

# **Allan Gray Australia Equity Fund**

**ARSN 117 746 666**

## **Annual report**

**For the year ended 30 June 2024**

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ARSN 117 746 666

## Annual report For the year ended 30 June 2024

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This annual report covers Allan Gray Australia Equity Fund as an individual entity.

The Responsible Entity of Allan Gray Australia Equity 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 Allan Gray Australia Equity 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 Australian Securities Exchange listed securities, derivatives and dual listed New Zealand securities in accordance with the Product Disclosure Statement and the provisions of the Fund's 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:

Service	Provider
Responsible Entity	Equity Trustees Limited
Investment Manager	Allan Gray Australia Pty Limited
Administrator	Citigroup Pty Limited
Custodian	Citibank N.A. Sydney Branch
Statutory Auditor	Ernst & Young
Unit Registry	SS&C Solutions Pty Ltd
	(Effective on 1 October 2023 SS&C Technologies Holdings, Inc acquired the managed funds administration business of Iress Limited and the entity name was changed to SS&C Solutions Pty Ltd)

## 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 of results and operations

During the year, the Fund continued to invest its funds in accordance with its investment objectives and approach as set out in the Product Disclosure Statement and the provisions of the Fund's Constitution.

### Results

	Class A %	Class B %	S&P/ASX 300 Accumulation Index (benchmark) %
Net of fee return for the year ended 30 June 2024	5.71	6.55	11.92

Net returns are calculated gross of all income, net of fees and expenses, assume reinvestment of distributions and before any buy/sell spread on applications/redemptions.

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)	141,467	365,596
<b>Allan Gray Australia Equity Fund - Class A</b>		
Distributions paid and payable (\$'000)	146,061	171,624
Distributions (cents per unit)	11.8434	14.9940
Redemption price (\$ per unit)	1.6033	1.6283
<b>Allan Gray Australia Equity Fund - Class B</b>		
Distributions paid and payable (\$'000)	31,693	38,147
Distributions (cents per unit)	13.0756	16.1629
Redemption price (\$ per unit)	1.5994	1.6235

## Indirect Cost Ratio (ICR)

	Year ended	
	30 June 2024 %	30 June 2023 %
Class A	0.77	0.77
Class B	—	—

The ICR calculation includes fees charged to the Fund during the financial year, including management fees and costs and performance fees (if any).

Expenses excluded from the ICR calculation are those that would have ordinarily been incurred by a direct investment in the underlying assets of the Fund, such as brokerage, transaction costs and government taxes.

To determine the ICR the fees are expressed as a percentage of the average unit holders' funds during the financial year under review.

## Significant changes in the state of affairs

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

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

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:

- the operations of the Fund in future financial years; or
- the results of those operations in future financial years; or
- 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 were paid out of the assets of the Fund in regard to insurance cover provided to the officers of Equity Trustees Limited. As long as the officers of Equity Trustees Limited act in accordance with the Fund's Constitution and the Law, the officers remain fully indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

## **Indemnification of auditor**

The Responsible Entity has not, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify the auditor of the Fund against a liability incurred as auditor.

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

Fees paid to the Responsible Entity and its associates out of the Fund's property during the year are disclosed in Note 12 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 12 to the financial statements.

## **Interests in the Fund**

The movement in units on issue in the Fund during the year is disclosed in Note 7 to the financial statements.

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

## **Environmental regulation**

The operations of the Fund are not subject to any particular or significant environmental regulations under a 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.

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## 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 7.

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.

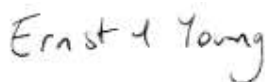


Andrew P Godfrey  
Director  
Melbourne  
19 September 2024

## **Auditor's independence declaration to the directors of Equity Trustees Limited as Responsible Entity for Allan Gray Australia Equity Fund**

As lead auditor for the audit of the financial report of Allan Gray Australia Equity Fund for the financial year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.



Ernst & Young



Rohit Khanna  
Partner  
19 September 2024



# Statement of comprehensive income

	Notes	Year ended	
		30 June 2024	30 June 2023
		\$'000	\$'000
Income			
Dividend and trust distribution income		111,145	113,983
Interest income from financial assets at amortised cost		3,505	1,534
Net gains/(losses) on financial instruments at fair value through profit or loss		44,674	267,709
Other income		2	379
Total income/(loss)		159,326	383,605
Expenses			
Management fees and costs	12	15,399	15,194
Transaction costs		1,436	1,475
Dividend withholding taxes		1,024	1,337
Other expenses		—	3
Total expenses		17,859	18,009
Profit/(loss) before finance costs attributable to unit holders for the year		141,467	365,596
Finance costs attributable to unit holders			
Distributions to unit holders	8	(177,754)	(209,771)
(Increase)/decrease in net assets attributable to unit holders	7	36,287	(155,825)
Profit/(loss) for the year		—	—
Other comprehensive income for the year		—	—
Total comprehensive income for the year		—	—

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

# Statement of financial position

		As at	
		30 June 2024	30 June 2023
	Notes	\$'000	\$'000
<b>Assets</b>			
Cash and cash equivalents	9	114,193	153,879
Margin accounts		8,531	12,686
Due from brokers – receivable for securities sold		8,154	18,473
Dividends receivable		7,387	6,441
Receivable for unit holder applications		1,063	1,147
Other receivables		111	130
Financial assets at fair value through profit or loss	5	2,412,517	2,276,376
<b>Total assets</b>		<b>2,551,956</b>	<b>2,469,132</b>
<b>Liabilities</b>			
Distributions payable	8	177,754	209,771
Due to brokers – payable for securities purchased		–	3,865
Management fees and costs payable	12	1,260	1,267
Payable for unit holder redemptions		2,785	2,267
<b>Total liabilities (excluding net assets attributable to unit holders)</b>		<b>181,799</b>	<b>217,170</b>
<b>Net assets attributable to unit holders – liability</b>	7	<b>2,370,157</b>	<b>2,251,962</b>

*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 \$'000	30 June 2023 \$'000
Total equity at the beginning of the financial year*	—	—
Profit/(loss) for the half-year	—	—
Other comprehensive income	—	—
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>
Transactions with owners in their capacity as owners	—	—
<b>Total equity at the end of the financial year*</b>	<b>—</b>	<b>—</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 1, 2 and 7.*

# Statement of cash flows

		Year ended	
		30 June 2024	30 June 2023
	Notes	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Proceeds from maturity of financial instruments at fair value through profit or loss		720,788	727,351
Payments for purchase of financial instruments at fair value through profit or loss		(801,724)	(664,105)
Net movement in margin accounts		4,155	(5,222)
Dividends and trust distributions received (net of dividend withholding taxes)		105,098	113,573
Interest income received from financial assets at amortised cost		3,505	1,534
Other income received		2	379
Management fees and costs paid		(15,406)	(15,177)
Other expenses paid		(1,417)	(1,487)
<b>Net cash inflow/(outflow) from operating activities</b>	10(a)	<b>15,001</b>	<b>156,846</b>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unit holders		548,808	398,274
Payments for redemptions by unit holders		(454,082)	(402,273)
Distributions paid to unit holders		(149,413)	(137,183)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>(54,687)</b>	<b>(141,182)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(39,686)</b>	<b>15,664</b>
Cash and cash equivalents at the beginning of the year		153,879	138,215
<b>Cash and cash equivalents at the end of the year</b>	9	<b>114,193</b>	<b>153,879</b>
Non-cash operating and financing activities	10(b)	64,435	59,341

*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 Allan Gray Australia Equity Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme, which was constituted on 22 December 2005 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 Australian Securities Exchange listed securities, derivatives and dual listed New Zealand securities in accordance with the Product Disclosure Statement and the provisions 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 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 are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve 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.

## 2 Summary of material accounting policies (continued)

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

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

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

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

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

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

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

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

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2024 and have not been early adopted in preparing these financial statements.

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

### (b) Financial instruments

#### *(i) Classification*

- Financial assets

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

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

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

The Fund's portfolio of financial assets is managed and its performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy as outlined in the Product Disclosure.

## 2 Summary of material accounting policies (continued)

### (b) Financial instruments (continued)

#### *(i) Classification (continued)*

- Financial assets (continued)

Statement. The Fund's policy is for the Investment Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities 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 cash and cash equivalents, due from brokers, 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 flow that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

The Fund invests in derivative financial instruments such as futures. These derivative financial instruments 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. The Fund includes short-term payables in this category including due to brokers, other payables, distributions payable and management fees and costs payable.

#### *(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 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 the 'financial assets or liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

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

- Financial instruments at amortised cost

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

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

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

## 2 Summary of material accounting policies (continued)

### (b) Financial instruments (continued)

#### *(iv) Impairment (continued)*

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

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

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

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

The units 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.

Changes in the value of this financial liability are recognised in the statement of comprehensive income as they arise.

### (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 material accounting policies (continued)

### (e) Margin accounts

Margin accounts comprise cash held with brokers 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.

Changes in fair value of financial instruments held at fair value through profit or loss are recorded in accordance with the policies described in Note 2(b) to the financial statements.

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

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

Trust distribution income is recognised on an entitlement basis.

### (g) Expenses

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

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

## 2 Summary of material accounting policies (continued)

### **(h) Income tax**

Under current legislation, the Fund is not subject to income tax on the basis that the Responsible Entity has attributed the determined taxable components to the unit holders on a fair and reasonable basis in accordance with the constituent documents of the Fund.

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.

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

### **(i) Distributions**

The Fund may distribute its distributable income, in accordance with the Fund's Constitution, to unit holders by cash or reinvestment. 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 or losses on financial instruments at fair value through profit or loss.

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

### **(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.

### **(m) Receivables**

Receivables may include amounts for dividends, interest 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, accrued expenses owed by the Fund and any distributions declared 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**

The application price of each unit is based on the net asset value plus an allowance for transaction costs (the buy/sell spread) required for acquiring investments. The redemption price of each unit is based on the net asset value less the buy/sell spread required for selling investments. The buy/sell spread is paid to the Fund and is currently set at 0.20%.

### **(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 onto 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 material accounting policies (continued)

### (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.

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 4 to the financial statements.

### (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.

### (s) Comparative revisions

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

## 3 Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including price 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 Constitution, the Product Disclosure Statement and the investment guidelines of the Fund. The investments of the Fund are managed by a specialist Investment Manager, Allan Gray Australia Pty Limited, under an Investment Management Agreement ('IMA') that contains the investment strategy and investment guidelines of the Fund consistent with those stated in the Product Disclosure Statement. The Fund invests in Australian equity securities, predominantly listed on the Australian Securities Exchange, and seeks long-term returns for investors that are higher than that of the S&P/ASX 300 Accumulation Index, without assuming any greater risk than that of a direct investment in the securities represented in the Index.

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

### 3 Financial risk management (continued)

#### (a) Market risk

##### (i) Price risk

The Fund's investment portfolio consists of Australian equity securities and derivatives, the fair value of which will fluctuate as a result of changes in market prices. Australian equity securities are classified in the statement of financial position as held at fair value through profit or loss. All securities held present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Investment Manager attempts to mitigate price risk through the use of a consistent and carefully considered investment approach, appropriate diversification of investment and equity selection in accordance with the investment guidelines of the Fund. The majority of the Fund's investments are listed equities traded on the Australian Securities Exchange and the performance is constantly monitored and compared with that of the Fund's benchmark, the S&P/ASX 300 Accumulation Index.

In assessing the impact of anticipated changes in market prices, the Investment Manager considers a price movement of +/-15% (2023: +/-15%) to be reasonably possible. The impact of such a price movement on the Fund's operating profit/(loss) and net assets attributable to unit holders at 30 June is set out in Note 3(b).

##### (ii) Cash flow and fair value Interest rate risk

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

#### (b) 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 the Investment Manager's best estimate, having regard to a number of factors, including historical levels of changes in price risk, historical correlation of the Fund's investments with the S&P/ASX 300 Accumulation Index and market volatility. However, actual movements in the risk variables may be greater or lower than anticipated due to a number of factors, including unusually large market shocks 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.

	Price risk Impact on net assets attributable to unit holders	
	+15% \$'000	-15% \$'000
As at 30 June 2024	361,878	(361,878)
As at 30 June 2023	364,033	(364,033)

### 3 Financial risk management (continued)

#### (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 Investment Manager may use derivative products in accordance with the investment restrictions of the Fund. Derivative contracts are only traded with approved counterparties.

The majority of transactions take place on recognised exchanges and 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 maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. None of these assets are 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 or to fund foreign exchange related cash flow requirements.

The Fund manages its liquidity risk by investing the majority of its assets in investments that are traded in an active market and can be readily disposed of. It invests only a limited proportion of its assets in investments not actively traded on a stock exchange.

The Fund may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Fund may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. The Fund did not hold significant investments in derivative contracts traded over the counter at 30 June 2024 and 2023.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders. The Fund did not reject or withhold any redemptions during 2024 and 2023.

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

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



### 3 Financial risk management (continued)

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

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

The table below analyses the Fund's net settled 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>					
<b>Net settled derivatives</b>					
Australian exchange traded SPI futures	—	—	—	—	—
<b>Total net settled derivatives</b>	—	—	—	—	—
<b>As at 30 June 2023</b>					
<b>Net settled derivatives</b>					
Australian exchange traded SPI futures	—	47	—	—	47
<b>Total net settled derivatives</b>	—	47	—	—	47

### 4 Fair value measurement

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

- Financial assets at fair value through profit or loss (see Note 5)
- Derivative financial instruments (see Note 6)

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

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

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

## 4 Fair value measurement (continued)

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) Fair value in an active market (level 1)

The fair value of financial instruments traded in active markets such as publicly traded derivatives and listed equity securities 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 financial liabilities held by the Fund is the last trade price.

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) Recognised fair value measurements

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2024				
Financial assets				
Listed equity securities	2,412,517	–	–	2,412,517
Australian exchange traded SPI futures	–	–	–	–
<b>Total financial assets</b>	<b>2,412,517</b>	<b>–</b>	<b>–</b>	<b>2,412,517</b>
As at 30 June 2023				
Financial assets				
Listed equity securities	2,276,329	–	–	2,276,329
Australian exchange traded SPI futures	47	–	–	47
<b>Total financial assets</b>	<b>2,276,376</b>	<b>–</b>	<b>–</b>	<b>2,276,376</b>

## 4 Fair value measurement (continued)

### (c) Transfers between levels

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

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

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

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

- i. Cash and cash equivalents, balances due from/to brokers, distributions payable and other receivables/payables relating to fund expenses. These are short-term financial assets and financial liabilities whose carrying amounts 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 or issuance of units, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying value of net assets attributable to unit holders approximates their fair value. Any difference is not material in the current year or prior year.

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

	As at	
	30 June 2024 \$'000	30 June 2023 \$'000
Listed equity securities	2,412,517	2,276,329
Australian exchange traded SPI futures	—	47
<b>Total financial assets at fair value through profit or loss</b>	<b>2,412,517</b>	<b>2,276,376</b>

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

## 6 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.

## 6 Derivative financial instruments (continued)

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 futures. 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.

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 derivative instruments:

### Futures

The Fund holds Share Price Index (SPI) 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. Changes in futures contracts' values are usually settled daily with the exchange.

The Fund may take positions in futures contracts for the primary purpose of managing actual or anticipated liquidity and uses SPI futures contracts to gain exposure to the Australian equity market.

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

	Contractual/ notional \$'000	Assets \$'000	Liabilities \$'000
<b>As at 30 June 2024</b>			
Australian exchange traded SPI futures	–	–	–
<b>Total derivatives</b>	–	–	–
<b>As at 30 June 2023</b>			
Australian exchange traded SPI futures	150,560	47	–
<b>Total derivatives</b>	150,560	47	–

An overview of the risk exposures relating to derivatives is included in Note 3 to the financial statements.

## 7 Net assets attributable to unit holders - liability

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

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

	Year ended			
	30 June 2024 Units' 000	30 June 2024 \$'000	30 June 2023 Units' 000	30 June 2023 \$'000
<b>Allan Gray Australia Equity Fund – Class A</b>				
Opening balance	1,144,622	1,867,949	1,137,973	1,731,793
Applications	242,695	396,355	173,731	289,079
Redemptions	(184,001)	(301,347)	(195,259)	(329,970)
Reinvestment of distributions	29,954	48,882	28,177	42,880
Increase/(decrease) in net assets attributable to unit holders	–	(30,200)	–	134,167
<b>Closing balance</b>	<b>1,233,270</b>	<b>1,981,639</b>	<b>1,144,622</b>	<b>1,867,949</b>
<b>Allan Gray Australia Equity Fund – Class B</b>				
Opening balance	236,014	384,013	212,085	321,516
Applications	93,044	152,369	64,814	109,818
Redemptions	(93,723)	(153,253)	(47,542)	(79,071)
Reinvestment of distributions	7,053	11,476	6,657	10,092
Increase/(decrease) in net assets attributable to unit holders	–	(6,087)	–	21,658
<b>Closing balance</b>	<b>242,388</b>	<b>388,518</b>	<b>236,014</b>	<b>384,013</b>
<b>Total net assets attributable to unit holders</b>		<b>2,370,157</b>		<b>2,251,962</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 two separate classes of units and each unit within the same class has the same rights as all other units within that class. Each class has a different management fee rate.

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

## 7 Net assets attributable to unit holders – liability (continued)

### 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 due to changes in the value of assets held and because the Fund is subject to daily applications and redemptions at the discretion of unit holders.

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

## 8 Distributions to unit holders

The distributions declared for the year were as follows:

	Year ended			
	30 June 2024 \$'000	30 June 2024 CPU	30 June 2023 \$'000	30 June 2023 CPU
<b>Allan Gray Australia Equity Fund - Class A</b>				
Distributions				
June (payable)	146,061	11.8434	171,624	14.9940
Total distributions	146,061	11.8434	171,624	14.9940
<b>Allan Gray Australia Equity Fund - Class B</b>				
Distributions				
June (payable)	31,693	13.0756	38,147	16.1629
Total distributions	31,693	13.0756	38,147	16.1629
Total distributions	177,754		209,771	

## 9 Cash and cash equivalents

	As at	
	30 June 2024 \$'000	30 June 2023 \$'000
Cash at bank	114,193	153,879
Total cash and cash equivalents	114,193	153,879

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

	Year ended	
	30 June 2024 \$'000	30 June 2023 \$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Increase/(decrease) in net assets attributable to unit holders	(36,287)	155,825
Distributions to unitholders	177,754	209,771
Proceeds from sale of financial instruments at fair value through profit or loss	720,788	727,351
Payments for purchase of financial instruments at fair value through profit loss	(801,724)	(664,105)
Net (gains)/losses on financial instruments at fair value through profit or loss	(44,674)	(267,709)
Dividend and trust income reinvested	(4,077)	(75)
Net change in receivables	(926)	993
Net change in payables	(8)	17
Net change in margin accounts	4,155	(5,222)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>15,001</b>	<b>156,846</b>
<b>(b) Non-cash financing and operating activities</b>		
Redemptions satisfied by in specie asset transfers	–	6,107
Switches between Class A and Class B	–	187
Purchases of investments satisfied by the participation in dividend reinvestment plans	4,077	75
Distribution payments satisfied by the issue of units under the distribution reinvestment plan	60,358	52,972
<b>Total non-cash financing and operating activities</b>	<b>64,435</b>	<b>59,341</b>

As described in Note 2(j), income not distributed is included in net assets attributable to unit holders. The change in this amount each year (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.

## 11 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>Ernst &amp; Young</b>		
<i>Audit and other assurance services</i>		
Audit and review of financial statements	47,574	45,308
Total remuneration for audit and other assurance services	47,574	45,308
<i>Taxation services</i>		
Total compliance services	24,820	23,865
Total remuneration for taxation services	24,820	23,865
<b>Total remuneration of Ernst &amp; Young</b>	<b>72,394</b>	<b>69,173</b>
<b>PricewaterhouseCoopers</b>		
<i>Audit and other assurance services</i>		
Audit of compliance plan	2,400	2,346
Total remuneration for audit 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 Investment Manager. Fees are stated exclusive of GST.



## 12 Related party transactions

The Responsible Entity of Allan Gray Australia Equity 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 Allan Gray Australia Pty Limited, to act as Investment Manager for the Fund, Citibank N.A. Sydney Branch to act as Custodian, SS&C Solutions Pty Ltd to act as the Unit Registry of the Fund and Citigroup Pty Limited to act as 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.

#### *(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 any 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.

## 12 Related party transactions (continued)

### (e) Key management personnel loans

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

### (f) Other transactions within the Fund

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

### (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 and costs for the year	15,398,961	15,193,763
Management fees and costs payable at year end	1,259,725	1,267,380

Equity Trustees Limited earned \$1,042,885 (2023: \$1,022,288) for the Responsible Entity services to the Fund paid from management fees and costs.

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.

## 12 Related party transactions (continued)

### (h) Related party unit holdings

Allan Gray Australia Pty Limited, is the Investment Manager of the Fund. It is a wholly owned subsidiary of Allan Gray Holdings Pty Ltd, an Australian company which in turn is owned by the late Simon Marais's Family Interests and Orbis Holdings Limited, a member of the Orbis Group.

Parties related to the Fund (including Equity Trustees Limited, its related parties and other schemes managed by Equity Trustees Limited), hold units in the Fund, directly or indirectly, as follows:

Unit holder	Number of units held opening	Number of units held closing	Fair value of investment \$	Interest held (% of total Fund)	Number of units acquired	Number of units disposed	Distributions payable by the Fund \$
As at 30 June 2024							
<u>Class A</u>							
Orbis Investment Management Limited	1,247,721	1,361,820	2,183,815	0.09	114,099	–	161,286
Allan Gray Australia Pty Ltd	2,659,689	2,904,062	4,656,954	0.20	244,373	–	343,940
Allan Gray Australia Directors and Portfolio Managers	2,528,716	3,030,007	4,858,919	0.21	501,291	–	358,856
<u>Class B</u>							
Allan Gray Australia Pty Ltd	1,157,204	1,272,155	2,035,067	0.09	114,951	–	166,342
Allan Gray Australia Directors and Portfolio Managers	188,864	310,358	496,479	0.02	121,494	–	40,581
BNP Paribas Nominees Pty Ltd ACF Stonehouse Core Value Portfolio	2,399,957	2,399,957	3,839,211	0.16	–	–	313,809
BNP Paribas Nominees Pty Ltd ACF LDI Connect 7 Portfolio	3,477,604	3,722,203	5,954,409	0.25	950,612	(706,013)	486,700
BNP Paribas Nominees Pty Ltd ACF LDI Connect 20 Portfolio	373,047	313,975	502,266	0.02	37,057	(96,129)	41,054

## 12 Related party transactions (continued)

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

Unit holder	Number of units held opening	Number of units held closing	Fair value of investment of \$	Interest held (% of total Fund)	Number of units acquired	Number of units disposed	Distributions payable by the Fund \$
As at 30 June 2023							
<u>Class A</u>							
Orbis Investment Management Limited	1,134,543	1,247,721	2,032,038	0.09	125,138	(11,960)	187,083
Allan Gray Australia Pty Ltd	2,437,627	2,659,689	4,331,569	0.19	222,062	–	398,794
Allan Gray Australia Directors and Portfolio Managers	2,276,401	2,528,716	4,118,267	0.18	252,315	–	379,156
<u>Class B</u>							
Allan Gray Australia Pty Ltd	1,051,284	1,157,204	1,879,068	0.08	105,920	–	187,038
Allan Gray Australia Directors and Portfolio Managers	122,034	188,864	306,677	0.01	66,830	–	30,526
BNP Paribas Nominees Pty Ltd ACF Stonehouse Core Value Portfolio	5,019,235	2,399,957	3,897,050	0.17	–	–(2,619,278)	387,903
BNP Paribas Nominees Pty Ltd ACF LDI Connect 7 Portfolio	3,159,295	3,477,604	5,646,933	0.25	318,309	–	562,082
BNP Paribas Nominees Pty Ltd ACF LDI Connect 20 Portfolio	338,901	373,047	605,753	0.03	34,146	–	60,295

### (i) Investments

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



### **13 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.

### **14 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

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In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 8 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 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 the Equity Trustees Limited's Board.



Andrew P Godfrey  
Director

Melbourne  
19 September 2024

## Independent Auditor's Report to the unitholders of Allan Gray Australia Equity Fund

### Opinion

We have audited the financial report of Allan Gray Australia Equity Fund (the Fund), which comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, and the directors' declaration.

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

- a. Giving a true and fair view of the Fund's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- b. 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 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 also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Information other than the financial report and auditor's report thereon

The directors of the Equity Trustees Limited (Responsible Entity) are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the financial report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* 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 of the Responsible Entity are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors 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 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 judgment and maintain professional skepticism 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 of the Responsible Entity.
- ▶ Conclude on the appropriateness of the directors of the Responsible Entity of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.





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- 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 of the Responsible Entity 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.

Ernst & Young

Rohit Khanna  
Partner  
Sydney  
19 September 2024