

# **GAM Systematic Alternative Risk Premia AU**

ARSN 618 763 429

## **Annual report**

**For the period 1 July 2021 to 31 March 2022**

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### **Contents**

Directors' report

Auditor's independence declaration

Statement of comprehensive income

Statement of financial position

Statement of changes in equity

Statement of cash flows

Notes to the financial statements

Directors' declaration

Independent auditor's report to the unit holders of GAM Systematic Alternative Risk Premia AU

This annual report covers GAM Systematic Alternative Risk Premia AU as an individual entity.

The Responsible Entity of GAM Systematic Alternative Risk Premia AU 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 GAM Systematic Alternative Risk Premia AU (the "Fund"), present their report together with the financial statements of the Fund for the period 1 July 2021 to 31 March 2022.

### Principal activities

Until its termination on 31 March 2022, the Fund invested primarily in debt and debt-related securities and instruments located worldwide and in financial derivative instruments relating to such securities and instruments in accordance with the Product Disclosure Statement and the provision of the Fund's Constitution.

During the period, all assets of the Fund were liquidated and returned to unit holders.

The Fund did not have any employees during the period.

Apart from the termination, there were no significant changes in the nature of the Fund's activities during the period.

The various service providers for the Fund are detailed below:

Service	Provider
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 period and up to the date of this report:

Philip D Gentry	Chairman
Michael J O'Brien	
Russell W Beasley	
Mary A O'Connor	(appointed 24 May 2022)

### Review and results of operations

These are the final financial statements for the Fund, which has terminated.

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

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

	For the period 1 July 2021 to 31 March 2022	Year ended 30 June 2021
Profit/(loss) before finance costs attributable to unit holders for the financial period (\$)	<b>(3,964,863)</b>	77,732,695

There were no distributions declared for the period ended 31 March 2022 (2021: nil).

## **Directors' report (continued)**

### **Significant changes in the state of affairs**

The Fund terminated on 31 March 2022 when all unit holders' entitlements were redeemed.

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

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

Mary A O'Connor was appointed as a director of Equity Trustees Limited on 24 May 2022.

No matter or circumstance has arisen since 31 March 2022 that has significantly affected, or may have a significant effect on:

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

### **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 17 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 17 to the financial statements.

### **Interests in the Fund**

The movement in units on issue in the Fund during the period is disclosed in Note 9 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 following guidance from ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191, unless otherwise indicated.

## Directors' report (continued)

### 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.



Philip D Gentry  
Chairman

Melbourne  
26 August 2022

26 August 2022

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

Dear Board Members,

## Independence Declaration – GAM Systematic Alternative Risk Premia 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 Systematic Alternative Risk Premia AU (the "Fund").

As lead audit partner for the audit of the financial statements of the Fund for the period ended 31 March 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Adam Kuziow  
Partner  
Chartered Accountants

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## Statement of comprehensive income

		For the period 1 July 2021 to 31 March 2022	Year ended 30 June 2021
	Note	\$	\$
<b>Investment income</b>			
Interest income from financial assets at fair value through profit or loss		939,845	12,598,483
Net foreign exchange gain/(loss)		4,143,922	3,213,651
Net gains/(losses) on financial instruments at fair value through profit or loss		<u>(8,033,793)</u>	<u>67,827,727</u>
<b>Total investment income/(loss)</b>		<u>(2,950,026)</u>	<u>83,639,861</u>
<b>Expenses</b>			
Management fees	17	278,555	2,740,591
Custody and administration fees		101,265	257,491
Interest expense from financial assets at amortised cost		209,784	1,190,825
Transaction costs		304,157	1,572,932
Other expenses	16	<u>121,076</u>	<u>145,327</u>
<b>Total expenses</b>		<u>1,014,837</u>	<u>5,907,166</u>
<b>Profit/(loss) before finance costs attributable to unit holders for the financial period</b>		<u>(3,964,863)</u>	<u>77,732,695</u>
<b>Finance costs attributable to unit holders</b>			
(Increase)/decrease in net assets attributable to unit holders	9	<u>3,964,863</u>	<u>(77,732,695)</u>
<b>Profit/(loss) for the financial period</b>		-	-
Other comprehensive income		-	-
<b>Total comprehensive income for the financial period</b>		-	-

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

**Statement of financial position**

		As at	
	Note	31 March 2022 \$	30 June 2021 \$
<b>Assets</b>			
Cash and cash equivalents	11	-	81,325,683
Receivables	13	-	3,538,458
Financial assets at fair value through profit or loss	6	-	890,446,819
Margin accounts		-	<u>104,953,613</u>
<b>Total assets</b>		-	<u>1,080,264,573</u>
<b>Liabilities</b>			
Payables	14	-	465,329
Financial liabilities at fair value through profit or loss	7	-	<u>51,714,616</u>
<b>Total liabilities (excluding net assets attributable to unit holders)</b>		-	<u>52,179,945</u>
<b>Net assets attributable to unit holders - liability</b>		-	<u>1,028,084,628</u>

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

**Statement of changes in equity**

	<b>For the period 1 July 2021 to 31 March 2022 \$</b>	<b>Year ended 30 June 2021 \$</b>
<b>Total equity at the beginning of the financial period</b>	-	-
Profit/(loss) for the financial 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.*

## Statement of cash flows

	For the period 1 July 2021 to 31 March 2022	Year ended 30 June 2021
Note	\$	\$
<b>Cash flows from operating activities</b>		
Proceeds from sale of financial instruments at fair value through profit or loss	2,690,169,979	14,275,282,002
Payments for purchase of financial instruments at fair value through profit or loss	(1,857,018,862)	(14,073,282,649)
Net foreign exchange gain/(loss)	4,226,433	3,131,140
Net movement in margin accounts	104,953,613	43,369,258
Interest income received from financial assets at fair value through profit or loss	2,004,154	19,469,973
Other income received	11,336	125,097
Management fees paid	(732,167)	(3,399,483)
Custody and administration fees paid	(101,265)	(257,491)
Other expenses paid	(636,628)	(2,909,444)
<b>Net cash inflow/(outflow) from operating activities</b>	12(a) <u>942,876,593</u>	<u>261,528,403</u>
<b>Cash flows from financing activities</b>		
Proceeds from applications by unit holders	200	2,400
Payments for redemptions by unit holders	(1,024,119,965)	(260,000,000)
<b>Net cash inflow/(outflow) from financing activities</b>	<u>(1,024,119,765)</u>	<u>(259,997,600)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(81,243,172)</b>	1,530,803
Cash and cash equivalents at the beginning of the financial period	81,325,683	79,712,369
Effect of foreign currency exchange rate changes on cash and cash equivalents	(82,511)	82,511
<b>Cash and cash equivalents at the end of the financial period</b>	11 <u>-</u>	<u>81,325,683</u>

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

## Notes to the financial statements

### Contents

1	General information
2	Summary of significant accounting policies
3	Financial risk management
4	Offsetting financial assets and financial liabilities
5	Fair value measurement
6	Financial assets at fair value through profit or loss
7	Financial liabilities at fair value through profit or loss
8	Derivative financial instruments
9	Net assets attributable to unit holders - liability
10	Distributions to unit holders
11	Cash and cash equivalents
12	Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities
13	Receivables
14	Payables
15	Remuneration of auditors
16	Other expenses
17	Related party transactions
18	Events occurring after the reporting period
19	Contingent assets and liabilities and commitments

## 1 General information

These financial statements cover GAM Systematic Alternative Risk Premia AU (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 21 April 2017. The Fund terminated its operations on 31 March 2022 when all assets of the Fund were realised and all units were redeemed out of the Fund.

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.

Until its termination on 31 March 2022, the Fund invested primarily in debt and debt-related securities and instruments located worldwide and in financial derivative instruments relating to such securities and instruments in accordance with the Product Disclosure Statement and the provision of the Fund's Constitution.

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

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods 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 was terminated on 31 March 2022, 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. The accounting policies set out below have been applied within this context. As there were no assets or liabilities at the reporting date, adopting the liquidation basis did not change the carrying amounts of any assets or liabilities.

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

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial period beginning 1 July 2021 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

### (b) Financial instruments

#### (i) *Classification*

- Financial assets

Until its termination, 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.

## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments (continued)

#### (i) Classification (continued)

For derivatives, 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 debt securities, the contractual cash flows are solely payments of principal and interest, however they are neither held for collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business objective. Consequently, the debt securities are measured at fair value through profit or loss.

For cash and cash equivalents, receivables and margin accounts, 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

Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

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

For further details on how the fair value of financial instruments is determined please see Note 5 to the financial statements.

- Financial instruments at amortised cost

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

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

## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments (continued)

#### (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, receivables and margin accounts) 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.

#### (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.

Financial assets and liabilities that have been offset are disclosed in Note 4.

### (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 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 represents the Fund's main income generating activity.

## 2 Summary of significant accounting policies (continued)

### (e) Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions. The cash is held by the broker and is only available to meet margin calls. It is not included as a component of cash and cash equivalents.

### (f) 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 measured at fair value through profit or loss.

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.

### (g) Expenses

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

### (h) 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 benefits of any imputation credits and foreign tax paid are passed on to unit holders.

The benefits of any imputation credits and foreign tax paid are passed on to unit holders. 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 as an expense.

### (i) 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.

### (j) 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.

## 2 Summary of significant accounting policies (continued)

### (k) 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.

#### (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.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

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

### (l) Receivables

Receivables may include amounts for interest. 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 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.

## 2 Summary of significant accounting policies (continued)

### (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.

Certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Investment Manager.

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

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.

For more information on how fair value is calculated refer to Note 5 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.

## 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 investments present a risk of loss of capital. The maximum loss of capital on debt securities is limited to the fair value of those positions. The maximum loss of capital on long futures, forward currency contracts, swaps and contracts for differences 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 (GIM) 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

Market risk is managed in several ways. Firstly, the Fund's Product Disclosure Statement details the investment strategy and guidelines of the Fund and the GIM fund managers make investments and monitor the portfolio in order to ensure that the Fund adheres to the Product Disclosure Statement requirements at all times. Secondly, the GIM managers calculate the Fund's VaR on a regular basis where VaR estimates the potential loss over a given holding period for a specified confidence level. The VaR methodology is a statistically defined probability measure which takes into account market

### 3 Financial risk management (continued)

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

volatilities as well as the diversification obtained through offsetting positions and correlations between products and markets. Thirdly, the risk managers calculate exposure sensitivities to a range of risk factors (such as interest rates and currencies) and subject the portfolio to stress tests so that the fund managers can gauge how the portfolio is likely to react to given changes in the markets.

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

The Fund is exposed to price risk on equity securities listed or quoted on recognised securities exchanges. 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 Investment Manager uses a number of quantitative techniques to assess the impact of market risks including credit events, changes in interest rates, credit spreads and recovery values on the Fund's investment portfolio. The Investment Manager uses Value at Risk ("VaR") analysis, a technique widely used by financial institutions to quantify, assess, and report market risks. VaR is a statistical framework that supports the quantification of market risk within a portfolio at a specified confidence interval over a defined holding period. VaR seeks to quantify the expected maximum dollar losses that may result from the interactive behaviour of all material market prices, spreads, volatilities, and rates based on the historically observed relationships between these markets.

Although the use of derivatives (whether for hedging or investment purposes) may give rise to additional leveraged exposure, any such additional exposure will be covered and will be risk managed using the VaR methodology. The Investment Manager monitors portfolio risk using market factor exposures on a daily basis.

Potential market risk is calculated using the factor model approach. VaR is calculated and reported automatically each day using the closing prices and market information of the most recent business day. Depending on the application of the risk statistics, various confidence levels (such as 99%) and time horizons (weeks, months, or year) might be selected.

In addition to daily VaR measures, three types of stress tests are also conducted for each Fund. The first test includes scenario duration tests that measure what happens to the value of the portfolio if unexpected movements in yields occur in the market. The second test involves a database of historical crisis scenarios that can be executed to test reactions to these crisis. The historical crisis scenarios contain many unexpected changes in market conditions and correlation matrices. The third test involves correlation matrices which can be manipulated manually to reflect conditions that may happen in the future but have not happened so far.

### 3 Financial risk management (continued)

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

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

The daily VaR measures for the portfolios are an estimate, using a confidence level of 99%, of the potential worst case portfolio loss that is not expected to be exceeded if the current market risk positions were to be held unchanged for one month. The use of a 99% confidence level means that, within a one month horizon, losses exceeding the VaR figure should not occur, on average, more than once every one hundred months. For example when a portfolio is estimated to have a VaR of \$1 million over a monthly horizon at the 99 percent confidence level, under normal market conditions, the expected losses should not exceed \$1 million over the next eight year period (with 99% probability). There were no financial assets and financial liabilities at the end of the current reporting period. The following table sets out the potential maximum monthly risk of loss for the portfolios as at 31 March 2022 and 30 June 2021 as indicated by the VaR model:

	As at 31 March 2022		As at 30 June 2021	
	VaR (\$A)	% of net assets	VaR (\$A)	% of net assets
GAM Systematic Alternative Risk Premia AU	-	-	31,665,007	3.08

Not all risks to which the portfolio may be exposed are intended to be captured by the VaR and, in particular, the framework does not seek to capture liquidity risk, counterparty credit risk, or extreme credit events such as an issuer default. In practice, the actual trading results will differ from the VaR and may not provide a meaningful indication of profits and losses in stressed market conditions. To determine the reliability of the VaR models, actual outcomes are monitored to test the validity of the assumptions and parameters used in the VaR calculation. Market risk positions are also subject to regular stress tests to ensure that the Fund would withstand an extreme market event.

##### (ii) Foreign exchange risk

The Fund operates internationally and holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar.

Foreign exchange risk arises as the value of monetary securities denominated in foreign currencies fluctuate due to changes in exchange rates.

The Fund invests in the Australian dollar units of the Master Fund, the base currency of which is United States dollars ("USD"). GIM hedges USD into AUD in order to provide the AUD return to that share class.

The Fund holds direct investments in non AUD securities which included CHF securities as at 31 March 2022 (2021: CHF). The Investment Manager does not consider the Fund to have significant exposure to foreign exchange risk.

##### (iii) 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's interest bearing financial instruments expose them to risks associated with the effects of fluctuations in the prevailing market interest rates on its financial position and cash flows. The impact of interest rate risk on the profit and net assets attributable to unit holders is considered immaterial to the Fund.

Interest rate risk is managed as part of price risk and measured using VaR analysis.

There were no financial assets and financial liabilities at the end of the current reporting period. The table below summarises the Fund's exposure to interest rate risk as at 30 June 2021.

### 3 Financial risk management (continued)

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

##### (iii) Interest rate risk (continued)

	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
As at 30 June 2021				
Financial assets				
Cash and cash equivalents	81,325,683	-	-	81,325,683
Receivables	-	-	3,538,458	3,538,458
Financial assets at fair value through profit or loss	-	809,578,251	80,868,568	890,446,819
Margin accounts	<u>104,953,613</u>	<u>-</u>	<u>-</u>	<u>104,953,613</u>
Total financial assets	<u>186,279,296</u>	<u>809,578,251</u>	<u>84,407,026</u>	<u>1,080,264,573</u>
Financial liabilities				
Payables	-	-	465,329	465,329
Financial liabilities at fair value through profit or loss	<u>-</u>	<u>1,582,266</u>	<u>50,132,350</u>	<u>51,714,616</u>
Total financial liabilities (excluding net assets attributable to unit holders)	<u>-</u>	<u>1,582,266</u>	<u>50,597,679</u>	<u>52,179,945</u>
Net increase/(decrease) in exposure from fixed interest futures (notional principal)	<u>141,996,468</u>	<u>(141,996,468)</u>	<u>-</u>	<u>-</u>
Net exposure	<u>328,275,764</u>	<u>665,999,517</u>	<u>33,809,347</u>	<u>1,028,084,628</u>

#### (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 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 31 March 2022 and 30 June 2021, all receivables, margin accounts, 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.

##### (i) Debt securities

The Fund invests primarily in investment grade securities. The Fund may also invest in unrated assets where a rating is assigned by the Investment Manager using an approach that is consistent with the approach used by rating agencies. In order to monitor the credit quality of the unrated assets, the Investment Manager, on the basis of internal research, may prepare its own shadow ratings for the various instruments for which publicly available credit ratings are not available.

### 3 Financial risk management (continued)

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

An analysis of debt by rating is set out in the table below.

	As at	
	31 March 2022	30 June 2021
	\$	\$
<b>Australian debt securities rating</b>		
AAA	-	693,348,009
AA	-	114,436,021
<b>Total</b>	-	807,784,030

The debt security holdings are AUD denominated.

There were no significant concentrations of credit risk to counterparties at 31 March 2022.

#### (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.

Exposure to liquidity risk for the Fund may arise from the requirement to meet daily unit holder redemption requests, margin calls on derivative transactions or to fund foreign exchange related cash flow requirements.

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 2022 and 2021.

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

There were no non-derivative financial liabilities at the end of the current reporting period.

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date as at 30 June 2021. The amounts in the table are the contractual undiscounted cash flows. Units are redeemed on demand at the unit holder's option. However, the Responsible Entity does not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

	Less than 1 month	1-6 months	6-12 months	Over 12 months	Total
	\$	\$	\$	\$	\$
As at 30 June 2021					
Payables	465,329	-	-	-	465,329
Net assets attributable to unit holders - liability	<u>1,028,084,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,028,084,628</u>
Contractual cash flows (excluding derivatives)	<u>1,028,549,957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,028,549,957</u>

### 3 Financial risk management (continued)

#### (c) Liquidity risk (continued)

##### (ii) Maturities of net settled derivative financial instruments

There were no derivative financial liabilities at the end of the current reporting period.

The table below analyses the Fund's net settled derivative financial instruments based on their contractual maturity as at 30 June 2021. The Fund may, at its discretion, settle financial instruments prior to their original contractual settlement date, in accordance with its investment strategy, where permitted by the terms and conditions of the relevant instruments.

	Less than 1 month	1-6 months	6-12 months	Over 12 months	Non- stated maturity	Total
As at 30 June 2021	\$	\$	\$	\$	\$	\$
Net settled derivatives						
Forward currency contracts	2,054,932	-	-	-	-	2,054,932
Swaps contracts	528,644	668,677	-	16,948,388	-	18,145,709
Futures contracts	(5,018,426)	16,665,663	2,227,670	-	-	13,874,907
Contracts for difference	-	-	-	-	(3,127,375)	(3,127,375)
Total net settled derivatives	<u>(2,434,850)</u>	<u>17,334,340</u>	<u>2,227,670</u>	<u>16,948,388</u>	<u>(3,127,375)</u>	<u>30,948,173</u>

#### 4 Offsetting financial assets and financial liabilities

There were no financial assets and financial liabilities as at 31 March 2022.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is 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. The gross and net positions of financial assets and liabilities that have been offset in the statement of financial position as at 30 June 2021 are disclosed in the first three columns of the table below.

	Effects of offsetting on the statement of financial position			Related amounts not offset		
	Gross amounts of financial instruments	Gross amounts set off in the statement of financial position	Net amount of financial instruments presented in the statement of financial position	Amounts subject to master netting arrangements	Collateral received/pledged	Net amount
	\$	\$	\$	\$	\$	\$
As at 30 June 2021						
Financial assets						
Derivative financial instruments	82,665,855	(3,066)	82,662,789	(48,587,241)	-	(34,075,548)
Total	82,665,855	(3,066)	82,662,789	(48,587,241)	-	(34,075,548)
Financial liabilities						
Derivative financial instruments	51,717,682	(3,066)	51,714,616	(48,587,241)	-	3,127,375
Total	51,717,682	(3,066)	51,714,616	(48,587,241)	-	3,127,375

##### (a) Master netting arrangement – not currently enforceable

Agreements with derivative counterparties are based on the International Swaps and Derivatives Association (ISDA) Master Agreement. Under the terms of these arrangements, only when certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Fund does not presently have a legally enforceable right of set-off, these amounts have not been offset in the statement of financial position but have been presented separately in the above table.

## 5 Fair value measurement

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

- Financial assets/liabilities at fair value through profit or loss (see Note 6 and Note 7)
- Derivative financial instruments (see Note 8)

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) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets are based on last traded price at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets and financial liabilities held by the Fund is the last traded price. When the Funds hold derivatives with offsetting market risks, they use mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

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

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.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties.

Investments in the Master Fund are recorded at the redemption value per unit as reported by the Investment Manager. 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.

## 5 Fair value measurement (continued)

### (c) Recognised fair value measurements

There were no financial assets and financial liabilities as at 31 March 2022.

The table below presents the Fund's financial assets and liabilities measured and recognised at fair value as at 30 June 2021.

As at 30 June 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Forward currency contracts	-	22,640,145	-	22,640,145
Swaps contracts	-	18,890,617	-	18,890,617
Futures contracts	40,150,502	-	-	40,150,502
Contracts for differences	-	981,525	-	981,525
Fixed interest securities	-	807,784,030	-	807,784,030
Total financial assets	<u>40,150,502</u>	<u>850,296,317</u>	<u>-</u>	<u>890,446,819</u>
Financial liabilities				
Forward currency contracts	-	20,585,213	-	20,585,213
Swaps contracts	-	744,908	-	744,908
Futures contracts	26,275,595	-	-	26,275,595
Contracts for differences	-	4,108,900	-	4,108,900
Total financial liabilities	<u>26,275,595</u>	<u>25,439,021</u>	<u>-</u>	<u>51,714,616</u>

### (d) 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.

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

The carrying values 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 differs 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 or prior year.

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

	As at	
	31 March 2022	30 June 2021
	\$	\$
Derivatives (Note 8)	-	82,662,789
Fixed interest securities	-	807,784,030
<b>Total financial assets at fair value through profit or loss</b>	-	890,446,819

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

## 7 Financial liabilities at fair value through profit or loss

	As at	
	31 March 2022	30 June 2021
	\$	\$
Derivatives (Note 8)	-	51,714,616
<b>Total financial liabilities at fair value through profit or loss</b>	-	51,714,616

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

## 8 Derivative financial instruments

In the normal course of business, the Fund enters into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Fund against a fluctuation in market values, foreign exchange risk or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

## 8 Derivative financial instruments (continued)

Certain transactions may give rise to a form of leverage. Such transactions may include, among others, reverse repurchase agreements, loans of portfolio securities, and the use of when-issued, delayed-delivery or forward commitment transactions. Leverage may be incurred when it is believed that is advantageous to increase the investment capacity of a Fund or to facilitate the clearance of transactions. Leverage creates opportunity for greater total returns for the Fund, but it also may magnify losses. The use of derivatives may also create leverage risk.

To mitigate leverage risk, the Fund will set aside cash or cash equivalents that the Investment Manager reasonably believes to be sufficient to cover net long exposures resulting from swap, bond futures and forward positions held in the Fund. Cash equivalents are defined as Investment Grade securities (minimum S&P/Moody's rating of A3/P3, or equivalent) with a duration of 1 year or less. To the extent the Fund's net long positions are 'covered' by cash or cash equivalents, the Fund will be deemed not to be leveraged.

The Fund held the following derivatives:

### (a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

### (b) Forward currency contracts

Forward currency contracts are primarily used by the Fund to economically hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the end of each reporting period. The Fund recognises a gain or loss equal to the change in fair value at the end of each reporting period.

### (c) Swaps

An interest rate swap is an agreement between two parties to exchange their interest obligations (payments) or receipts at set intervals on a notional principal amount over an agreed time period.

A credit default swap is an agreement whereby one counterparty pays a regular fee, usually expressed as a percentage of the notional principal, to another counterparty in return for security against default by the underlying loan or asset.

The fair value of interest rate swaps is the estimated amount that the Fund would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current credit worthiness of the swap counterparties.

### (d) Contracts for differences

An equity derivative or contract for difference is an agreement to exchange the difference in value of a particular share between the time at which a contract is opened and the time at which it is closed.

The value of equity derivatives is based on the price of a stock index or common stock.

## 8 Derivative financial instruments (continued)

There were no derivative financial instruments held as at 31 March 2022.

The Fund's derivative financial instruments measured at fair value at 30 June 2021 is detailed below:

As at 30 June 2021

	Contractual/ notional	Assets	Liabilities
	\$	\$	\$
Forward currency contracts	1,661,600,028	22,640,145	20,585,213
Swaps contracts	264,835,435	18,890,617	744,908
Futures contracts	2,046,530,978	40,150,502	26,275,595
Contracts for differences	<u>603,519,825</u>	<u>981,525</u>	<u>4,108,900</u>
Total derivatives	<u>4,576,486,266</u>	<u>82,662,789</u>	<u>51,714,616</u>

Information about the Fund's exposure to credit risk, foreign exchange risk, interest rate risk and about the methods and assumptions used in determining fair values is provided in Note 3 and Note 5 to the financial statements. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial instruments disclosed above.

## 9 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 1 July 2021 to 31 March 2022 Units	For the period 1 July 2021 to 31 March 2022 \$	Year ended 30 June 2021 Units	Year ended 30 June 2021 \$
<b>Class B Units</b>				
Opening balance	1,043,664,729	1,028,079,649	1,330,447,926	1,210,345,674
Applications	205	200	2,596	2,400
Redemptions	(1,043,664,934)	(1,024,115,017)	(286,785,793)	(260,000,000)
Increase/(decrease) in net assets attributable to unit holders	-	(3,964,832)	-	77,731,575
<b>Closing balance</b>	-	-	<u>1,043,664,729</u>	<u>1,028,079,649</u>
<b>Class T Units</b>				
Opening balance	5,000	4,979	5,000	3,859
Redemptions	(5,000)	(4,948)	-	-
Increase/(decrease) in net assets attributable to unit holders	-	(31)	-	1,120
<b>Closing balance</b>	-	-	<u>5,000</u>	<u>4,979</u>
<b>Closing balance</b>		-		<u>1,028,084,628</u>

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 were two separate classes of units. Each unit within the same class has the same rights as all other units within that class. Each unit class has a different management fee rate.

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

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.

## 10 Distributions to unit holders

There were no distributions declared for the period ended 31 March 2022 and year ended 30 June 2021.

## 11 Cash and cash equivalents

	31 March 2022	As at 30 June 2021
	\$	\$
Cash at bank	-	81,325,683
<b>Total cash and cash equivalents</b>	<b>-</b>	<b>81,325,683</b>

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

	For the period 1 July 2021 to 31 March 2022 \$	Year ended 30 June 2021 \$
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Profit/(loss) for the financial period	-	-
Increase/(decrease) in net assets attributable to unit holders	(3,964,863)	77,732,695
Proceeds from sale of financial instruments at fair value through profit or loss	2,690,169,979	14,275,282,002
Payments for purchase of financial instruments at fair value through profit or loss	(1,857,018,862)	(14,073,282,649)
Net (gains)/losses on financial instruments at fair value through profit or loss	8,033,793	(67,827,727)
Net foreign exchange (gain)/loss	82,511	(82,511)
Net interest bought/(sold)	(2,246,178)	1,706,908
Net movement in margin accounts	104,953,613	43,369,258
Net change in receivables	3,321,823	5,289,679
Net change in payables	(455,223)	(659,252)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>942,876,593</b>	<b>261,528,403</b>

As described in Note 2(j), 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 as it is not settled in cash until such time as it becomes distributable.

## 13 Receivables

	31 March 2022 \$	As at 30 June 2021 \$
Interest receivable	-	3,310,487
GST receivable	-	11,336
Swap income receivable	-	216,635
<b>Total receivables</b>	<b>-</b>	<b>3,538,458</b>

## 14 Payables

	As at	
	31 March 2022	30 June 2021
	\$	\$
Interest payable	-	1,611
Management fees payable	-	453,612
Net swap interest payable	-	10,106
<b>Total payables</b>	<u>-</u>	<u>465,329</u>

## 15 Remuneration of auditors

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

	For the period 1 July 2021 to 31 March 2022	Year ended 30 June 2021
	\$	\$
<b>Deloitte Touche Tohmatsu</b>		
<i>Audit and other assurance services</i>		
Audit of financial statements	<u>5,500</u>	<u>20,280</u>
Total auditor remuneration and other assurance services	<u>5,500</u>	<u>20,280</u>
<i>Taxation services</i>		
Tax compliance services	<u>10,951</u>	<u>10,140</u>
Total remuneration for taxation services	<u>10,951</u>	<u>10,140</u>
<b>Total remuneration of Deloitte Touche Tohmatsu</b>	<u>16,451</u>	<u>30,420</u>
<b>PricewaterhouseCoopers</b>		
<i>Audit and other assurance services</i>		
Audit of compliance plan	<u>-</u>	<u>2,342</u>
Total auditor remuneration and other assurance services	<u>-</u>	<u>2,342</u>
<b>Total remuneration of PricewaterhouseCoopers</b>	<u>-</u>	<u>2,342</u>

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

## 16 Other expenses

	For the period 1 July 2021 to 31 March 2022	Year ended 30 June 2021
	\$	\$
Audit fees	81,265	114,985
Other expenses	<u>39,811</u>	<u>30,342</u>
<b>Total other expenses</b>	<u><b>121,076</b></u>	<u><b>145,327</b></u>

## 17 Related party transactions

The Responsible Entity of GAM Systematic Alternative Risk Premia 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.

### (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 period and up to the date of this report.

Philip D Gentry	Chairman
Michael J O'Brien	
Russell W Beasley	
Mary A O'Connor	(appointed 24 May 2022)

#### (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 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 31 March 2022 (30 June 2021: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.

## 17 Related party transactions (continued)

### (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 management personnel's interests existing at period end.

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

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

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

	For the period 1 July 2021 to 31 March 2022	Year ended 30 June 2021
	\$	\$
Management fees for the financial period	205,227	2,598,734
Responsible Entity fees for the financial period	73,328	141,857
Management fees payable at financial period end	-	453,612

For information on how management and performance fees are calculated please refer to the Fund's 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 31 March 2022 (30 June 2021: nil).

### (i) Investments

The Fund did not hold any investments in Equity Trustees Limited or its related parties as at 31 March 2022 (2021: nil).

## 18 Events occurring after the reporting period

Mary A O'Connor was appointed as a director of Equity Trustees Limited on 24 May 2022.

No other 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 31 March 2022 or on the results and cash flows of the Fund for the year ended on that date.

## **19 Contingent assets and liabilities and commitments**

There were no outstanding contingent assets, liabilities or commitments as at 31 March 2022 and 30 June 2021.

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 6 to 33 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 31 March 2022 and of its performance for the financial period ended on that date.
- (b) As outlined in Note 1 to the financial statements, the Fund terminated its operations on 31 March 2022 and all units were redeemed out of the Fund.
- (c) Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Philip D Gentry  
Chairman

Melbourne  
26 August 2022

## Independent Auditor's Report to the Unit Holders of GAM Systematic Alternative Risk Premia AU

### Opinion

We have audited the financial report of GAM Systematic Alternative Risk Premia AU (the "Fund") which comprises the statement of financial position as at 31 March 2022, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 1 July 2021 to 31 March 2022, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

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

- (i) giving a true and fair view of the Fund's financial position as at 31 March 2022 and of its financial performance for the period from 1 July 2021 to 31 March 2022; and
- (ii) 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 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 period from 1 July 2021 to 31 March 2022, 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.

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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 that gives a true and fair view and have determined that the basis of preparation described in Note 2 to the financial report which includes the non-going concern basis of accounting, is appropriate to meet the requirements of Australian Accounting Standards and the *Corporations Act 2001*. The Directors' responsibility also includes and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Fund to continue as a going concern. As disclosed in Note 2, the financial report has been prepared on a non-going concern basis as the fund was terminated on 31 March 2022.

#### **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.
- Conclude 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.

A handwritten signature in cursive script that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in cursive script that reads "Kuziow".

Adam Kuziow  
Partner  
Chartered Accountants

Melbourne, 26 August 2022