

# **Insight Diversified Inflation Plus Fund**

ARSN 167 582 818

## **Annual report**

**For the year ended 30 June 2024**

# Insight Diversified Inflation Plus Fund

ARSN 167 582 818

## Annual report

### For the year ended 30 June 2024

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This annual report covers Insight Diversified Inflation Plus Fund as an individual entity.

The Responsible Entity of Insight Diversified Inflation Plus Fund 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 Insight Diversified Inflation Plus Fund (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2024.

### Principal activities

The Fund invests in accordance with the investment objectives and guidelines as set out in the Fund's Product Disclosure Statement and its Constitution.

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	Insight Investment Management (Global) Limited
Custodian and Administrator	State Street Australia Limited
Statutory Auditor	KPMG

### Directors

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

Philip D Gentry	Chairman (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 9.76% (net of fees) for the year ended 30 June 2024. The Fund's benchmark, the RBA CPI Trimmed Mean returned 3.85% for the same period.

The Fund's performance is calculated based on the percentage change in the price in the Fund over the period (with any distributions paid during the period reinvested). Returns are disclosed after fees and expenses but before taxes.

## 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	
	30 June 2024	30 June 2023
Profit/(loss) before finance costs attributable to unit holders for the year (\$'000)	64,478	9,565
<b>Distributions - Class A Units</b>		
Distributions paid and payable (\$'000)	42,367	-
Distributions (cents per unit)*	5.37	-

\*Distributions (cents per unit) excludes special distributions paid in its calculation. The cents per unit figure for special distributions is disclosed at Note 11 to the financial statements.

### Significant changes in the state of affairs

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

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

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

No 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

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 17 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 17 to the financial statements.

### Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 10 to the financial statements.

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

### Environmental regulation

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

### Rounding of amounts to the nearest thousand dollars

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

### Auditor's independence declaration

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

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



Andrew P Godfrey  
Director

Melbourne  
25 September 2024



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

To the Directors of Equity Trustees Limited, the Responsible Entity of  
Insight Diversified Inflation Plus Fund:

I declare that, to the best of my knowledge and belief, in relation to the audit of Insight  
Diversified Inflation Plus Fund for the financial year ended 30 June 2024 there have been:

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

KPMG

Quang Dang

Partner

Sydney

25 September 2024

## Statement of comprehensive income

	Note	Year ended	
		30 June 2024 \$'000	30 June 2023 \$'000
<b>Income</b>			
Interest income from financial assets at amortised cost		2,300	893
Dividend and distribution income		23,630	15,126
Net foreign exchange gain/(loss)		(2,725)	2,009
Net gains/(losses) on financial instruments at fair value through profit or loss		48,982	(2,377)
Other income		20	2
<b>Total income/(loss)</b>		<u>72,207</u>	<u>15,653</u>
<b>Expenses</b>			
Management fees and costs		6,952	5,456
Transaction costs		628	422
Other expenses		149	210
<b>Total expenses</b>		<u>7,729</u>	<u>6,088</u>
<b>Profit/(loss) before finance costs attributable to unit holders for the year</b>		<u>64,478</u>	<u>9,565</u>
<b>Finance costs attributable to unit holders</b>			
Distributions to unit holders	11	(42,367)	-
(Increase)/decrease in net assets attributable to unit holders	10	<u>(22,111)</u>	<u>(9,565)</u>
<b>Profit/(loss) for the year</b>		<u>-</u>	<u>-</u>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>-</u>	<u>-</u>

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

## Statement of financial position

		As at	
	Note	30 June 2024 \$'000	30 June 2023 \$'000
<b>Assets</b>			
Cash and cash equivalents	12	19,421	42,354
Receivables	14	2,155	1,325
Due from brokers - receivable for securities sold		118	1,484
Financial assets at fair value through profit or loss	6	534,831	801,367
Margin accounts		<u>16,996</u>	<u>65,549</u>
<b>Total assets</b>		<u>573,521</u>	<u>912,079</u>
<b>Liabilities</b>			
Distributions payable	11	30,821	-
Payables	15	1,897	883
Due to brokers - payable for securities purchased		632	7,902
Financial liabilities at fair value through profit or loss	7	<u>8,104</u>	<u>28,419</u>
<b>Total liabilities (excluding net assets attributable to unit holders)</b>		<u>41,454</u>	<u>37,204</u>
<b>Net assets attributable to unit holders - liability</b>	10	<u>532,067</u>	<u>874,875</u>

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

**Statement of changes in equity**

	Year ended	
	30 June 2024	30 June 2023
	\$'000	\$'000
<b>Total equity at the beginning of the financial year</b>	-	-
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 start or 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 10.*

## Statement of cash flows

	Note	Year ended	
		30 June 2024 \$'000	30 June 2023 \$'000
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments at fair value through profit or loss		1,270,338	913,502
Payments for purchase of financial instruments at fair value through profit or loss		(970,637)	(1,164,192)
Net foreign exchange gain/(loss)		(2,683)	2,071
Net movement in margin accounts		48,553	(40,509)
Interest income received from financial assets at amortised cost		2,272	892
Dividends and distributions received		12,453	7,692
Other income received		20	5
Management fees and costs paid		(7,186)	(5,140)
Other expenses paid		(803)	(632)
<b>Net cash inflow/(outflow) from operating activities</b>	13(a)	<u>352,327</u>	<u>(286,311)</u>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unit holders		19,344	339,635
Payments for redemptions by unit holders		(383,016)	(27,723)
Distributions paid to unit holders		(11,546)	-
<b>Net cash inflow/(outflow) from financing activities</b>		<u>(375,218)</u>	<u>311,912</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(22,891)</b>	25,601
Cash and cash equivalents at the beginning of the year		42,354	16,815
Effect of foreign currency exchange rate changes on cash and cash equivalents		(42)	(62)
<b>Cash and cash equivalents at the end of the year</b>	12	<u>19,421</u>	<u>42,354</u>
Non-cash operating and financing activities	13(b)	11,466	6,481

*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 Insight Diversified Inflation Plus Fund (the “Fund”) as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 16 January 2014 and will terminate in accordance with the provisions of the Fund’s Constitution or by Law.

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

The Fund invests in accordance with the investment objectives and guidelines as set out in the Fund’s Product Disclosure Statement and its 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 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.

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

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

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

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

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

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

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

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.

## 2 Summary of material accounting policies (continued)

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

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 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, equity securities and 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 equity securities and 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, due from brokers 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 (due to brokers - payable for securities purchased, distributions payable, payables).

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

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

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

## 2 Summary of material accounting policies (continued)

### (b) Financial instruments (continued)

#### (iii) Measurement

- Financial instruments at fair value through profit or loss

At initial recognition, the Fund measures a financial asset and a financial liability at its fair value. Transaction costs of financial assets 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 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, due from brokers, margin accounts, due to broker, distribution payable and 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, receivables, due from brokers 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.

## 2 Summary of material accounting policies (continued)

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

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

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

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

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

### (d) Cash and cash equivalents

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

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

### (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) 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.

#### (ii) Dividends and distributions

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

Trust distributions are recognised on an entitlement basis.

### (g) Expenses

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

## 2 Summary of material accounting policies (continued)

### (g) Expenses (continued)

Management fees and costs covers certain ordinary expenses such as Responsible Entity fees, investment management fees, custodian fees, and administration and audit fees.

### (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.

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

### (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.

### (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 year 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) 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.

## 2 Summary of material accounting policies (continued)

### (m) Receivables

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

### (n) 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.

### (o) 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.

### (p) 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.

### (q) 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(c) 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 5 to the financial statements.

## 2 Summary of material accounting policies (continued)

### (r) Rounding of amounts

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

## 3 Financial risk management

The Fund's activities expose it to a variety of financial risks including market risk (which incorporates price risk, foreign exchange risk and cash flow and fair value 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 long equity and unit trusts is limited to the fair value of those positions. The maximum loss of capital on derivatives is limited to the notional contract values of those positions. On equities sold short, the maximum loss of capital can be unlimited.

The investments of the Fund, and associated risks, are managed by a specialist Investment Manager, Insight Investment Management (Global) 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

#### (i) Price risk

The Fund is exposed to price risk on its investments in equity securities, fixed interest securities and collective investment schemes. 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 Fund's price risk is managed by the Investment Manager within a risk management framework. The framework consists of both desk level and independent oversight through a range of qualitative and quantitative risk measures and frequencies including formal review on a monthly basis. The Fund invests in a wide range of securities in accordance with respective investment objectives as detailed in the Product Disclosure Statement.

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 +/-5% (2023: +/-5%).

#### (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 other currencies fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk and not foreign exchange risk. However, the Investment Manager monitors the exposure of all foreign currency denominated assets and liabilities.

The Fund aims to be predominantly hedged into Australian dollars with the goal of reducing the impact of adverse movements in overseas currencies.

However, for accounting purposes, the Fund does not designate any derivatives as hedges in a hedging relationship, and hence, these derivative financial instruments are classified as at fair value through profit or loss.

### 3 Financial risk management (continued)

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

##### (ii) Foreign exchange risk (continued)

The table below summarises the fair value of the Fund's financial assets and liabilities, monetary and non-monetary, which are denominated in a currency other than the Australian dollar.

As at 30 June 2024	US Dollars A\$'000	Canada Dollar A\$'000	Swiss Franc A\$'000	All other foreign currencies A\$'000
Cash and cash equivalents	1,860	92	1	14,469
Receivables	1,319	-	-	803
Due from brokers - receivable from securities sold	-	-	-	118
Financial assets at fair value through profit or loss	201,250	149	204	333,149
Margin accounts	20,104	(85)	(437)	(2,136)
Due to brokers - payable for securities purchased	-	-	-	(632)
Payables	-	-	-	(1)
Financial liabilities at fair value through profit or loss	<u>(1,483)</u>	<u>(45)</u>	<u>(266)</u>	<u>(6,310)</u>
Net exposure	<u>223,050</u>	<u>111</u>	<u>(498)</u>	<u>339,460</u>
Net increase/(decrease) in exposure from foreign currency contracts (notional principal)	<u>(165,295)</u>	<u>(24,191)</u>	<u>(19,735)</u>	<u>(344,794)</u>
Net exposure including forward currency contracts	<u>57,755</u>	<u>(24,080)</u>	<u>(20,233)</u>	<u>(5,334)</u>
As at 30 June 2023	US Dollars A\$'000	Euro A\$'000	British Pounds A\$'000	All other foreign currencies A\$'000
Cash and cash equivalents	8,745	958	24,934	1,873
Receivables	320	-	1,000	-
Due from brokers - receivable from securities sold	-	-	1,484	-
Financial assets at fair value through profit or loss	277,804	164,061	355,143	4,343
Margin accounts	10,754	6,060	43,318	6,238
Due to brokers - payable for securities purchased	(7,902)	-	-	-
Financial liabilities at fair value through profit or loss	<u>(8,344)</u>	<u>(2,368)</u>	<u>(16,870)</u>	<u>(783)</u>
Net exposure	<u>281,377</u>	<u>168,711</u>	<u>409,009</u>	<u>11,671</u>
Net increase/(decrease) in exposure from forward currency contracts (notional principal)	<u>(237,293)</u>	<u>(142,311)</u>	<u>(395,214)</u>	<u>(87,780)</u>
Net exposure including forward currency contracts	<u>44,084</u>	<u>26,400</u>	<u>13,795</u>	<u>(76,109)</u>

The table at Note 3(b) summarises the sensitivities of the Fund's monetary assets and liabilities to foreign exchange risk. The analysis is based on the reasonably possible shift that the Australian dollar weakened and strengthened by +/-5% (2023: +/-5%) against the material foreign currencies to which the Fund is exposed.

### 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's interest bearing financial instruments expose it to risks associated with the effects of fluctuation in the prevailing market interest rate on its financial positions and cash flows. The risk is measured using sensitivity analysis. The impact of the interest rate risk on profit and net assets attributable to unit holders is considered immaterial to the Fund.

Interest rate risk management is undertaken by maintaining as close to a fully invested position as possible thus limiting the exposure of the Fund to interest rate risk.

The Fund's main interest rate risk arises from their investments in fixed interest securities and fixed interest derivatives.

Where the Fund holds investments in debt securities or other interest bearing investments, the Investment Manager regularly monitors the interest rate sensitivity and the maturities profile to ensure the portfolio is consistent with the Fund's objective.

The table below summarises the Fund's exposure to interest rate risk at the end of the reporting period.

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>As at 30 June 2024</b>				
<b>Financial assets</b>				
Cash and cash equivalents	19,421	-	-	19,421
Receivables	-	-	2,155	2,155
Due from brokers - receivable for securities sold	-	-	118	118
Financial assets at fair value through profit or loss	-	15,464	519,367	534,831
Margin accounts	16,996	-	-	16,996
<b>Total financial assets</b>	<u>36,417</u>	<u>15,464</u>	<u>521,640</u>	<u>573,521</u>
<b>Financial liabilities</b>				
Distributions payable	-	-	30,821	30,821
Payables	-	-	1,897	1,897
Due to brokers - payable for securities purchased	-	-	632	632
Financial liabilities at fair value through profit or loss	-	513	7,591	8,104
<b>Total financial liabilities (excluding net assets attributable to unit holders)</b>	<u>-</u>	<u>513</u>	<u>40,941</u>	<u>41,454</u>
Net increase/(decrease) in exposure from fixed interest futures (notional principal)	5,017	(5,017)	-	-
<b>Net exposure</b>	<u>41,434</u>	<u>9,934</u>	<u>480,699</u>	<u>532,067</u>

### 3 Financial risk management (continued)

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

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

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
As at 30 June 2023				
Financial assets				
Cash and cash equivalents	42,354	-	-	42,354
Receivables	-	-	1,325	1,325
Due from brokers - receivable for securities sold	-	-	1,484	1,484
Financial assets at fair value through profit or loss	-	7,703	793,664	801,367
Margin accounts	65,549	-	-	65,549
Total financial assets	<u>107,903</u>	<u>7,703</u>	<u>796,473</u>	<u>912,079</u>
Financial liabilities				
Payables	-	-	883	883
Due to brokers - payable for securities purchased	-	-	7,902	7,902
Financial liabilities at fair value through profit or loss	-	737	27,682	28,419
Total financial liabilities (excluding net assets attributable to unit holders)	-	<u>737</u>	<u>36,467</u>	<u>37,204</u>
Net increase/(decrease) in exposure from fixed interest futures (notional principal)	<u>(23,089)</u>	-	-	<u>(23,089)</u>
Net exposure	<u>84,814</u>	<u>6,966</u>	<u>760,006</u>	<u>851,786</u>

The table at Note 3(b) summarises the impact of an increase/decrease in interest rates on the Fund's operating profit and net assets attributable to unit holders through changes in fair value or changes in future cash flows. The analysis is based on the reasonably possible shift that the interest rates changed by +/-25 basis points (2023: +/-25 basis points) from the year end rates with all other variables held constant.

#### (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 attributable to unit holders			
	Price risk		Interest rate risk	
	+5% \$'000	-5% \$'000	+25bps \$'000	-25bps \$'000
As at 30 June 2024	24,483	(24,483)	128	(128)
As at 30 June 2023	38,648	(38,648)	229	(229)

### 3 Financial risk management (continued)

#### (b) Summarised sensitivity analysis (continued)

	Impact on net assets attributable to unit holders					
			Foreign exchange risk			
	+5%	-5%	+5%	-5%	+5%	-5%
	USD	USD	CAD	CAD	CHF	CHF
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2024	1,164	(1,164)	-	-	(22)	22
As at 30 June 2023	596	(596)	-	-	14	(14)

#### (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 as 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, margin accounts, cash and short term deposits are held with counterparties with a credit rating of 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

Chaired by the Chief Risk Officer, the Counterparty Credit Committee (CCC) of the Investment Manager establishes policies for the selection and monitoring of brokers and counterparties. Any exceptions to these policies require approval of the CCC. Counterparty selection involves an assessment of counterparty credit quality, capability, liquidity, pricing and operational effectiveness. Insight's CCC credit analysis function within the Fixed Income Group is responsible for making both qualitative (fundamental credit assessments) and quantitative assessments of all counterparties for consideration by the CCC. Further input from market-based factors is also included, referencing a number of external factors such as share price performance and credit default swaps (CDS) spreads. This analysis includes the use of a screening tool using a tailored set of quantitative risk indicators which are subject to periodic reassessment.

For delivery versus payment brokers, minimum external rating agency data is not a pre-requisite for approval by the CCC. For OTC Counterparties to be used under Insight's ISDA arrangements are normally required to have a minimum rating of:

- A3 by Moody's or
- A- by S&P or
- A- by Fitch

A lower rating may be acceptable where, in the view of Insight Investment Management (Global) Limited, sufficient credit enhancements have been provided to bring the counterparty in line with the above.

### 3 Financial risk management (continued)

#### (c) Credit risk (continued)

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

	As at	
	30 June 2024	30 June 2023
	\$'000	\$'000
<b>Australian debt securities rating</b>		
AA	14,968	6,205
<b>Total</b>	14,968	6,205

#### (ii) Derivative financial instruments

The Fund also restricts its exposure to credit losses on the trading of derivative instruments it holds by entering into master netting arrangements with counterparties (approved brokers) with whom it undertakes a significant volume of transactions. Credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are closed and settled on a net basis. The Fund's overall exposure to credit risk on derivative instruments subject to a master netting arrangement can change substantially within a short period, as it is affected by each transaction subject to the arrangements. Refer to Note 4 to the financial statements for further analysis of the Fund's master netting arrangements.

#### (iii) Settlement of securities transactions

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

#### (iv) Cash and cash equivalents

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

#### (v) Other

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

#### (vi) Maximum exposure to credit risk

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

#### (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, margin calls on derivative transactions or to fund foreign exchange related cash flow requirements.

Liquidity risk is managed by investing the majority of its assets in investments that can be readily disposed of. There may be times however when securities may not be readily sold (for example an exchange imposed limit on price fluctuations on a particular day in both falling and rising market conditions) and this may impact the investment and markets to which the Fund has exposure.

### 3 Financial risk management (continued)

#### (d) Liquidity risk (continued)

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 Responsible Entity did not reject or withhold any redemptions during 2024 and 2023.

##### (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.

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

The table below analyses the Fund's derivative financial instruments based on their contractual maturity. 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 \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	Total \$'000
<b>As at 30 June 2024</b>					
Derivatives					
Forward currency contracts	(4,513)	(251)	-	-	(4,764)
Futures contracts	-	(881)	-	(123)	(1,004)
Option contracts	(919)	(1,417)	-	-	(2,336)
<b>Total net settled derivatives</b>	<b>(5,432)</b>	<b>(2,549)</b>	<b>-</b>	<b>(123)</b>	<b>(8,104)</b>
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	Total \$'000
<b>As at 30 June 2023</b>					
Derivatives					
Forward currency contracts	(13,822)	293	-	-	(13,529)
Swaps contracts	-	2,155	-	-	2,155
Futures contracts	-	1,511	-	2,737	4,248
Option contracts	712	205	-	-	917
<b>Total derivatives</b>	<b>(13,110)</b>	<b>4,164</b>	<b>-</b>	<b>2,737</b>	<b>(6,209)</b>

#### 4 Offsetting financial assets and financial liabilities

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 are disclosed in the first three columns of the tables 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
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 30 June 2024</b>						
<b>Financial assets</b>						
Derivative financial instruments	35,729	(5,532)	30,197	(6,952)	-	23,245
<b>Total</b>	<b>35,729</b>	<b>(5,532)</b>	<b>30,197</b>	<b>(6,952)</b>	<b>-</b>	<b>23,245</b>
<b>Financial liabilities</b>						
Derivative financial instruments	13,636	(5,532)	8,104	(6,952)	-	1,152
<b>Total</b>	<b>13,636</b>	<b>(5,532)</b>	<b>8,104</b>	<b>(6,952)</b>	<b>-</b>	<b>1,152</b>
<b>As at 30 June 2023</b>						
<b>Financial assets</b>						
Derivative financial instruments	22,210	-	22,210	(12,589)	-	9,621
<b>Total</b>	<b>22,210</b>	<b>-</b>	<b>22,210</b>	<b>(12,589)</b>	<b>-</b>	<b>9,621</b>
<b>Financial liabilities</b>						
Derivative financial instruments	28,419	-	28,419	(12,589)	(14,397)	1,433
<b>Total</b>	<b>28,419</b>	<b>-</b>	<b>28,419</b>	<b>(12,589)</b>	<b>(14,397)</b>	<b>1,433</b>

##### (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)

## 5 Fair value measurement (continued)

- 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. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

### (a) Valuation using level 1 inputs

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, listed equity securities and listed unit trust) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets and liabilities held by the Fund is the last trade price. When the Fund holds derivatives with offsetting market risks, it uses 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) 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.

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

- Debt instruments are valued using quoted market prices or dealer quotes for similar instruments.
- Foreign currency forwards are valued at the present value of future cash flows based on the forward exchange rates at the balance sheet date.
- Option contracts are valued by applying the Black Scholes option valuation model.
- Investments in unit trusts are valued at the redemption price per unit (IM to provide the valuation technique).

The Fund's investment in the Underlying Fund is recorded at the net asset value per unit as reported by Insight Investment Management, the manager of the Underlying Fund.

The Fund makes adjustments to the redemption value based on considerations such as the liquidity of the unit trust or its

## 5 Fair value measurement (continued)

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

underlying investment, or any restrictions on redemptions and the basis of accounting.

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. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the Black Scholes option valuation model.

Investments in unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds. The Fund may make adjustments to the value based on considerations such as: liquidity of the Investee Fund or its underlying investments, the value date of the net asset value provided, or any restrictions on redemptions and the basis of accounting.

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. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

### (c) 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.

As at 30 June 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Forward currency contracts	-	17,169	-	17,169
Swaps contracts	-	3,668	-	3,668
Futures contracts	5,413	608	-	6,021
Options	3,339	-	-	3,339
Equity securities	792	-	-	792
Unit trusts	455,894	32,980	-	488,874
Fixed interest securities	-	14,968	-	14,968
<b>Total financial assets</b>	<b>465,438</b>	<b>69,393</b>	<b>-</b>	<b>534,831</b>
<b>Financial liabilities</b>				
Forward currency contracts	-	4,764	-	4,764
Futures contracts	1,004	-	-	1,004
Options	2,336	-	-	2,336
<b>Total financial liabilities</b>	<b>3,340</b>	<b>4,764</b>	<b>-</b>	<b>8,104</b>

## 5 Fair value measurement (continued)

### (c) Recognised fair value measurements (continued)

As at 30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Forward currency contracts	-	4,276	-	4,276
Swaps contracts	-	2,155	-	2,155
Futures contracts	6,223	557	-	6,780
Options	6,748	2,251	-	8,999
Equity securities	6,258	-	-	6,258
Unit trusts	723,072	43,622	-	766,694
Fixed interest securities	-	6,205	-	6,205
<b>Total financial assets</b>	<b>742,301</b>	<b>59,066</b>	<b>-</b>	<b>801,367</b>
Financial liabilities				
Forward currency contracts	-	17,805	-	17,805
Futures contracts	2,532	-	-	2,532
Options	6,105	1,977	-	8,082
<b>Total financial liabilities</b>	<b>8,637</b>	<b>19,782</b>	<b>-</b>	<b>28,419</b>

### (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.

The following table presents the transfers between levels for the year ended 30 June 2024 and 30 June 2023.

There were no transfers between levels in the fair value hierarchy for the year ended 30 June 2024.

Year ended 30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Transfer between levels 1 and 2			
Unit trusts	(43,622)	43,622	-

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

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

- i. 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
- ii. 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.

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

	As at	
	30 June 2024	30 June 2023
	\$'000	\$'000
Derivatives	30,197	22,210
Equity securities	792	6,258
Investment Funds	488,874	766,694
Fixed interest securities	<u>14,968</u>	<u>-</u>
<b>Total financial assets at fair value through profit or loss</b>	<b><u>534,831</u></b>	<b><u>801,367</u></b>

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

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

	As at	
	30 June 2024	30 June 2023
	\$'000	\$'000
Derivatives	<u>8,104</u>	<u>28,419</u>
<b>Total financial liabilities at fair value through profit or loss</b>	<b><u>8,104</u></b>	<b><u>28,419</u></b>

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)

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Fund.

The Fund holds 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) Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price risk. Options held by the Fund are exchange-traded. Options are settled on a gross basis. The Fund is exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value.

A swaption is an agreement that grants the owner of the derivative the right but not the obligation to enter into a swap.

### (c) 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.

### (d) 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.

The Fund's derivative financial instruments measured at fair value at year end are detailed below:

**As at 30 June 2024**

	Contractual/ notional \$'000	Assets \$'000	Liabilities \$'000
Forward currency contracts	2,723,198	17,169	4,764
Swaps contracts	71,114	3,668	-
Futures contracts	435,005	6,021	1,004
Options	<u>1,109,975</u>	<u>3,339</u>	<u>2,336</u>
<b>Total derivatives</b>	<u>4,339,292</u>	<u>30,197</u>	<u>8,104</u>

## 8 Derivative financial instruments (continued)

### (d) Swaps (continued)

As at 30 June 2023

	Contractual/ notional \$'000	Assets \$'000	Liabilities \$'000
Forward currency contracts	1,052,850	4,276	17,805
Swaps contracts	23,200	2,155	-
Futures contracts	501,067	6,780	2,532
Options	<u>2,942,818</u>	<u>8,999</u>	<u>8,082</u>
Total derivatives	<u>4,519,935</u>	<u>22,210</u>	<u>28,419</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 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 collective investment schemes (the "Schemes") to be structured entities. The Fund invests in Schemes for the purpose of capital appreciation and/or earning investment income.

The exposure to investments in unrelated Schemes at fair value is disclosed in Note 6 as investment in investment funds.

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

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

During the year ended 30 June 2024, total gains/(losses) incurred on investments in the Schemes were \$2,549,555 (2023: \$19,271,959). The Fund also earned distribution income of \$Nil (2023: \$14,773,684) as a result of its interests in the Schemes.

## 10 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:

	Year ended			
	30 June 2024 Units '000	30 June 2024 \$'000	30 June 2023 Units '000	30 June 2023 \$'000
<b>Class A Units</b>				
Opening balance	909,357	819,574	562,932	500,981
Applications	11,520	10,882	358,899	320,920
Redemptions	(347,214)	(318,188)	(12,474)	(11,167)
Increase/(decrease) in net assets attributable to unit holders	-	19,332	-	8,840
<b>Closing balance</b>	<b>573,663</b>	<b>531,600</b>	<b>909,357</b>	<b>819,574</b>
<b>Class B Units</b>				
Opening balance	59,207	55,301	56,965	52,487
Applications	8,987	8,462	20,212	18,715
Redemptions	(67,737)	(66,075)	(17,970)	(16,626)
Increase/(decrease) in net assets attributable to unit holders	-	2,779	-	725
<b>Closing balance</b>	<b>457</b>	<b>467</b>	<b>59,207</b>	<b>55,301</b>
<b>Closing balance</b>		<b>532,067</b>		<b>874,875</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 three 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. For Class 3, Net Assets are less than \$1,000 as at 30th June 2024.

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.

## 11 Distributions to unit holders

The distributions declared during the year were as follows:

	Year ended			
	30 June 2024 \$'000	30 June 2024 CPU	30 June 2023 \$'000	30 June 2023 CPU
<b>Distributions - Class A Units</b>				
September*	1,175	1.73	-	-
June*	10,371	10.13		
June (Payable)	<u>30,821</u>	<u>5.37</u>	-	-
<b>Total distributions</b>	<u><b>42,367</b></u>		-	-

\*The September 2023 (CPU: 1.73) and June 2024 (CPU: 10.13) distribution represents special distributions paid by the Fund due to a unit holder redemption of greater than 5% of the net assets of the Fund. Due to this redemption, as outlined in the Product Disclosure Statement, a portion of the withdrawal proceeds represented distributable income to the redeeming unit holder. Refer to the Fund's Product Disclosure Statement for details on special distributions.

## 12 Cash and cash equivalents

	As at	
	30 June 2024 \$'000	30 June 2023 \$'000
Cash at bank	<u>19,421</u>	<u>42,354</u>
<b>Total cash and cash equivalents</b>	<u><b>19,421</b></u>	<u><b>42,354</b></u>

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

	Year ended	
	30 June 2024	30 June 2023
	\$'000	\$'000
<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	22,111	9,565
Distributions to unit holders	42,367	-
Proceeds from sale of financial instruments at fair value through profit or loss	1,270,338	913,502
Payments for purchase of financial instruments at fair value through profit or loss	(970,637)	(1,164,192)
Net (gains)/losses on financial instruments at fair value through profit or loss	(48,982)	2,377
Net foreign exchange (gain)/loss	42	62
Dividend and distribution income reinvested	(11,466)	(6,481)
Net interest bought/(sold)	(37)	19
Net movement in margin accounts	48,553	(40,509)
Net change in receivables	271	(970)
Net change in payables	(233)	316
<b>Net cash inflow/(outflow) from operating activities</b>	<b>352,327</b>	<b>(286,311)</b>
<b>(b) Non-cash operating and financing activities</b>		
The following purchases of investments were satisfied by the participation in dividend and distribution reinvestment plans	11,466	6,481
<b>Total non-cash operating and financing activities</b>	<b>11,466</b>	<b>6,481</b>

### 14 Receivables

	As at	
	30 June 2024	30 June 2023
	\$'000	\$'000
Interest receivable	12	21
Dividends and distributions receivable	1,013	1,302
GST receivable	29	2
Swap income receivable	1,101	-
<b>Total receivables</b>	<b>2,155</b>	<b>1,325</b>

### 15 Payables

	As at	
	30 June 2024	30 June 2023
	\$'000	\$'000
Interest payable	1	-
Management fees and costs payable	535	769
Redemptions payable	1,361	114
<b>Total payables</b>	<b>1,897</b>	<b>883</b>

## 16 Remuneration of auditors

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

	Year ended	
	30 June 2024	30 June 2023
	\$	\$
<b>KPMG</b>		
<i>Audit and other assurance services</i>		
Audit of financial statements	16,367	15,225
Total auditor remuneration and other assurance services	16,367	15,225
<i>Taxation services</i>		
Taxation services	6,682	6,216
Total remuneration for taxation services	6,682	6,216
<b>Total remuneration of KPMG</b>	<b>23,049</b>	<b>21,441</b>
<b>PricewaterhouseCoopers</b>		
<i>Audit and other assurance services</i>		
Audit of compliance plan	2,400	2,346
Total auditor remuneration and other assurance services	2,400	2,346
<b>Total remuneration of PricewaterhouseCoopers</b>	<b>2,400</b>	<b>2,346</b>

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

## 17 Related party transactions

The Responsible Entity of Insight Diversified Inflation Plus Fund 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 Insight Investment Management (Global) 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 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.

## 17 Related party transactions (continued)

### (a) Key management personnel (continued)

#### (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.

### (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	
	30 June 2024	30 June 2023
	\$	\$
Management fees for the year	6,132,903	4,771,795
Responsible Entity fees for the year	367,416	303,579
Management fees payable at year end	454,066	588,974
Responsible Entity fees payable at year end	25,982	94,824

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.

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

### **(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 for the year (30 June 2023: nil).

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

No significant events have occurred since the end of the year which would impact on the financial position of the Fund as disclosed in the statement of financial position as at 30 June 2024 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 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 36 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 unitholders of Insight Diversified Inflation Plus Fund

## Opinion

We have audited the **Financial Report** of Insight Diversified Inflation Plus Fund (the Fund).

In our opinion, the accompanying Financial Report of the Fund gives a true and fair view, including of the Fund's financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of Financial Position as at 30 June 2024
- Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended
- Notes, including material accounting policies
- Directors' Declaration

## Basis for opinion

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

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Fund in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

## Other Information

Other Information is financial and non-financial information in the Fund's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors of the Responsible Entity are responsible for the Other Information.

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

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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



## Responsibilities of the Directors for the Financial Report

The Directors of the Responsible Entity are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Fund, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Fund, and that is free from material misstatement, whether due to fraud or error
- assessing the Fund's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

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

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

KPMG

Quang Dang  
Partner

Sydney  
25 September 2024