

AXA IM Global Green Bond Fund

ARSN 656 941 061

Annual report

For the year ended 30 June 2024

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This annual report covers AXA IM Global Green Bond Fund as an individual entity.

The Responsible Entity of AXA IM Global Green Bond 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 AXA IM Global Green Bond 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 is an Australian Feeder Fund, which invests substantially in AXA WF ACT Green Bonds, a sub-fund of the AXA World Funds (an open-ended fund domiciled in Luxembourg) (the "Master Fund") and cash for ancillary purposes, managed by AXA Investment Managers Australia Ltd, who may utilize sub-investment managers who are direct or indirect subsidiaries of AXA Investment Managers SA, in providing its investment management services to the Fund.

The Fund aims to seek both income and growth of investment, and a sustainable Investment objective, from an actively managed bonds portfolio contributing to financing of the energy and ecology transition and demonstrating a positive environmental impact by investing substantially in the Master Fund 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	AXA Investment Managers Australia Ltd
Custodian and Administrator	State Street Australia Limited
Statutory Auditor	PricewaterhouseCoopers

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 3.30% (net of fees) for the year ended 30 June 2024. The Fund's benchmark, ICE BofA Green Bond Hedged AUD returned 4.39% for the same year.

The Fund's performance is calculated based on the percentage change in the redemption 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	For the period 11 February 2022 to 30 June 2023
Profit/(loss) for the year (\$)	144,709	(327,157)
Distributions paid and payable (\$)	71,538	33,536
Distributions (cents per unit)	1.89	0.89

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 14 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 14 to the financial statements.

Interests in the Fund

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

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

Environmental regulation

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

Rounding of amounts to the nearest dollar

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

Auditor's independence declaration

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

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



Andrew P Godfrey
Director

Melbourne
19 September 2024



Auditor's Independence Declaration

As lead auditor for the audit of AXA IM Global Green Bond Fund for the year ended 30 June 2024, I declare that 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; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'CJ Cummins'.

CJ Cummins
Partner
PricewaterhouseCoopers

Sydney
19 September 2024

Statement of comprehensive income

		Year ended 30 June 2024	For the period 11 February 2022 to 30 June 2023
	Note	\$	\$
Income			
Interest income from financial assets at amortised cost		203	183
Dividend and distribution income		94,750	69,856
Net gains/(losses) on financial instruments at fair value through profit or loss		63,017	(381,413)
Management fees and costs reimbursement	14	96,913	19,041
Total income/(loss)		<u>254,883</u>	<u>(292,333)</u>
Expenses			
Management fees and costs		109,810	34,672
Transaction costs		20	40
Other expenses		344	112
Total expenses		<u>110,174</u>	<u>34,824</u>
Profit/(loss) for the year		<u>144,709</u>	<u>(327,157)</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>144,709</u>	<u>(327,157)</u>

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
	Note	\$	\$
Assets			
Cash and cash equivalents	9	61,553	128,116
Receivables	11	147,899	45,540
Financial assets at fair value through profit or loss	5	<u>3,358,073</u>	<u>3,249,187</u>
Total assets		<u>3,567,525</u>	<u>3,422,843</u>
Liabilities			
Distributions payable	8	15,607	15,506
Payables	12	<u>2</u>	<u>3</u>
Total liabilities		<u>15,609</u>	<u>15,509</u>
Net assets attributable to unit holders - equity	7	<u>3,551,916</u>	<u>3,407,334</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	For the period 11 February 2022 to 30 June 2023
	Note	\$	\$
Total equity at the beginning of the financial year		3,407,334	-
Comprehensive income for the financial year			
Profit/(loss) for the year		144,709	(327,157)
Other comprehensive income		-	-
Total comprehensive income		144,709	(327,157)
Transactions with unit holders			
Applications	7	-	3,750,000
Reinvestment of distributions	7	71,411	18,027
Distributions paid and payable	7	(71,538)	(33,536)
Total transactions with unit holders		(127)	3,734,491
Total equity at the end of the financial year		3,551,916	3,407,334

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

Statement of cash flows

		Year ended 30 June 2024	For the period 11 February 2022 to 30 June 2023
	Note	\$	\$
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		64,131	-
Payments for purchase of financial instruments at fair value through profit or loss		(110,000)	(3,600,000)
Interest received from financial assets at amortised cost		247	139
Dividends and distributions received		90,737	18,537
Management fees and costs paid		(109,810)	(34,672)
Other expenses paid		(1,842)	(5,885)
Net cash inflow/(outflow) from operating activities	10(a)	<u>(66,537)</u>	<u>(3,621,881)</u>
Cash flows from financing activities			
Proceeds from applications by unit holders		-	3,750,000
Distributions paid to unit holders		<u>(26)</u>	<u>(3)</u>
Net cash inflow/(outflow) from financing activities		<u>(26)</u>	<u>3,749,997</u>
Net increase/(decrease) in cash and cash equivalents		(66,563)	128,116
Cash and cash equivalents at the beginning of the year		<u>128,116</u>	<u>-</u>
Cash and cash equivalents at the end of the year	9	<u>61,553</u>	<u>128,116</u>
Non-cash operating and financing activities	10(b)	71,411	48,627

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

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1 General information

These financial statements cover AXA IM Global Green Bond Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 31 January 2022 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 aims to seek both income and growth of investment, and a sustainable Investment objective, from an actively managed bonds portfolio contributing to financing of the energy and ecology transition and demonstrating a positive environmental impact by investing substantially in the AXA WF ACT Green Bonds (the "Master Fund") 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 do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and liabilities and net assets attributable to unit holders.

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

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

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

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

(ii) New 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.

2 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

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

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

(iii) New standards and interpretations not yet adopted

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

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

(b) Financial instruments

(i) Classification

• Financial assets

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

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

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

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

For unit trusts, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For cash and cash equivalents and receivables, these assets are held in order to collect the contractual cash flows. The contractual terms of these assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

• Financial liabilities

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (distribution payable, management fees and costs payable and other 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. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

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

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

- Financial instruments at amortised cost

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

Cash and cash equivalents and receivables 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 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 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

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

(c) Net assets attributable to unit holders

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

The 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.

2 Summary of material accounting policies (continued)

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

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.

The Fund's units are classified as equity as they satisfy the following criteria under AASB 132 *Financial Instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

(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) 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) Distributions

Trust distributions are recognised on an entitlement basis.

(f) Expenses

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

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

2 Summary of material accounting policies (continued)

(g) Income tax

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.

(h) Distributions

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

(i) 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.

(j) Receivables

Receivables may include amounts for 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.

(k) 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.

(l) 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.

(m) Goods and services tax (GST)

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

2 Summary of material accounting policies (continued)

(n) 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 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(c) for more information on credit risk.

(o) Rounding of amounts

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

3 Financial risk management

The Fund's activities expose it to a variety of financial risks including market risk (which incorporates price risk, foreign exchange risk and 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.

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

The Investment Manager of the Fund is AXA Investment Managers Australia Ltd, as appointed by the Responsible Entity under an Investment Management Agreement. The Investment Manager may utilize sub-investment managers who are direct or indirect subsidiaries of AXA Investment Managers SA, in providing its investment management services to the Fund in a manner that is consistent with the investment strategy and guidelines of the Fund stated in the Product Disclosure Statement.

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

(a) Market risk

The Fund is an Australian Feeder Fund, which invests substantially in AXA WF ACT Green Bonds, a sub-fund of the AXA World Funds (an open-ended fund domiciled in Luxembourg) (the "Master Fund") and cash for ancillary purposes, managed by AXA Investment Managers Australia Ltd, who may utilize sub-investment managers who are direct or indirect subsidiaries of AXA Investment Managers SA, in providing its investment management services to the Fund.

(i) Price risk

The Fund is exposed to price risk on its investments in the Master Fund. Price risk arises from investments held by the Fund for which prices in the future are uncertain. 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 has a significant concentration of risk arising from its exclusive investment in the Master Fund. As at 30 June 2024, the Fund's investment in the Master Fund represents 94% of the Fund's financial assets at fair value through profit or loss.

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk (continued)

The price risk in the Master Fund is managed by AXA Investment Managers Paris, the manager of the Master Fund taking into account the asset allocation of each holding of the Master Fund in order to minimise the risk associated with particular sectors while continuing to follow their respective investment objective.

The table at Note 3(b) summarises the sensitivities of the Fund's assets and liabilities to price risk. The analysis is based on the reasonably possible shift that the investment portfolio in which the Fund invests moves by +/-6% (2023: +/-8%).

(ii) Foreign exchange risk

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

(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.

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 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 operating profit/net assets attributable to unit holders	
	Price risk	
	+6%	-6%
	\$	\$
As at 30 June 2024	201,484	(201,484)
As at 30 June 2023	259,935	(259,935)

The sensitivity factors for 30 June 2023 were +/-8% for price risk.

(c) Credit risk

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

The Fund's main concentration of credit risk arises from its investment in the Master Fund.

3 Financial risk management (continued)

(c) Credit risk (continued)

At 30 June 2024 and 30 June 2023, all receivables and cash are held with counterparties with a credit rating of AA- or higher and are either callable on demand or due to be settled. 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. The Fund expects to hold up to 5% of its NAV in cash for ancillary purposes.

(d) Liquidity risk

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

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

The Fund manages liquidity risk by investing the majority of its assets in a fund that has a daily NAV and which should be expected to meet any redemption request.

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

The Fund is exposed to indirect liquidity risk via its investment in the Master Fund which is a sub-fund of the AXA World Funds some of which may not be readily saleable.

(i) Maturities of non-derivative financial liabilities

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

4 Fair value measurement

The Fund is an Australian Feeder Fund, which invests substantially in AXA WF ACT Green Bonds, a sub-fund of the AXA World Funds (an open-ended fund domiciled in Luxembourg) (the "Master Fund") and cash for ancillary purposes, managed by AXA Investment Managers Australia Ltd, who may utilize sub-investment managers who are direct or indirect subsidiaries of AXA Investment Managers SA, in providing its investment management services to the Fund.

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

- Financial assets at fair value through profit or loss (see Note 5)

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

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

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

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

(a) Valuation using level 2 inputs

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

4 Fair value measurement (continued)

(a) Valuation using level 2 inputs (continued)

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:

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

The Fund's investment in the Master Fund is recorded at the net asset value per unit as reported by AXA Investment Managers Paris, the manager of the Master Fund.

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

(b) Recognised fair value measurements

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

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at 30 June 2024				
Financial assets				
Unlisted unit trust	-	3,358,073	-	3,358,073
Total financial assets	-	3,358,073	-	3,358,073
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at 30 June 2023				
Financial assets				
Unlisted unit trust	-	3,249,187	-	3,249,187
Total financial assets	-	3,249,187	-	3,249,187

(c) Financial instruments not carried at fair value

The carrying value of cash and cash equivalents, receivables and payables approximate their fair values due to their short-term nature.

5 Financial assets at fair value through profit or loss

	As at 30 June 2024 \$	30 June 2023 \$
Unlisted unit trust	3,358,073	3,249,187
Total financial assets at fair value through profit or loss	3,358,073	3,249,187

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

6 Structured entities

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

6 Structured entities (continued)

The Fund considers all investments in the Master Fund to be structured entities. The Fund has the objective to invest in the Master Fund for the purpose of capital appreciation and/or earning investment income.

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

	Fair value of investment	
	As at 30 June 2024 \$	As at 30 June 2023 \$
AXA WF ACT Green Bonds*	3,358,073	3,249,187
Total	3,358,073	3,249,187

*AXA WF ACT Green Bonds, which is a sub-fund of the AXA World Funds.

The fair value of the Fund's investment in the Master Fund is included in financial assets at fair value through profit or loss in the statement of financial position.

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

During the year ended 30 June 2024, total gains/(losses) incurred on investments in the Master Fund were \$63,017 (2023: (\$381,413)). The Fund also earned distribution income of \$94,750 (2023: \$69,856) as a result of its interests in the Master Fund.

7 Net assets attributable to unit holders - equity

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments are classified as equity where certain criteria are met. The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions. The Fund's units are classified as equity as they 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	Year ended 30 June 2024 \$	For the period 11 February 2022 to 30 June 2023 Units	For the period 11 February 2022 to 30 June 2023 \$
Opening balance	3,769,932	3,407,334	-	-
Applications	-	-	3,750,000	3,750,000
Reinvestment of distributions	78,064	71,411	19,932	18,027
Distributions paid and payable	-	(71,538)	-	(33,536)
Profit/(loss) for the year	-	144,709	-	(327,157)
Closing balance	3,847,996	3,551,916	3,769,932	3,407,334

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

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

7 Net assets attributable to unit holders - equity (continued)

Units are redeemed on demand at the unit holders' option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

Capital risk management

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

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

8 Distributions to unit holders

The distributions declared during the year were as follows:

	Year ended 30 June 2024 \$	Year ended 30 June 2024 CPU	For the period 11 February 2022 to 30 June 2023 \$	For the period 11 February 2022 to 30 June 2023 CPU
Distributions				
September	17,651	0.47	-	-
December	18,518	0.49	-	-
March	19,762	0.52	18,030	0.48
June (payable)	15,607	0.41	15,506	0.41
Total distributions	71,538		33,536	

9 Cash and cash equivalents

	As at 30 June 2024 \$	30 June 2023 \$
Cash at bank	61,553	128,116
Total cash and cash equivalents	61,553	128,116

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

	Year ended 30 June 2024 \$	For the period 11 February 2022 to 30 June 2023 \$
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) for the year	144,709	(327,157)
Proceeds from sale of financial instruments at fair value through profit or loss	64,131	-
Payments for purchase of financial instruments at fair value through profit or loss	(110,000)	(3,600,000)
Net (gains)/losses on financial instruments at fair value through profit or loss	(63,017)	381,413
Dividend and distribution income reinvested	-	(30,600)
Net change in receivables	(102,359)	(45,540)
Net change in payables	(1)	3
Net cash inflow/(outflow) from operating activities	(66,537)	(3,621,881)
(b) Non-cash operating and financing activities		
The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan	71,411	18,027
The following purchases of investments were satisfied by the participation in dividend and distribution reinvestment plans	-	30,600
Total non-cash operating and financing activities	71,411	48,627

11 Receivables

	As at 30 June 2024 \$	30 June 2023 \$
Interest receivable	-	44
Dividends and distributions receivable	24,732	20,719
GST receivable	4,676	3,199
Management fees and costs reimbursement receivable	118,491	21,578
Total receivables	147,899	45,540

12 Payables

	As at 30 June 2024 \$	30 June 2023 \$
Other payables	2	3
Total payables	2	3

13 Remuneration of auditor

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

	Year ended 30 June 2024 \$	For the period 11 February 2022 to 30 June 2023 \$
PricewaterhouseCoopers		
<i>Audit and other assurance services</i>		
Audit of financial statements	13,860	13,300
Audit of compliance plan	2,400	2,346
Total auditor remuneration and other assurance services	16,260	15,646
<i>Taxation services</i>		
Tax compliance services	13,764	13,109
Total remuneration for taxation services	13,764	13,109
Total remuneration of PricewaterhouseCoopers	30,024	28,755

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

14 Related party transactions

The Responsible Entity of AXA IM Global Green Bond 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 AXA Investment Managers Australia Ltd 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.

(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.

14 Related party transactions (continued)

(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	For the period 11 February 2022 to 30 June 2023
	\$	\$
Responsible Entity fees for the year	2,075	2,033
Management fees and costs reimbursement for the year	96,913	19,041
Management fees and costs reimbursement receivable at year end	118,491	21,578

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

Management fees reimbursements are accrued in the Fund to ensure that the Fund's overall management costs remain within that disclosed in the Product Disclosure Statement and are expected to be realised against future management fees payable to the Investment Manager.

14 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 during the year (30 June 2023: nil).

15 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.

16 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 25 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 30 June 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
19 September 2024



Independent auditor's report

To the unit holders of AXA IM Global Green Bond Fund

Our opinion

In our opinion:

The accompanying financial report of AXA IM Global Green Bond Fund (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 then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2024
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, including material accounting policy information and other explanatory information
- the directors' declaration.

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

Independence

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

Other information

The directors of Equity Trustees Limited (the Responsible Entity) are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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

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 on the other information that we obtained prior to the date of this auditor's report, 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 of the Responsible Entity 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 of the Responsible Entity determines 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 ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intends 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 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. This description forms part of our auditor's report.

A stylized, handwritten signature in dark ink, likely representing the PricewaterhouseCoopers firm.

PricewaterhouseCoopers

A stylized, handwritten signature in dark ink, likely representing CJ Cummins.

CJ Cummins
Partner

Sydney
19 September 2024