

# **Robeco Multi Factor Absolute Return Fund (AUD)**

ARSN 634 759 363

## **Annual report**

### **For the period 15 July 2019 to 30 June 2020**

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This annual report covers Robeco Multi Factor Absolute Return Fund (AUD) as an individual entity.

The Responsible Entity of Robeco Multi Factor Absolute Return 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 Multi Factor Absolute Return Fund (AUD) (the "Fund"), present their report together with the financial statements of the Fund for the period 15 July 2019 to 30 June 2020.

### **Principal activities**

The Fund was constituted on 9 July 2019, registered with the Australian Securities and Investments Commission on 15 July 2019 and commenced operations on 23 August 2019.

The Fund's objective is to provide long-term capital growth and low long-run correlation to the traditional asset classes by primarily investing through Robeco QI Multi Factor Absolute Return, a Sub-Fund of the Robeco Capital Growth Fund 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 period.

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

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 period 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 period, 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 -15.44% (net of fees) for Class A and -15.28% (net of fees) for Class B for the period 15 July 2019 to 30 June 2020. The Fund does not operate against a benchmark.

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

	<b>For the period</b> <b>15 July 2019</b> <b>to 30 June 2020</b>
Operating profit/(loss) for the period (\$'000)	<b>(6,116)</b>

There were no distributions declared for the period ended 30 June 2020.

### **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 period.

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

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

### **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 period 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 period.

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

**Interests in the Fund**

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

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

**Environmental regulation**

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

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

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

**Auditor's independence declaration**

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

This report is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by 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 Multi Factor Absolute Return Fund (AUD)

I declare that, to the best of my knowledge and belief, in relation to the audit of Robeco Multi Factor Absolute Return 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 Multi Factor Absolute Return Fund (AUD)**  
**Statement of comprehensive income**  
**For the period 15 July 2019 to 30 June 2020**

**Statement of comprehensive income**

	Note	For the period 15 July 2019 to 30 June 2020 \$'000
<b>Investment income</b>		
Net gains/(losses) on financial instruments at fair value through profit or loss	5	(6,019)
Expense reimbursement income	15	<u>172</u>
<b>Total investment income/(loss)</b>		<u>(5,847)</u>
<b>Expenses</b>		
Management fees	15	129
Administration fees		104
Custody fees		13
Remuneration of auditor	14	<u>23</u>
<b>Total expenses</b>		<u>269</u>
<b>Operating profit/(loss) for the period</b>		<u>(6,116)</u>
<b>Finance costs attributable to unit holders</b>		
Distributions to unit holders	9	-
(Increase)/decrease in net assets attributable to unit holders	8	<u>6,116</u>
<b>Profit/(loss) for the period</b>		-
Other comprehensive income		<u>-</u>
<b>Total comprehensive income for the period</b>		<u>-</u>

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

**Robeco Multi Factor Absolute Return Fund (AUD)**  
**Statement of financial position**  
**As at 30 June 2020**

**Statement of financial position**

	Note	As at 30 June 2020 \$'000
<b>Assets</b>		
Cash and cash equivalents	10	26
Receivables	12	167
Due from brokers - receivable for securities sold		2
Financial assets at fair value through profit or loss	6	<u>34,491</u>
<b>Total assets</b>		<u>34,686</u>
<b>Liabilities</b>		
Distributions payable	9	-
Payables	13	<u>226</u>
<b>Total liabilities (excluding net assets attributable to unit holders)</b>		<u>226</u>
<b>Net assets attributable to unit holders - liability</b>	8	<u>34,460</u>

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

**Robeco Multi Factor Absolute Return Fund (AUD)**  
**Statement of changes in equity**  
**For the period 15 July 2019 to 30 June 2020**

**Statement of changes in equity**

	For the period 15 July 2019 to 30 June 2020 \$'000
<b>Total equity at the beginning of the financial period</b>	-
Profit/(loss) for the period	-
Other comprehensive income	-
<b>Total comprehensive income</b>	-
Transactions with owners in their capacity as owners	-
<b>Total equity at the end of the financial period*</b>	-

\* Under Australian Accounting Standards, net assets attributable to unit holders are classified as a liability rather than equity. As a result, there was no equity at the start or end of the financial period.

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

**Robeco Multi Factor Absolute Return Fund (AUD)**  
**Statement of cash flows**  
**For the period 15 July 2019 to 30 June 2020**

**Statement of cash flows**

		For the period 15 July 2019 to 30 June 2020
	Note	\$'000
<b>Cash flows from operating activities</b>		
Proceeds from sale of financial instruments at fair value through profit or loss		867
Payments for purchase of financial instruments at fair value through profit or loss		(41,379)
Expense reimbursement income received		21
Management fees paid		(18)
Other expenses paid		(41)
<b>Net cash inflow/(outflow) from operating activities</b>	11(a)	<u>(40,550)</u>
<b>Cash flows from financing activities</b>		
Proceeds from applications by unit holders		41,409
Payments for redemptions by unit holders		(833)
<b>Net cash inflow/(outflow) from financing activities</b>		<u>40,576</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>26</b>
Cash and cash equivalents at the beginning of the period		-
<b>Cash and cash equivalents at the end of the period</b>	10	<u><b>26</b></u>

*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 Multi Factor Absolute Return Fund (AUD) (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 9 July 2019 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 provide long-term capital growth and low long-run correlation to the traditional asset classes by primarily investing through Robeco QI Multi Factor Absolute Return, a Sub-Fund of the Robeco Capital Growth Fund 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 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 the period 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 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 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 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.

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

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

#### *(i) Classification*

- Financial assets

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

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

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

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

For 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.

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 (management fees payable, administration fees payable, custody fees payable, and audit and tax fees 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.

#### *(iii) Measurement*

- Financial instruments at fair value through profit or loss

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

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

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

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

#### *(iii) Measurement (continued)*

- 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, due from broker 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 which could be offset in the statement of financial position.

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

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

The units are classified as financial liabilities as the Fund is required to distribute its distributable income in accordance with the Fund's Constitution.

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

### **(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.

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

### **(e) Investment income**

#### *(i) Interest income*

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents. 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.

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

#### *(ii) Dividends and distributions*

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the statement of comprehensive income.

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 on present entitlement basis.

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included in the statement of comprehensive income.

### **(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 comprehensive income as finance costs attributable to unit holders.

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

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

### **(j) 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.

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

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

#### *(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 period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

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

### **(k) 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 period. The due from brokers balance is held for collection and are recognised initially at fair value and subsequently measured at amortised cost.

### **(l) 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.

### **(m) Payables**

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

A separate 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.

### **(n) 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.

### **(o) 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.

### **(p) 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 period. 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)**

### **(q) Comparative period**

The Fund was constituted on 9 July 2019, registered with the Australian Securities and Investments Commission on 15 July 2019 and commenced operations on 23 August 2019. The reporting period covers the period 15 July 2019 to 30 June 2020, hence there is no comparative information.

### **(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.

### **(s) 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.

## **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 long equity securities is limited to the fair value of those positions. The maximum loss of capital on forward currency contracts is limited to the notional contract values of those positions.

The investments of the Fund are managed by a specialist investment manager, Robeco Hong Kong Limited ("Robeco"), under an Investment Management Agreement ("IMA") 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**

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.

#### *(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 absolute volatility (Abs-Vol). The absolute volatility measure is used as a sensitivity indicator of the market risk in the Underlying Fund. This indicator measures the variability of the return around the long term average return of the portfolio.

### 3 Financial risk management (continued)

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

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

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

	<b>As at 30 June 2020</b>	
	<b>Abs-Vol</b>	<b>Impact on net assets</b>
	<b>\$A'000</b>	<b>(%)</b>
Robeco Multi Factor Absolute Return Fund (AUD)	<b>2,759</b>	<b>8.00</b>
<b>Total</b>	<b>2,759</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. This means that changes in the value of the Australian dollar relative to other currencies may affect the value of the assets of the Fund. The Investment Manager intends to hedge the base currency of the Underlying Fund to the Australian dollar to minimise the effect of currency movements between the base currency of the Underlying Fund and the Australian dollar.

##### (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.

The main concentration of credit risk, to which the Fund is exposed, arises from the Fund's investment in the Underlying Fund. The Fund is also exposed to counterparty credit risk on derivative financial instruments, cash and cash equivalents and other 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, all receivables, 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.

##### (i) Settlement of securities transactions

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

##### (ii) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of A+ (as determined by Standard and Poor's) or higher.

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

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

##### *(iii) Other*

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

##### *(iv) Maximum exposure to credit risk*

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

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

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

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 holders' 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 the period.

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

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

### **4 Fair value measurement**

The Fund measures and recognises financial assets 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.

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.

#### 4 Fair value measurement (continued)

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

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

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

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.

As at 30 June 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Unlisted international unit trust	-	34,491	-	34,491
<b>Total financial assets</b>	-	34,491	-	34,491

(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 period.

#### 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:

	For the period 15 July 2019 to 30 June 2020 \$'000
<b>Financial assets</b>	
Net realised gain/(loss) on financial assets at fair value through profit or loss	(18)
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	(6,001)
<b>Total net gains/(losses) on financial instruments at fair value through profit or loss</b>	<b>(6,019)</b>

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

	As at 30 June 2020 \$'000
Unlisted international unit trust	34,491
<b>Total financial assets at fair value through profit or loss</b>	<b>34,491</b>

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in Note 3 and Note 4 to the financial statements.

## 7 Structured entities

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

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

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

	Fair value of investment 30 June 2020 \$'000
ZH AUD shares in Robeco QI Multi Factor Absolute Return Fund*	34,491
<b>Total unrelated Schemes</b>	<b>34,491</b>

\*The Robeco QI Multi Factor Absolute Return Fund 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.

During the period ended 30 June 2020, total losses incurred on its investments in the Schemes were \$6,019,000. There was no distribution income earned by the Fund as a result of interests in the Scheme for the current reporting period.

**Robeco Multi Factor Absolute Return Fund (AUD)**  
**Notes to the financial statements**  
**For the period 15 July 2019 to 30 June 2020**  
**(continued)**

**8 Net assets attributable to unit holders - liability**

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

	For the period	
	15 July 2019 to 30 June 2020	15 July 2019 to 30 June 2020
	Units '000	\$'000
<b>Robeco Multi Factor Absolute Return Fund (AUD) - Class A</b>		
Opening balance	-	-
Applications	41,533	41,398
Redemptions	(833)	(830)
Reinvestment of distributions	-	-
Increase/(decrease) in net assets attributable to unit holders	-	(6,116)
<b>Closing balance</b>	<b>40,700</b>	<b>34,452</b>

	For the period	
	15 July 2019 to 30 June 2020	15 July 2019 to 30 June 2020
	Units '000	\$'000
<b>Robeco Multi Factor Absolute Return Fund (AUD) - Class B</b>		
Opening balance	-	-
Applications	12	10
Redemptions	(3)	(2)
Reinvestment of distributions	-	-
Increase/(decrease) in net assets attributable to unit holders	-	-
<b>Closing balance</b>	<b>9</b>	<b>8</b>

	For the period 15 July 2019 to 30 June 2020 \$'000
<b>Total net assets attributable to unit holders</b>	<b>34,460</b>

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 two separate classes of units and each unit has the same rights attaching to it as all other units of the Fund. Each unit class has a different management fee rate.

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

## 8 Net assets attributable to unit holders - liability (continued)

### Capital risk management (continued)

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

## 9 Distributions to unit holders

There were no distributions declared for the period ended 30 June 2020.

## 10 Cash and cash equivalents

	As at 30 June 2020 \$'000
Cash at bank	26
<b>Total cash and cash equivalents</b>	<b>26</b>

## 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

	For the period 15 July 2019 to 30 June 2020 \$'000
Profit/loss for the period	-
Increase/(decrease) in net assets attributable to unit holders	(6,116)
Distributions to unit holders	-
Proceeds from sale of financial instruments at fair value through profit or loss	867
Payments for purchase of financial instruments at fair value through profit or loss	(41,379)
Net (gains)/losses on financial instruments at fair value through profit or loss	6,019
Net change in receivables	(167)
Net change in payables	226
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(40,550)</b>

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

Robeco Multi Factor Absolute Return Fund (AUD)  
Notes to the financial statements  
For the period 15 July 2019 to 30 June 2020  
(continued)

**12 Receivables**

	As at 30 June 2020 \$'000
GST receivable	16
Management fee reimbursement receivable	151
<b>Total receivables</b>	167

**13 Payables**

	As at 30 June 2020 \$'000
Management fees payable	111
Custody fees payable	9
Administration fees payable	82
Audit and tax fees payable	24
<b>Total payables</b>	226

**14 Remuneration of auditor**

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

	For the period 15 July 2019 to 30 June 2020 \$
<b>KPMG</b>	
<i>Audit and other assurance services</i>	
Audit of financial statements	10,000
Audit of compliance plan	3,750
<b>Total remuneration for audit services</b>	13,750
<i>Taxation services</i>	
Tax compliance services	9,659
<b>Total remuneration for taxation services</b>	9,659
<b>Total remuneration of KPMG</b>	23,409

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

## **15 Related party transactions**

The Responsible Entity of Robeco Multi Factor Absolute Return 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 period 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 period.

### **(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.

### **(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 period and there were no material contracts involving key management personnel's interests existing at period 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 period and amounts payable as at period end between the Fund, the Responsible Entity and the Investment Manager were as follows:

	<b>For the period 15 July 2019 to 30 June 2020</b>
	<b>\$</b>
Management fees for the period	<b>96,923</b>
Responsible Entity fees for the period	<b>32,326</b>
Management fees reimbursement received for the period	<b>(171,955)</b>
Management fees payable at the end of the period	<b>86,496</b>
Responsible Entity fees payable at the end of the period	<b>24,765</b>
Management reimbursement receivable at the end of the period	<b>(151,131)</b>

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.

### **(i) Investments**

The Fund did not hold any investments in Equity Trustees Limited or its related parties during the period.

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

No significant events have occurred since the end of the period 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 period 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.

**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 period 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 Multi Factor Absolute Return Fund (AUD)

## Opinion

We have audited the **Financial Report** of Robeco Multi Factor Absolute Return 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; and
- 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 Multi Factor Absolute Return 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