

# **GAM Emerging Market Rates AU**

ARSN 648 244 919

## **Annual report**

**For the year ended 30 June 2024**

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### **For the year ended 30 June 2024**

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This annual report covers GAM Emerging Market Rates AU as an individual entity.

The Responsible Entity of GAM Emerging Market Rates AU is Equity Trustees Limited (ARSN 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 GAM Emerging Market Rates AU (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2024.

### Principal activities

The principal activity of the Fund is to achieve an attractive risk-adjusted return, whilst actively managing downside risk (such as bond market and currency risk), through investment in a portfolio of local and hard currency bonds and other fixed income securities from emerging markets worldwide in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution. The Fund is an Australian Feeder Fund, which initially pursues its investment objective by investing all or substantially all of its assets into the fully hedged Australian Dollar Quarterly Distributing Income share class of the GAM Star Emerging Market Rates (the "Master Fund") which is a sub-fund of GAM Star Fund p.l.c., managed by GAM International Management Limited.

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 for the Fund are detailed below:

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

### Directors

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

|                   |                                  |
|-------------------|----------------------------------|
| Philip D Gentry   | Chairman (resigned 6 June 2024)  |
| Michael J O'Brien | Chairman (appointed 6 June 2024) |
| Russell W Beasley |                                  |
| Mary A O'Connor   |                                  |
| David B Warren    |                                  |
| Andrew P Godfrey  | (appointed 1 May 2024)           |

### 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 (2.83)% (net of fees) for the year ended 30 June 2024. The Fund's benchmark, the JPMorgan Emerging Market Bond Index returned (1.13)% for the same year.

Performance figures are total return on a time weighted basis. The performance is calculated net of fees, and considering the dividend distributions. The cumulative performance is the total % movement in the price over the period considered (eg 1 year / 5 year, for example).

## Directors' report (continued)

### Review and results of operations (continued)

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

|   | Year ended<br>30 June<br>2024 | Year ended<br>30 June<br>2023 |
|---|-------------------------------|-------------------------------|
| Profit/(loss) before finance costs attributable to unit holders for the year (\$) | (21,596)                      | (2,585)                       |
| Distributions paid and payable (\$)   | 5,970                         | 8,781                         |
| Distributions (cents per unit)  | 1.16                          | 1.74                          |

### Significant changes in the state of affairs

Andrew P Godfrey was appointed as a director of Equity Trustees Limited on the 1 May 2024.

Philip D Gentry resigned as a director of Equity Trustees Limited on 6 June 2024.

The Responsible Entity made the decision to terminate the Fund within 12 months from the date the Directors' declaration was executed, being 25 September 2024. Consequently, the Responsible Entity have determined that the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on non-going concern basis.

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

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

Apart from the decision to terminate the Fund, no other matter or circumstance has arisen since 30 June 2024 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

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

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

### Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regard 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.

## Directors' report (continued)

### 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 13 to the financial statements.

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

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 13 to the financial statements.

### Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 7 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 dollar

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

### Auditor's independence declaration

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

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



Andrew P Godfrey  
Director

Melbourne  
25 September 2024

25 September 2024

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

Dear Board Members,

### **Auditor's Independence Declaration-GAM Emerging Market Rates AU**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Equity Trustees Limited, the Responsible Entity, regarding the financial report of GAM Emerging Market Rates AU (the "Fund").

As lead audit partner for the audit of the financial report of the Fund for the financial year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Jonathon Corbett  
Partner  
Chartered Accountants

**Statement of comprehensive income**

|   | Note | Year ended<br>30 June<br>2024<br>\$ | Year ended<br>30 June<br>2023<br>\$ |
|---|------|-------------------------------------|-------------------------------------|
| <b>Income</b>   |      |                                     |                                     |
| Distribution income   |      | 9,861                               | 10,109                              |
| Net gains/(losses) on financial instruments at fair value through profit or loss    |      | (27,565)                            | (9,074)                             |
| Management fees and costs reimbursement   | 13   | 56,176                              | 22,298                              |
| Other income  |      | -                                   | 33                                  |
| <b>Total income/(loss)</b>  |      | <u>38,472</u>                       | <u>23,366</u>                       |
| <b>Expenses</b>   |      |                                     |                                     |
| Management fees and costs   |      | 59,596                              | 25,789                              |
| Transaction costs   |      | 451                                 | 160                                 |
| Other expenses  |      | 21                                  | 2                                   |
| <b>Total expenses</b>   |      | <u>60,068</u>                       | <u>25,951</u>                       |
| <b>Profit/(loss) before finance costs attributable to unit holders for the year</b> |      | <u>(21,596)</u>                     | <u>(2,585)</u>                      |
| <b>Finance costs attributable to unit holders</b>                                   |      |                                     |                                     |
| Distributions to unit holders   | 8    | (5,970)                             | (8,781)                             |
| (Increase)/decrease in net assets attributable to unit holders                      | 7    | <u>27,566</u>                       | <u>11,366</u>                       |
| <b>Profit/(loss) for the year</b>   |      | -                                   | -                                   |
| Other comprehensive income  |      | -                                   | -                                   |
| <b>Total comprehensive income for the year</b>                                      |      | -                                   | -                                   |

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

## Statement of financial position

|  |      | As at           |                 |
|--|------|-----------------|-----------------|
|  |      | 30 June<br>2024 | 30 June<br>2023 |
|  | Note | \$              | \$              |
| <b>Assets</b>  |      |                 |                 |
| Receivables  | 11   | 103,416         | 47,223          |
| Due from brokers - receivable for securities sold                            |      | 2,225           | 1,979           |
| Financial assets at fair value through profit or loss                        | 5    | <u>343,944</u>  | <u>421,737</u>  |
| <b>Total assets</b>  |      | <u>449,585</u>  | <u>470,939</u>  |
| <b>Liabilities</b>   |      |                 |                 |
| Borrowings   | 9(a) | 2,225           | 1,979           |
| Distributions payable  | 8    | <u>5,970</u>    | <u>8,781</u>    |
| <b>Total liabilities (excluding net assets attributable to unit holders)</b> |      | <u>8,195</u>    | <u>10,760</u>   |
| <b>Net assets attributable to unit holders - liability</b>                   | 7    | <u>441,390</u>  | <u>460,179</u>  |

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

## Statement of changes in equity

|   | Year ended<br>30 June<br>2024<br>\$ | Year ended<br>30 June<br>2023<br>\$ |
|---|-------------------------------------|-------------------------------------|
| <b>Total equity at the beginning of the financial year</b>                                | -                                   | 467,415                             |
| Reclassification due to AMIT tax regime<br>implementation* <b>Total beginning balance</b> | -                                   | (467,415)                           |
| Profit/(loss) for the year  | -                                   | -                                   |
| 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 year*</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 end of the financial year.

*The above statement of changes in equity should be read in conjunction with the accompanying notes with reference to Notes 2(c) and 7.*

## Statement of cash flows

|  | Note  | Year ended<br>30 June<br>2024<br>\$ | Year ended<br>30 June<br>2023<br>\$ |
|--|-------|-------------------------------------|-------------------------------------|
| <b>Cash flows from operating activities</b>                                      |       |                                     |                                     |
| Proceeds from sale of financial instruments at fair value through profit or loss |       | 49,982                              | 1,843                               |
| Distributions received   |       | 9,861                               | 12,403                              |
| Management fees and costs paid   |       | (59,596)                            | (25,789)                            |
| Other expenses paid  |       | (493)                               | (282)                               |
| <b>Net cash inflow/(outflow) from operating activities</b>                       | 10(a) | <u>(246)</u>                        | <u>(11,825)</u>                     |
| <b>Net cash inflow/(outflow) from financing activities</b>                       |       | <u>-</u>                            | <u>-</u>                            |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                      |       | <b>(246)</b>                        | <b>(11,825)</b>                     |
| Cash and cash equivalents at the beginning of the year                           |       | <u>(1,979)</u>                      | <u>9,846</u>                        |
| <b>Cash and cash equivalents at the end of the year</b>                          | 9     | <u><b>(2,225)</b></u>               | <u><b>(1,979)</b></u>               |
| Non-cash operating and financing activities                                      | 10(b) | <b>8,777</b>                        | 4,130                               |

*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 GAM Emerging Market Rates AU (the “Fund”) as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 25 February 2021 and will terminate in accordance with the provisions of the Fund’s Constitution or by Law.

The Responsible Entity made the decision to terminate the Fund within 12 months from the date the Directors’ declaration was executed, being 25 September 2024. Consequently, the Responsible Entity have determined that the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on non-going concern basis.

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 principal activity of the Fund is to achieve an attractive risk-adjusted return, whilst actively managing downside risk (such as bond market and currency risk), through investment in a portfolio of local and hard currency bonds and other fixed income securities from emerging markets worldwide in accordance with the Product Disclosure Statement and the provisions of the Fund’s Constitution. The Fund initially pursue its investment objective by investing all or substantially all of its assets into the fully hedged Australian Dollar Quarterly Distributing Income share class of the GAM Star Emerging Market Rates (the “Master Fund”) which is a sub-fund of GAM Star Fund p.l.c..

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 material 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.

As the Fund will be terminated within 12 months of the date the Directors’ declaration was executed, being 25 September 2024, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a non-going concern basis. The non-going concern basis means assets have been written down to the lower of their carrying amounts and net realisable value and additional liabilities have been recognised to the extent there was a present obligation at the reporting date. All investments are expected to be redeemed, and unit holders paid, within 12 months of 25 September 2024.

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

## 2 Summary of material accounting policies (continued)

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

#### (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

The Fund has applied the following standards and amendments for the first time for its financial year beginning 1 July 2023:

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2].

The amendments have had an impact on the Fund's disclosures of accounting policies, including the requirement to disclose 'material' rather than 'significant' accounting policies, but not on the measurement, recognition or presentation of any items in the Fund's financial statements.

None of the other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2023 have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2024 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 its 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, receivables and due from brokers - receivable for securities sold, 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 (distribution payable and borrowings).

## 2 Summary of material accounting policies (continued)

### (b) Financial instruments (continued)

#### (ii) Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

#### (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 and liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets 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 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, due from brokers - receivable for securities sold, borrowings and distribution payables are carried at amortised cost.

#### (iv) Impairment

At each reporting date, the Fund shall estimate a loss allowance on each of the financial assets carried at amortised cost (cash and cash equivalents, receivable and due from brokers - receivable for securities sold) 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 counterparty, probability that the counterparty 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.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

## 2 Summary of material accounting policies (continued)

### (b) Financial instruments (continued)

#### (v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the 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 Fund's units are classified as a liability as they do not meet the definition of a financial instrument to be classified as equity.

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. Bank overdrafts are shown within borrowings in the statement of financial position.

Bank overdrafts are shown within borrowings in the statement of financial position.

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

### (e) 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.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income 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. 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.

## 2 Summary of material accounting policies (continued)

### (e) Income (continued)

#### (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.

Management fees and costs covers certain ordinary expenses such as management fees, Responsible Entity fees, custodian fees, audit fees, cost of unitholder meetings, special valuation of assets and other operating expenses.

### (g) Income tax

Under current legislation, the Fund is not subject to income tax provided it distributes 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.

### (h) Distributions

The Fund distributes 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.

### (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 year. The due from brokers balance is held for collection and is recognised initially at fair value and subsequently measured at amortised cost.

### (l) Receivables

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

## 2 Summary of material accounting policies (continued)

### (m) Payables

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

A separate distribution payable is recognised in the statement of financial position.

Distributions declared effective 30 June in relation to unit holders who have previously elected to reinvest distributions are recognised as reinvested effective 1 July of the following financial year.

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

### (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 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. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

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

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

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

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

### (q) 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 dollar, unless otherwise indicated.

## 2 Summary of material accounting policies (continued)

### (r) Comparative revisions

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

## 3 Financial risk management

The Fund's activities expose it to a variety of financial risks including market risk (which incorporates price risk, foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk, both directly through its own assets and liabilities and indirectly through the assets and liabilities of the Master Fund. The investment restrictions of the Fund will follow those of the Master Fund.

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 instruments in managing its financial risks.

All investments present a risk of loss of capital. The maximum loss of capital on the investment in the unit trust is limited to the notional contract values of those positions.

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

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

### (a) Market risk

The Fund is an Australian Feeder Fund, which initially pursue its investment objective by investing all or substantially all of its assets into the fully hedged Australian Dollar Quarterly Distributing Income share class of the GAM Star Emerging Market Rates (the "Master Fund") which is a sub-fund of GAM Star Fund p.l.c., managed by GAM International Management Limited.

#### (i) Price risk

The Fund is exposed to price risk on its investments in the Master Fund. Price risk arises from investments held by the Fund for which prices in the future are uncertain.

The Fund has a significant concentration of risk arising from its exclusive investment in the Master Fund. As at 30 June 2024, the Fund's investment in the Master Fund represents 100% of the Fund's financial assets at fair value through profit or loss.

The price risk in the Master Fund is managed by GAM International Management Limited the manager of the Master Fund taking into account the asset allocation of each holding of the Master Fund in order to minimise the risk associated with particular sectors while continuing to follow their respective investment objective.

The table at Note 3(b) summarises the sensitivities of the Fund's assets and liabilities to price risk. The analysis is based on the reasonably possible shift that the investment portfolio in which the Fund invests moves by +/-10% (2023: +/-10%).

#### (ii) Foreign exchange risk

At 30 June 2024 the Fund invests in the Master Fund and is therefore not directly exposed to foreign exchange risk.

### 3 Financial risk management (continued)

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

##### (iii) Cash flow and fair value interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk.

The Fund invests mainly in the Master Fund denominated in Australian dollars which are non-interest bearing and as such the Fund is not exposed to significant levels of interest rate risk.

The Fund holds cash for liquidity and transactional purposes and this cash is held at floating interest rates. As a result, the Fund is subject to a limited exposure to interest rate risks due to fluctuations in the levels of market interest rates.

There are no other material interest risk exposures.

#### (b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unit holders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in foreign exchange rates, interest rates and the historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

|                           | Impact on net assets<br>attributable to unit holders |                 |
|---------------------------|--|-----------------|
|                           | Price risk   |                 |
|                           | +10%   | -10%            |
|                           | \$   | \$              |
| <b>As at 30 June 2024</b> | <b>34,394</b>  | <b>(34,394)</b> |
| As at 30 June 2023        | 42,174   | (42,174)        |

The sensitivity factor for 30 June 2023 was +/-10% for price risk.

#### (c) Credit risk

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

The Fund 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 amounts due from brokers balances. None of these assets are impaired nor past their due date. The maximum exposure to credit risk is the carrying of these balances at the reporting date.

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 considers both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2024 and 30 June 2023, all receivables, cash and short-term deposits are held with counterparties with a credit rating of AA/Aa or higher and are either callable on demand or due to be settled within 1 week. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

### 3 Financial risk management (continued)

#### (d) Liquidity risk

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

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

The Investment Manager monitors and manages the level of liquidity in the Fund.

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 redemptions during 2024 and 2023.

The Fund is exposed to indirect liquidity risk via its investment in the Master Fund. The Master Fund invests the majority of its assets in investments that are traded in active markets and can be readily disposed of, liquidity risk and cash flow risk is considered low. The Investment Manager manages this liquidity risk and cash flow risk through the diversification of investments and investment strategies and through their overall investment approach.

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

All non-derivative financial liabilities of the Fund in the current period have maturities of less than 1 month.

### 4 Fair value measurement

The Fund is an Australian Feeder Fund, which initially pursue its investment objective by investing all or substantially all of its assets into the fully hedged Australian Dollar Quarterly Distributing Income share class of the GAM Star Emerging Market Rates (the "Master Fund") which is a sub-fund of GAM Star Fund p.l.c., managed by GAM International Management Limited.

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 5)

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

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

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

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

#### (a) Valuation using level 2 inputs

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all material inputs required to fair value an instrument are observable, the instrument is included in level 2.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

#### 4 Fair value measurement (continued)

##### (a) Valuation using level 2 inputs (continued)

Specific valuation techniques using observable inputs used to value financial instruments include:

- Investments in unlisted unit trusts are valued at the redemption price per unit as reported by the underlying fund's investment manager.

The Fund's investment in the Master Fund is recorded at the net asset value per unit as reported by GAM International Management Limited, the manager of the Master Fund.

The Fund makes adjustments to the redemption value based on considerations such as the liquidity of the unit trust or its underlying investment, or any restrictions on redemptions and the basis of accounting.

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

The table below presents the Fund's financial assets and liabilities measured and recognised at fair value as at 30 June 2024 and 30 June 2023.

|                               | Level 1 | Level 2        | Level 3 | Total          |
|-------------------------------|---------|----------------|---------|----------------|
|                               | \$      | \$             | \$      | \$             |
| <b>As at 30 June 2024</b>     |         |                |         |                |
| <b>Financial assets</b>       |         |                |         |                |
| Unlisted unit trusts          | -       | <u>343,944</u> | -       | <u>343,944</u> |
| <b>Total financial assets</b> | -       | <u>343,944</u> | -       | <u>343,944</u> |
|                               | Level 1 | Level 2        | Level 3 | Total          |
|                               | \$      | \$             | \$      | \$             |
| <b>As at 30 June 2023</b>     |         |                |         |                |
| <b>Financial assets</b>       |         |                |         |                |
| Unlisted unit trusts          | -       | <u>421,737</u> | -       | <u>421,737</u> |
| <b>Total financial assets</b> | -       | <u>421,737</u> | -       | <u>421,737</u> |

##### (c) Transfer between levels

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

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

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

The financial instruments not measured at fair value through profit or loss include:

- Cash and cash equivalents, balances due from/to brokers and receivables/payables under sale and repurchase agreements. These are short-term financial assets and financial liabilities whose carrying values approximate fair value, because of their short-term nature and the high credit quality of counterparties; and
- Net assets attributable to unit holders, as the Fund routinely redeems and issues units at an amount equal to the proportionate share of the Fund's net assets at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying value of net assets attributable to unit holders approximates their fair value. Any difference is not material in the current year or prior year.

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

|  | As at           |                 |
|--|-----------------|-----------------|
|  | 30 June<br>2024 | 30 June<br>2023 |
|  | \$              | \$              |
| Unlisted unit trusts   | 343,944         | 421,737         |
| <b>Total financial assets at fair value through profit or loss</b> | <b>343,944</b>  | <b>421,737</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.

## 6 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 the Master Fund to be structured entities. The Fund invests in the Master Fund for the purpose of capital appreciation and/or earning investment income.

The exposure to investments in the Master Fund at fair value is disclosed in the following table:

|                                | Fair value of investment |                       |
|--------------------------------|--------------------------|-----------------------|
|                                | As at<br>30 June 2024    | As at<br>30 June 2023 |
|                                | \$                       | \$                    |
| GAM Star Emerging Market Rates | 343,944                  | 421,737               |
| <b>Total</b>                   | <b>343,944</b>           | <b>421,737</b>        |

\*GAM Star Emerging Market Rates, which is a sub-fund of GAM Star Fund p.l.c.

The fair value of the Fund's investment in the Master Fund 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 interest in the Master Fund is equal to the fair value of its investments in the Master Fund as there are no off-balance sheet exposures relating to any of the Master Fund. Once the Fund has disposed of its units in the Master Fund, it ceases to be exposed to any risk from the Master Fund.

During the year ended 30 June 2024, total gains/(losses) incurred on investments in the Master Fund were \$(27,565) (2023: \$(9,074)). The Fund also earned distribution income of \$9,861 (2023: \$10,109) as a result of its interests in the Master Fund.

## 7 Net assets attributable to unit holders - liability

The Fund's units are classified as a liability as they do not meet the definition of a financial instrument to be classified as equity.

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

|  | <b>Year ended<br/>30 June<br/>2024<br/>Units</b> | <b>Year ended<br/>30 June<br/>2024<br/>\$</b> | <b>Year ended<br/>30 June<br/>2023<br/>Units</b> | <b>Year ended<br/>30 June<br/>2023<br/>\$</b> |
|--|--|---|--|---|
| Opening balance  | 504,418  | 460,179                                       | 500,000  | 467,415                                       |
| Reinvestment of distributions                                  | 9,621  | 8,777   | 4,418  | 4,130   |
| Increase/(decrease) in net assets attributable to unit holders | -  | (27,566)                                      | -  | (11,366)                                      |
| <b>Closing balance</b>   | <b>514,039</b>                                   | <b>441,390</b>                                | <b>504,418</b>                                   | <b>460,179</b>                                |

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

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

Units are redeemed on demand at the unit 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 twelve months after the end of the reporting period cannot be reliably determined.

### Capital risk management

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

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

## 8 Distributions to unit holders

The distributions declared during the year/period were as follows:

|                            | <b>Year ended<br/>30 June<br/>2024<br/>\$</b> | <b>Year ended<br/>30 June<br/>2024<br/>CPU</b> | <b>Year ended<br/>30 June<br/>2023<br/>\$</b> | <b>Year ended<br/>30 June<br/>2023<br/>CPU</b> |
|----------------------------|---|--|---|--|
| <b>Distributions</b>       |   |  |   |  |
| June (payable)             | 5,970   | 1.16   | 8,781   | 1.74   |
| <b>Total distributions</b> | <b>5,970</b>                                  |  | <b>8,781</b>                                  |  |

## 9 Cash and cash equivalents

|  | As at           |                 |
|--|-----------------|-----------------|
|  | 30 June<br>2024 | 30 June<br>2023 |
|  | \$              | \$              |
| <b>Total cash and cash equivalents</b> | -               | -               |

### (a) Reconciliation to statement of cash flows

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

|  | As at           |                 |
|--|-----------------|-----------------|
|  | 30 June<br>2024 | 30 June<br>2023 |
|  | \$              | \$              |
| Borrowings                                     | (2,225)         | (1,979)         |
| <b>Balances as per statement of cash flows</b> | (2,225)         | (1,979)         |

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

|   | Year ended<br>30 June<br>2024 | Year ended<br>30 June<br>2023 |
|---|-------------------------------|-------------------------------|
|   | \$                            | \$                            |
| <b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>                                 |                               |                               |
| Profit/(loss) for the year  | -                             | -                             |
| Increase/(decrease) in net assets attributable to unit holders  | (27,566)                      | (11,366)                      |
| Distributions to unit holders   | 5,970                         | 8,781                         |
| Proceeds from sale of financial instruments at fair value through profit or loss  | 49,982                        | 1,843                         |
| Net (gains)/losses on financial instruments at fair value through profit or loss  | 27,565                        | 9,074                         |
| Net change in receivables   | (56,193)                      | (20,157)                      |
| Net change in payables  | (4)                           | -                             |
| <b>Net cash inflow/(outflow) from operating activities</b>  | (246)                         | (11,825)                      |
| <b>(b) Non-cash operating and financing activities</b>  |                               |                               |
| The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan | 8,777                         | 4,130                         |
| <b>Total non-cash operating and financing activities</b>  | 8,777                         | 4,130                         |

## 11 Receivables

|  | As at                 |                      |
|--|-----------------------|----------------------|
|  | 30 June<br>2024       | 30 June<br>2023      |
|  | \$                    | \$                   |
| GST receivable                           | 370                   | 353                  |
| Management fees reimbursement receivable | <u>103,046</u>        | <u>46,870</u>        |
| <b>Total receivables</b>                 | <u><b>103,416</b></u> | <u><b>47,223</b></u> |

## 12 Remuneration of auditors

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

|   | Year ended<br>30 June<br>2024 | Year ended<br>30 June<br>2023 |
|---|-------------------------------|-------------------------------|
|   | \$                            | \$                            |
| <b>Deloitte Touche Tohmatsu</b>                         |                               |                               |
| <i>Audit and other assurance services</i>               |                               |                               |
| Audit of financial statements                           | <u>25,221</u>                 | <u>23,320</u>                 |
| Total auditor remuneration and other assurance services | <u>25,221</u>                 | <u>23,320</u>                 |
| <i>Taxation services</i>                                |                               |                               |
| Tax compliance services                                 | <u>12,111</u>                 | <u>11,534</u>                 |
| Total remuneration for taxation services                | <u>12,111</u>                 | <u>11,534</u>                 |
| <b>Total remuneration of Deloitte Touche Tohmatsu</b>   | <u><b>37,332</b></u>          | <u><b>34,854</b></u>          |
| <b>PricewaterhouseCoopers</b>                           |                               |                               |
| <i>Audit and other assurance services</i>               |                               |                               |
| Audit of compliance plan                                | <u>2,400</u>                  | <u>2,346</u>                  |
| Total auditor remuneration and other assurance services | <u>2,400</u>                  | <u>2,346</u>                  |
| <b>Total remuneration of PricewaterhouseCoopers</b>     | <u><b>2,400</b></u>           | <u><b>2,346</b></u>           |

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

## 13 Related party transactions

The Responsible Entity of GAM Emerging Market Rates AU 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 GAM International Management Limited, to act as Investment Manager for the Fund, and State Street Australia Limited to act as Custodian and Administrator for the Fund. The contracts are on normal commercial terms and conditions.

## 13 Related party transactions (continued)

### (a) Key management personnel

#### (i) Directors

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

|                   |                                  |
|-------------------|----------------------------------|
| Philip D Gentry   | Chairman (resigned 6 June 2024)  |
| Michael J O'Brien | Chairman (appointed 6 June 2024) |
| Russell W Beasley |                                  |
| Mary A O'Connor   |                                  |
| David B Warren    |                                  |
| Andrew P Godfrey  | (appointed 1 May 2024)           |

#### (ii) Responsible Entity

Other than fees paid to the Responsible Entity, there were no other transactions.

#### (iii) Other key management personnel

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

### (b) Transactions with key management personnel

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

### (c) Key management personnel unit holdings

Key management personnel did not hold units in the Fund as at 30 June 2024 (30 June 2023: nil).

### (d) Key management personnel compensation

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

### (e) Key management personnel loans

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

### (f) Other transactions within the Fund

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

## 13 Related party transactions (continued)

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

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

|  | Year ended<br>30 June<br>2024 | Year ended<br>30 June<br>2023 |
|--|-------------------------------|-------------------------------|
|  | \$                            | \$                            |
| Responsible Entity fees for the year                 | 185                           | 188                           |
| Management fees reimbursement received for the year  | 56,176                        | 22,298                        |
| Management fees reimbursement receivable at year end | 103,046                       | 46,870                        |

Under the terms of the Fund's Constitution and Product Disclosure Statement, management fees and costs includes responsible entity fees paid to the Responsible Entity, management fees paid to the Investment Manager and other costs (such as custody fees, administration fees and audit fees) paid to other unrelated parties. Please refer to the Fund's Product Disclosure Statement for information on how management fees and costs are calculated.

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 2024 (30 June 2023: nil).

### (i) Investments

The Fund did not hold any investments in Equity Trustees Limited or its related parties during the year (30 June 2023: nil).

The Fund holds investments in the Master Fund (please refer to Note 6 for additional information) for which GAM International Management Limited is also the Investment Manager.

## 14 Events occurring after the reporting period

The Responsible Entity made the decision to terminate the Fund within 12 months from the date the Directors' declaration was executed, being 25 September 2024. Consequently, the Responsible Entity have determined that the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on non-going concern basis.

No other significant events have occurred since the end of the year which would impact on the financial position of the Fund as disclosed in the statement of financial position as at 30 June 2024 or on the results and cash flows of the Fund for the year ended on that date.

## 15 Contingent assets and liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 30 June 2024 and 30 June 2023.

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 6 to 26 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 2024 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.



Andrew P Godfrey  
Director

Melbourne  
25 September 2024

## Independent Auditor's Report to the Unit Holders of GAM Emerging Market Rates AU

### *Opinion*

We have audited the financial report, of GAM Emerging Market Rates AU (the "Fund") which comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, and notes to the financial statements, including material accounting policy information and other explanatory information, and the Directors' declaration.

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 2024 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### *Basis for Opinion*

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Responsible Entity of the Fund (the "Directors"), would be in the same terms if given to the Directors as at the time of this auditor's report.

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

### *Other Information*

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Directors are responsible:

- For the preparation of the financial report in accordance with the *Corporations Acts 2001*, including giving a true and fair view of the financial position and performance of the Fund in accordance with Australian Accounting Standards
- For such internal control as the Directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Acts 2001*, including giving a true and fair view of the financial position and performance of the Fund, and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Fund to continue as a going concern. As disclosed in Note 2, the financial statements have been prepared on a non-going concern basis because the Fund will be terminated within the next 12 months of 25 September 2024.

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

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Concluded on the appropriateness of the Directors' use of the non-going concern basis of accounting. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



DELOITTE TOUCHE TOHMATSU



Jonathon Corbett  
Partner  
Chartered Accountants

Sydney, 25 September 2024