-leverage whilst avoiding insensible investment decisions. This Vol-Ratio can be used as a sensitivity indicator of the market risk in the portfolio.

The table below summarises the impact of the Fund's operating profit/(loss) and assets and liabilities to price risk using Vol-Ratio. The analysis is based on the reasonably possible shift that the investments portfolio in which the Fund invests indirectly move by +/-10%, resulting in a +/-8% impact to price risk (2019: +/-10%, resulting in a +/-8% impact).

	As at 30 June 2020		As at 30 June 2019	
	Vol-Ratio	Impact on net assets	Vol-Ratio	Impact on net assets
	\$A'000	(%)	\$A'000	(%)
Robeco QI Emerging Conservative Equity Fund (AUD)	19,989	8.00	18,023	8.00
<b>Total</b>	<b>19,989</b>	<b>8.00</b>	<b>18,023</b>	<b>8.00</b>

##### (ii) Foreign exchange risk

The Fund invests in the AUD denominated share class of the Underlying Fund and is therefore not directly exposed to foreign exchange risk. However, the AUD denominated share class of Underlying Fund is exposed to foreign exchange risk.

##### (iii) 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 Fund to interest rate risk.

#### (b) Credit risk

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

With respect to counterparty risk, procedures are in place with regard to the selection of counterparties, focusing on external credit ratings and market implied default probabilities (credit spreads). Counterparty exposure and concentration limits are computed and monitored on a frequent basis. In addition, counterparty risk is mitigated by securing appropriate collateral.

As the COVID-19 pandemic shock was deepening over March 2020, the default risk of counterparties increased. During market turmoil period, the monitoring of counterparty credit risk was intensified to anticipate and prevent unwanted exposure due to unfavorable or extreme market development. Any passive transgressions of limits or controls that occurred as a consequence of these circumstances have been adequately addressed and reduced within limits in line with the Investment Manager risk governance.

### **3 Financial risk management (continued)**

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

The Fund does not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. The main concentration of credit risk, to which the Fund is exposed, arises from cash and cash equivalents and receivables 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 receivables.

The Fund determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2020 and 30 June 2019, all receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of A+ or higher and are either callable on demand or due to be settled within 1 week. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

#### **(c) Liquidity risk**

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

The Investment Manager employs a liquidity risk framework that incorporates the dynamic that exists between asset liquidity risk and funding liquidity risk. Asset liquidity risk arises when transactions cannot be executed in a timely fashion at quoted market prices and/or at acceptable transaction cost levels due to the size of the trade. Or in more extreme cases, when they cannot be conducted at all. Funding liquidity risk occurs when the redemption requirements of clients or other liabilities cannot be met without significantly impacting the value of the portfolio. Funding liquidity risk will only arise if there is also asset liquidity risk. Asset liquidity risk is a function of transaction size, transaction time and transaction cost.

Over March - April 2020, intraday market volatility has been very high in equity markets and bid-ask spreads in equity markets have more than doubled. This triggered increase in transaction costs and price uncertainty. The Fund has remained sufficiently liquid throughout this period. Since then, normalization has been ongoing in the markets, with costs, bid-ask spreads and volatility gradually returning to pre-pandemic levels.

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

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders. The Fund did not reject or withhold any redemption during 2020 and 2019.

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

All non-derivative financial liabilities of the Fund in the current and prior year have maturities of less than one month.

### **4 Fair value measurement**

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

- Financial assets at fair value through profit or loss (see Note 6)

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

#### 4 Fair value measurement (continued)

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

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

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

*(a) Fair value in an inactive or unquoted market (level 2)*

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 Fund may make adjustments to the value based on considerations such as: liquidity of the Investee Fund or its underlying investments, the value date of the net asset value provided, or any restrictions on redemptions and the basis of accounting.

*(b) Recognised fair value measurements*

The table below presents the Fund's financial assets measured and recognised at fair value as at 30 June 2020 and 30 June 2019.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 30 June 2020</b>				
<b>Financial assets</b>				
Unlisted international unit trust	-	249,859	-	249,859
<b>Total financial assets</b>	-	249,859	-	249,859
<b>As at 30 June 2019</b>				
<b>Financial assets</b>				
Unlisted international unit trust	-	225,287	-	225,287
<b>Total financial assets</b>	-	225,287	-	225,287

*(c) Transfers 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 cash and cash equivalents, receivables and payables approximate their fair values due to their short-term nature.

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

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

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

	Year ended	
	30 June 2020 \$'000	30 June 2019 \$'000
<b>Financial assets</b>		
Net realised gain/(loss) on financial assets at fair value through profit or loss	(504)	289
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	(49,545)	9,482
<b>Total net gains/(losses) on financial instruments at fair value through profit or loss</b>	<b>(50,049)</b>	<b>9,771</b>

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

	As at	
	30 June 2020 \$'000	30 June 2019 \$'000
Unlisted international unit trust	249,859	225,287
<b>Total financial assets at fair value through profit or loss</b>	<b>249,859</b>	<b>225,287</b>

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in Note 3 and Note 5 to the financial statements.

## 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 arrangements.

The Fund considers all investments in unlisted international unit trust (the "Schemes") to be structured entities. The Fund invests in Schemes for the purpose of capital appreciation and or earning investment income.

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

	Fair value of investment	
	30 June 2020 \$'000	30 June 2019 \$'000
ZB AUD shares in Robeco QI Emerging Conservative Equities*	249,859	225,287
<b>Total unrelated Schemes</b>	<b>249,859</b>	<b>225,287</b>

\*Robeco QI Emerging Conservative Equities is a Sub-Fund of the Luxembourg based Robeco Capital Growth Funds SICAV (the "Underlying Fund").

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

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

## 7 Structured entities (continued)

During the year ended 30 June 2020, total losses incurred on investments in the Schemes were \$50,049,000 (2019: \$9,771,000 gains). The Fund also earned distribution income of \$13,659,000 (2019: \$14,156,000) as a result of its interests in the Schemes.

## 8 Net assets attributable to unit holders - equity

The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions set out in Note 2(c).

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

	Year ended		Year ended	
	30 June 2020	30 June 2020	30 June 2019	30 June 2019
	Units '000	\$'000	Units '000	\$'000
Opening balance	153,881	227,257	82,867	115,172
Applications	78,417	114,061	88,233	127,284
Redemptions	(28,815)	(40,091)	(17,624)	(25,531)
Reinvestment of distributions	803	1,185	405	563
Distributions paid and payable	-	(11,261)	-	(12,549)
Profit/(loss) for the year	-	(38,789)	-	22,318
<b>Closing balance</b>	<b>204,286</b>	<b>252,362</b>	153,881	227,257

As stipulated within the Fund's Constitution, each unit represents a right to an individual unit 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.

Units are redeemed on demand at the unit holders' option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months after the end of the reporting period cannot be reliably determined.

### Capital risk management

The Fund considers its net assets attributable to unit holders as capital. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unit holders.

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

## 9 Distributions to unit holders

The distributions declared during the year were as follows:

	Year ended		Year ended	
	30 June 2020 \$'000	30 June 2020 CPU	30 June 2019 \$'000	30 June 2019 CPU
<b>Distributions</b>				
June	11,261	5.5124	12,549	8.1548
<b>Total distributions</b>	<u>11,261</u>	<u>5.5124</u>	<u>12,549</u>	<u>8.1548</u>

## 10 Cash and cash equivalents

	As at	
	30 June 2020 \$'000	30 June 2019 \$'000
Cash at bank	15,588	17,593
<b>Total cash and cash equivalents</b>	<u>15,588</u>	<u>17,593</u>

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

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

	Year ended	
	30 June 2020 \$'000	30 June 2019 \$'000
Profit/(loss) for the year	(38,789)	22,318
Proceeds from sale of financial instruments at fair value through profit or loss	8,951	4,920
Payments for purchase of financial instruments at fair value through profit or loss	(84,389)	(105,026)
Net (gains)/losses on financial instruments at fair value through profit or loss	50,049	(9,771)
Net change in receivables	(29)	25
Net change in payables	66	(7)
<b>Net cash inflow/(outflow) from operating activities</b>	<u>(64,141)</u>	<u>(87,541)</u>

### (b) Non-cash operating and financing activities

The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan

	1,185	563
<b>Total non-cash operating and financing activities</b>	<u>1,185</u>	<u>563</u>

**Robeco Emerging Conservative Equity Fund (AUD)**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**  
**(continued)**

**12 Receivables**

	As at	
	30 June 2020 \$'000	30 June 2019 \$'000
Interest receivable	-	1
GST receivable	53	33
Management fee reimbursement receivable	68	58
<b>Total receivables</b>	<b>121</b>	<b>92</b>

**13 Payables**

	As at	
	30 June 2020 \$'000	30 June 2019 \$'000
Management fees payable	276	217
Redemptions payable	542	1,392
Applications pending	637	257
Audit and tax fees payable	26	26
Other payables	28	21
<b>Total payables</b>	<b>1,509</b>	<b>1,913</b>

**14 Remuneration of auditor**

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

	Year ended	
	30 June 2020 \$	30 June 2019 \$
<b>KPMG</b>		
<i>Audit and other assurance services</i>		
Audit and review of financial statements	14,250	14,250
Audit of compliance plan	3,750	3,750
Total remuneration for audit and other assurance services	<b>18,000</b>	<b>18,000</b>
<i>Taxation services</i>		
Tax compliance services	9,780	9,659
Total remuneration for taxation services	<b>9,780</b>	<b>9,659</b>
<b>Total remuneration of KPMG</b>	<b>27,780</b>	<b>27,659</b>

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



## **15 Related party transactions**

The Responsible Entity of Robeco Emerging Conservative Equity Fund (AUD) 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 Robeco Hong Kong Limited to act as Investment Manager, JPMorgan Chase Bank, N.A. (Sydney Branch) to act as Custodian and Link Fund Solutions Pty Limited to act as Administrator and Registrar for the Fund. The contracts are on normal commercial terms and conditions.

### **(a) Key management personnel**

#### *(i) Directors*

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

Philip D Gentry (Chairman)  
Harvey H Kalman (resigned 1 September 2020)  
Ian C Westley (resigned 3 July 2020)  
Michael J O'Brien  
Russell W Beasley (appointed 1 September 2020)

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

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

### **(b) Transactions with key management personnel**

There were no transactions with key management personnel during the reporting period.

### **(c) Key management personnel unit holdings**

Key management personnel did not hold units in the Fund as at 30 June 2020 (30 June 2019: nil).

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

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

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

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

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

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

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

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

Under the terms of the Fund's Constitution and the Product Disclosure Statement for the Fund, 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 Fund, the Responsible Entity and the Investment Manager were as follows:

	<b>Year ended</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
Management fees for the year	<b>2,400,614</b>	1,620,261
Responsible Entity fees for the year	<b>147,202</b>	99,253
Management fees reimbursement received for the year	<b>(458,976)</b>	(298,162)
Management fees payable at year end	<b>208,452</b>	173,021
Responsible Entity fees payable at year end	<b>68,259</b>	44,221
Management fees reimbursement receivable at year end	<b>(67,705)</b>	(58,066)

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

Investment Management fees reimbursed represent monies put into the Fund to ensure that the Fund's overall management costs remain within that disclosed in the Product Disclosure Statement.

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

Parties related to the Fund (including Equity Trustees Limited, its related parties and other schemes managed by Equity Trustees Limited and the Investment Manager) held no units in the Fund as at 30 June 2020 (30 June 2019: nil).

### **(i) Investments**

The Fund did not hold any investments in Equity Trustees Limited or its related parties during the year (2019: nil).

## **16 Events occurring after the reporting period**

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

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

There were no outstanding contingent assets, liabilities or commitments as at 30 June 2020 and 30 June 2019.

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 6 to 25 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2020 and of its performance for the financial year ended on that date.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (c) Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Philip D Gentry  
Chairman

Melbourne  
10 September 2020



# Independent Auditor's Report

To the members of Robeco Emerging Conservative Equity Fund (AUD)

## Opinion

We have audited the **Financial Report** of Robeco Emerging Conservative Equity Fund (AUD) (the Fund).

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

- 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
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2020;
- Statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies;
- Directors' Declaration.

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *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 fulfilled our other ethical responsibilities in accordance with the Code.

## Other Information

Other Information is financial and non-financial information in Robeco Emerging Conservative Equity Fund (AUD)'s annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of Equity Trustees Limited (the Responsible Entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.



In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Directors for the Financial Report

The Directors of Equity Trustees Limited (the Responsible Entity) are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Fund's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they 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 objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)  
This description forms part of our Auditor's Report.

KPMG

Andrew Reeves  
Partner

Sydney  
10 September 2020