

**FirstStep Fund**

ARSN 616 173 865

**Annual report**

**For the year ended 30 June 2018**

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ARSN 616 173 865

## **Annual report**

### **For the year ended 30 June 2018**

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This annual report covers FirstStep Fund as an individual entity.

The Responsible Entity of FirstStep Fund is EQT Responsible Entity Services Ltd (ABN 94 101 103 011) (AFSL 223271).

The Responsible Entity's registered office is:  
Level 1, 575 Bourke Street  
Melbourne Victoria 3000 Australia

## **Director's Report**

The directors of EQT Responsible Entity Services Ltd, the Responsible Entity of FirstStep (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2018.

### **Principal activities**

The Fund invests in listed exchanged traded funds 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:

<b>Service</b>	<b>Provider</b>
Responsible Entity	EQT Responsible Entity Services Ltd*
Investment Manager	FirstStep Investments Australia Pty Ltd
Custodian	Australian Executor Trustees
Administrator	Apex Fund Services (Australia) Pty Ltd
Statutory Auditor	Ernst & Young

\* On 29 March 2018 EQT Holdings Limited acquired OneVue RE Services Limited, the Responsible Entity of the Fund. On 3 April 2018 OneVue RE Services Limited changed its name to EQT Responsible Entity Services Ltd.

### **Directors**

The following persons held office as directors of OneVue RE Services Limited from 1 July 2017 to 29 March 2018:

Nigel Cameron Stokes  
Karen Nita Gibson  
Alexander Wise  
Vincent Leo Plant

The following persons held office as directors of EQT Responsible Entity Services Ltd from 29 March 2018 and up to the date of this report:

Philip D Gentry	Chairman
Harvey H Kalman	
Travis R Goudie	

## Directors' report (continued)

### 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 benchmark of the Fund, as represented by the results of its operations, was as follows:

	% FirstStep Customers*	FirstStep Fund FY18 Returns	FY18 Benchmark
High Growth	73.00%	12.36%	12.33%
Balanced	25.00%	8.93%	8.15%
Conservative	2.00%	6.44%	4.21%
<b>Weighted Average</b>	<b>100.00%</b>	<b>11.38%</b>	<b>11.12%</b>

\*% of clients holding Core portfolio

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

	Year ended		For the period from 15 March 2017 (date of commencement of operations) to 30 June 2017	
	30 June 2018	30 June 2018	\$	CPU
	\$	CPU		
<b>Distributions – 30 June 2018</b>				
01 FS.AUS_SHARES	559	0.6784	-	-
02 FS.AUS_BONDS	113	0.4415	-	-
03 FS.INTL_SHARES	56	0.2034	-	-
04 FS.TECH	-	-	-	-
05 FS.HEALTH	86	0.9207	-	-
06 FS.ETHICAL	-	-	-	-
07 FS.ASIA	104	0.8557	-	-
<b>Total distributions</b>	<b>918</b>		-	-
<b>Operating profit for the year (\$)</b>	<b>9,683</b>	-	52	-

### Significant changes in the state of affairs

The Fund has amended its Constitution to change the obligation to distribute trust income to unit holders effective 1 July 2017 as part of a process to become eligible to elect into the new Attribution Managed Investment Trust ("AMIT") tax regime.

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 2018 that has significantly affected, or may have a significant effect on:

- (i) the operations of the Fund in future financial years;
- (ii) the results of those operations in future financial years; or
- (iii) the state of the 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.

## Directors' report (continued)

### Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to the officers of EQT Responsible Entity Services Ltd. So long as the officers of EQT Responsible Entity Services Ltd 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 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 and its associates

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in Note 15 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 15 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 on 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 EQT Responsible Entity Services Ltd through a delegated authority given by the EQT Responsible Entity Services Ltd's Board.



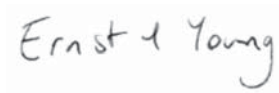
Philip D Gentry  
Chairman

Melbourne  
26 September 2018

## Auditor's Independence Declaration to the unitholders of FirstStep Fund

As lead auditor for the audit of FirstStep Fund for the financial year ended 30 June 2018, 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; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



Ernst & Young



Rohit Khanna  
Partner  
Sydney  
26 September 2018

**FirstStep Fund**  
**Statement of comprehensive income**  
**For the year ended 30 June 2018**

**Statement of comprehensive income**

	Note	Year ended 30 June 2018 \$	For the period from 15 March 2017 (date of commencement of operations) to 30 June 2017 \$
<b>Investment income</b>			
Interest income		177	2
Dividend and distribution income		1,011	27
Net foreign exchange gain		3	-
Net gains/(losses) on financial instruments held at fair value through profit or loss	5	8,365	18
Other income	14	1,645	21
<b>Total investment income/(loss)</b>		<b>11,201</b>	<b>68</b>
<b>Expenses</b>			
Management fees	15	1,325	12
Responsible Entity fees	15	154	1
Commission and other charges		13	1
Other expenses		26	2
<b>Total expenses</b>		<b>1,518</b>	<b>16</b>
<b>Operating profit for the year</b>		<b>9,683</b>	<b>52</b>
<b>Finance costs attributable to unit holders</b>			
Distributions to unit holders		(918)	
(Increase)/decrease in net assets attributable to unit holders		(8,765)	(52)
<b>Profit/(loss) for the year</b>			
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>

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

**Statement of financial position**

		<b>As at</b>	
	<b>Note</b>	<b>30 June 2018 \$</b>	<b>30 June 2017 \$</b>
<b>Assets</b>			
Cash and cash equivalents	9	19,482	926
Receivables	11	1,435	32
Financial assets held at fair value through profit or loss		202,073	3,258
<b>Total assets</b>		<b>222,990</b>	<b>4,216</b>
<b>Liabilities</b>			
Payables	12	1,574	13
Due to brokers – payable for securities purchased		10,442	-
Distribution payables		918	-
Subscription pending		6,446	-
<b>Total liabilities (excluding net assets attributable to unit holders)</b>		<b>19,380</b>	<b>13</b>
<b>Net assets attributable to unit holders - liability</b>	7	<b>203,610</b>	<b>4,203</b>

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



**FirstStep Fund**  
**Statement of changes in equity**  
**For the year ended 30 June 2018**

**Statement of changes in equity**

	<b>Year ended 30 June 2018 \$</b>	<b>For the period from 15 March 2017 (date of commencement of operations) to 30 June 2017 \$</b>
	-	-
<b>Total equity at the beginning of the financial year</b>		
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
<b>Total comprehensive income</b>	-	-
Transactions with owners in their capacity as owners	-	-
<b>Total equity at the end of the financial year</b>	-	-

Under Australian Accounting Standards, net assets attributable to unit holders are classified as a liability rather than equity. As a result, there was no equity at the start or end of the financial year.

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

**Statement of cash flows**

	Note	Year ended 30 June 2018 \$	For the period from 15 March 2017 (date of commencement of operations) to 30 June 2017 \$
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments held at fair value through profit or loss		-	173
Purchase of financial instruments held at fair value through profit or loss		(180,008)	(3,413)
Interest income received		177	2
Dividends and distributions received		891	3
Other income received		362	13
Management fees paid		82	-
Other expenses paid		39	(3)
<b>Net cash inflow/(outflow) from operating activities</b>	10	<b>(178,535)</b>	<b>(3,225)</b>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unit holders		205,095	4,464
Payments for redemptions by unit holders		(8,007)	(313)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>197,088</b>	<b>4,151</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>18,553</b>	<b>926</b>
Effects of foreign currency exchange rate changes on cash and cash equivalents		3	-
Cash and cash equivalents at the beginning of the year		926	-
<b>Cash and cash equivalents at the end of the year</b>		<b>19,482</b>	<b>926</b>

*The above statement of changes in equity 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 FirstStep Fund (the “Fund”) as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 12 December 2016 and will terminate in accordance with the provisions of the Fund’s Constitution or by Law.

The Responsible Entity of the Fund is EQT Responsible Entity Services Ltd (ABN 94 101 103 011) (AFSL 223271), (the “Responsible Entity”). The Responsible Entity’s registered office is Level 1, 575 Bourke Street, Melbourne Victoria 3000 Australia. The financial statements are presented in the Australian currency unless otherwise noted.

On 5 May 2016, a new tax regime applying to Managed Investment Trusts (“MITs”) was established under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The Attribution Managed Investment Trust (“AMIT”) regime allows MITs that meet certain requirements to make an irrevocable choice to be an AMIT. In order to allow the Fund to elect into the AMIT tax regime, the Fund’s Constitution has been amended and the other conditions to adopt the AMIT tax regime have been met effective 1 July 2017. The Responsible Entity is therefore no longer contractually obligated to pay distributions.

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

## **2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

### **(a) Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. The Fund is a for-profit entity for the purpose of preparing the financial statements.

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

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

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

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

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

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

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

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

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

There are no standards, interpretations or amendments to existing standards that are effective for the financial year beginning 1 July 2017 that 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*

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period and have not been early adopted by the Fund. The directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set out below:

- **AASB 9 *Financial Instruments*** (and applicable amendments) (effective from 1 January 2018)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption. The directors do not expect this to have a significant impact on the recognition, classification and measurement of the Fund's financial instruments as they are carried at fair value through profit or loss. Derecognition of the rules have not changed from the previous requirements, and the Fund does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Fund's investments are all held at fair value through profit or loss, the change in impairment rules will not impact the Fund.

- **AASB 15 *Revenue from Contracts with Customers*** (effective from 1 January 2018)

AASB 15 will replace AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Fund's main sources of income are interest, dividends and distributions, and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the directors do not expect the adoption of AASB 15 to have a significant impact on the Fund's accounting policies or the amounts recognised in the financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

### **(b) Financial instruments**

#### *(i) Classification*

The Fund's investments are classified as held at fair value through profit or loss. They comprise of:

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded equity securities.

The Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are classified as financial liabilities at fair value through profit or loss.

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

### **(b) Financial instruments (continued)**

#### *(ii) Classification (continued)*

Financial assets designated at fair value through profit or loss at inception are those managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy as outlined in the Product Disclosure Statement. The Fund's policy is for the Investment Manager to evaluate information about these financial instruments on a fair value basis together with other related financial information.

Fixed deposits are initially recognised at fair value and then carried at amortised cost using the effective interest method.

#### *(iii) Recognition and derecognition*

The Fund recognises financial assets 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 liabilities are discharged.

#### *(iv) Measurement*

- Financial instruments held at fair value through profit or loss

At initial recognition, the Fund measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets or liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income in the period in which they arise. This also includes dividend expenses on short sales of securities, which have been classified at fair value through profit or loss.

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

### **(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.

The units can be put back to the Fund at any time for cash based on the redemption price.

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

### **(d) Cash and cash equivalents**

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

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 represent the Fund's main income generating activity.

### **(e) Expenses**

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

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

### **(f) Investment income**

#### *(i) Interest income*

Interest income on cash and cash equivalents is recognised in the statement of comprehensive income on an accruals basis. Changes in fair value of financial instruments 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 distributions are recognised on an entitlement basis.

### **(g) Income tax**

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unitholders.

### **(h) Distribution**

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

### **(i) Increase/decrease in net assets attributable to unitholders**

Income not distributed is included in net assets attributable to unit holders. Where the Fund's units are classified as financial liabilities, movements in net assets attributable to unit holders are recognised in the statement of comprehensive income as finance costs.

### **(j) Foreign currency translation**

#### *(i) Functional and presentation currency*

Balances included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

#### *(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.

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

### **(k) Due from/to brokers**

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by year end. Trades are recorded on trade date, and normally settled within two business days. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant financial difficulties of the broker, and the probability that the broker will enter into bankruptcy or financial reorganisation and default in payments.

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

### **(l) Receivables**

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

Collectability of receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectable are written off by reducing the carrying amount directly. The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

### **(m) 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 distributions payable is recognised in the statement of financial position.

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

### **(n) Applications and redemptions**

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

### **(o) Goods and services tax (GST)**

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

### **(p) Use of estimates**

The Fund makes estimates and assumptions 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.

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

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

### **(q) Rounding of Amounts**

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



### **3 Summary of significant accounting policies (continued)**

#### **(r) Comparative revisions**

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

### **4 Financial risk management**

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

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement and the investment guidelines of the Fund. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on long equity securities is limited to the fair value of those positions. The maximum loss of capital on long futures and forward currency contracts is limited to the notional contract values of those positions.

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

#### **(a) Market risk**

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

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk and arise from the financial instruments it holds or issues.

The Fund's overall risk management program focuses on ensuring compliance with the Fund's Product Disclosure Statement and investment mandate and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. Financial risk management is carried out by the investment manager under policies approved by the Board of Directors of the Responsible Entity ('the Board').

The Investment Manager considers the risk profile of the Fund to be medium to high risk.

During the financial period, the Fund's investments included listed equities. Compliance with the Fund's investment mandate is reported to the Board on a monthly basis.

The Fund is exposed to securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. They are classified on the Statement of Financial Position as at fair value through profit or loss. All securities investments 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 mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits.

These market risks include changes in a company's internal operations or management, global economic factors and also relate to changes in taxation policy, monetary policy, interest rates and statutory requirements.

The sensitivity analysis is based on a generic approach using +/- 10% to provide a benchmark for demonstrating sensitivity to changes in various risk parameters.

### 3 Financial risk management (continued)

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

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

At 30 June 2018, had the underlying market value of the investments moved, as illustrated in the table below, with all other variables held constant, the profit from operating activities and net assets attributable to unit holders would have been affected as follows:

As at 30 June 2018	Impact on operating profit Higher/(Lower) \$	Net assets attributable to Unit holders Higher/(Lower) \$
Share portfolio value +10%	20,207	20,207
Share portfolio value -10%	(20,207)	(20,207)
As at 30 June 2017	Impact on operating profit	Net assets attributable to
	\$	\$
Share portfolio value +10%	326	326
Share portfolio value -10%	(326)	(326)

### 3 Financial risk management (continued)

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

##### (ii) Interest rate risk

The Fund's interest bearing financial instruments expose it to risks associated with the effect of fluctuations in the prevailing level of market interest rates on its financial position and cash flows.

The Fund's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities.

	Floating interest rate 2018 \$	Fixed interest rate 2018 \$	Non interest bearing 2018 \$	Total 2018 \$
<b>Assets</b>				
Cash and cash equivalents	19,482	-	-	19,482
Receivables	-	-	1,435	1,435
Financial assets at fair value through profit or loss	-	-	202,073	202,073
<b>Total assets</b>	<b>19,482</b>	<b>-</b>	<b>203,508</b>	<b>222,990</b>
<b>Liabilities</b>				
Due to broker	-	-	10,442	10,442
Payables	-	-	1,574	1,574
Subscription pending	-	-	6,446	6,446
Distribution payables	-	-	918	918
<b>Total liabilities</b> (excluding net assets attributable to unit holders)	<b>-</b>	<b>-</b>	<b>19,380</b>	<b>19,380</b>
<b>Net exposure</b>	<b>19,482</b>	<b>-</b>	<b>184,128</b>	<b>203,610</b>

**3 Financial risk management (continued)**

**(a) Market risk (continued)**

*(ii) Interest rate risk (continued)*

	Floating interest rate 2017 \$	Fixed interest rate 2017 \$	Non interest bearing 2017 \$	Total 2017 \$
<b>Assets</b>				
Cash and cash equivalents	926	-	-	926
Receivables	-	-	32	32
Financial assets at fair value through profit or loss	-	-	3,258	3,258
<b>Total assets</b>	<b>926</b>	<b>-</b>	<b>3,290</b>	<b>4,216</b>
<b>Liabilities</b> (excluding unit holders funds):				
Payables	-	-	13	13
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>13</b>
<b>Net exposure</b>	<b>926</b>	<b>-</b>	<b>3,277</b>	<b>4,203</b>

The following table demonstrates the sensitivity of the Fund's profit/(loss) for the period to a reasonably possible change in interest rates, with all other variable held constant. The sensitivity of the profit/(loss) for the period is the effect of the assumed changes in interest rates on the net interest income/expense for one year, based on the floating rate financial assets and liabilities:

	Impact on operating Higher/(Lower) 2018 \$	Net assets attributable to Unit holders Higher/(Lower) 2018 \$	Impact on operating profit Higher/(Lower) 2017 \$	Net assets attributable to Unit holders Higher/(Lower) 2017 \$
Interest rates +0.5%	97	97	5	5
Interest rates -0.5%	(97)	(97)	(5)	(5)

### 3 Financial risk management (continued)

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

##### (iii) Foreign exchange risk

The Fund may invest in financial instruments denominated in currencies other than its functional currency. Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than the Australian Dollar. The Fund has dividend receivable in USD and is therefore exposed to currency risk.

The following table summarises the foreign exchange exposure of the Fund in the currencies other than Australian Dollar:

	As at 30 June	
	2018 \$	2017 \$
Net Monetary & Non-monetary financial assets:		
United States Dollars	144	6
	<u>144</u>	<u>6</u>

The foreign exchange risk for monetary financial assets is not material in terms of the possible impact on profit and loss or net assets attributable to unit holders. It has therefore not been included in the sensitivity analysis.

#### (b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. This risk is controlled through the Fund's investments in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

All financial liabilities have a maturity term within three months, other than net assets attributable to unit holders described below.

The liquidity risks associated with the need to satisfy unit holders' requests for redemptions are mitigated by maintaining a constant pool of cash to satisfy usual levels of demand. The Fund's policy is to hold of its assets only in listed equities and cash.

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

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

	Less than 1 month \$	1 to 6 months \$	6 to 12 months \$	Over 12 months \$	Total \$
<b>As at 30 June 2018</b>					
Due to broker	10,442	-	-	-	10,442
Subscription pending	6,446	-	-	-	6,446
Distribution payables	918	-	-	-	918
Payables	1,574	-	-	-	1,574
<b>Contractual cash flows (excluding derivatives)</b>	<u>19,380</u>	<u>-</u>	<u>--</u>	<u>-</u>	<u>19,380</u>

**5 Financial risk management (continued)**

**(b) Liquidity risk (continued)**

	Less than 1 month \$	1 to 6 months \$	6 to 12 months \$	Over 12 months \$	Total \$
As at 30 June 2017					
Payables	13	-	-	-	13
Contractual cash flows (excluding derivatives)	13	-	-	-	13

Normally once the Fund decides investors can withdraw funds (usually this happens at any time the fund receives your withdrawal request), the Fund process the request as soon as is practicable after receipt (although the constitution for the Fund allows us 21 days in all the circumstances), and pay funds to the investors account.

**(c) Credit risk**

The Fund's maximum credit risk exposure at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date. The Scheme's largest counterparty for cash exposure is Commonwealth Bank of Australia amounting to \$19,482 in 2018 (2017: \$926).

At 30 June 2018, Moody's long-term senior debt rating for Commonwealth Bank of Australia is Aa3 (2017: Aa3).

**4 Fair value measurement**

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

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

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

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

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

**(a) Fair value in an active market (level 1)**

The fair value of financial assets and liabilities 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 held by the Fund is the current bid price; the quoted market price for financial liabilities is the current asking 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.

#### 4 Fair value measurement (continued)

##### (a) Fair value in an active market (level 1) (continued)

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 and liabilities measured and recognised at fair value as at 30 June 2018.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>As at 30 June 2018</b>				
<b>Financial assets</b>				
Financial assets designated at fair value through profit or loss:				
Equity securities	202,073	-	-	202,073
<b>Total financial assets</b>	<b>202,073</b>	<b>-</b>	<b>-</b>	<b>202,073</b>
<b>As at 30 June 2017</b>				
<b>Financial assets</b>				
Financial assets designated at fair value through profit or loss:				
Equity	3,258	-	-	3,258
<b>Total financial assets</b>	<b>3,258</b>	<b>-</b>	<b>-</b>	<b>3,258</b>

##### (c) Transfer between levels

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

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

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

The carrying value of receivables and payables are assumed to approximate their fair values.

Net assets attributable to unit holders' carrying value differ from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current or prior year.

#### 5 Net gains/(losses) on financial instruments held at fair value through profit or loss

Net gains recognised in relation to financial assets and liabilities held at fair value through profit or loss:

	Year ended 30 June 2018 \$	30 June 2017 \$
<b>Financial assets</b>		
Net unrealised gain on financial assets held at fair value through profit or loss	8,365	18
Net gains on financial assets held at fair value through profit/(loss)	<b>8,365</b>	<b>18</b>

**6 Financial assets held at fair value through profit or loss**

	<b>As at</b>	
	<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
<b>Designated at fair value through profit or loss</b>		
Equity securities	<b>202,073</b>	3,258
Total designated at fair value through profit or loss	<b>202,073</b>	3,258
<b>Total financial assets held at fair value through profit or loss</b>	<b>202,073</b>	3,258

**7 Net assets attributable to unit holders**

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

	<b>Year ended</b>		<b>Period ended</b>	
	<b>30 June 2018</b>	<b>30 June 2018</b>	<b>30 June 2017</b>	<b>30 June 2017</b>
	<b>Units</b>	<b>\$</b>	<b>Units</b>	<b>\$</b>
<b>Class 01 FS.AUS_SHARES</b>				
Opening balance	825	814	-	-
Applications	84,123	87,326	928	918
Redemptions	(2,560)	(2,714)	(103)	(102)
Increase/(decrease) in net assets attributable to unit holders		3,952		(2)
<b>Closing balance</b>	<b>82,388</b>	<b>89,378</b>	<b>825</b>	<b>814</b>
<b>Class 02 FS.AUS_BONDS</b>				
Opening balance	675	688	-	-
Applications	25,856	26,412	779	787
Redemptions	(976)	(1,001)	(104)	(106)
Increase in net assets attributable to unit holders		181		7
<b>Closing balance</b>	<b>25,555</b>	<b>26,280</b>	<b>675</b>	<b>688</b>



**7 Net assets attributable to unit holders (continued)**

	Year ended 30 June 2018 Units	30 June 2018 \$	Period ended 30 June 2017 Units	For the period from 15 March 2017 (date of commencem ent of operations) to 30 June 2017 \$
<b>Class 03 FS.INTL_SHARES</b>				
Opening balance	665	685	-	-
Applications	27,697	30,336	685	699
Redemptions	(874)	(989)	(20)	(21)
Increase in net assets attributable to unit holders		1,396		7
<b>Closing balance</b>	<b>27,488</b>	<b>31,428</b>	<b>665</b>	<b>685</b>
<b>Class 04 FS.TECH</b>				
Opening balance	167	172	-	-
Applications	15,641	18,393	194	201
Redemptions	(628)	(784)	(27)	(28)
Increase in net assets attributable to unit holders		2,146		(1)
<b>Closing balance</b>	<b>15,180</b>	<b>19,927</b>	<b>167</b>	<b>172</b>
<b>Class 05 FS.HEALTH</b>				
Opening balance	962	1,019	-	-
Applications	8,618	9,327	967	997
Redemptions	(238)	(266)	(5)	(5)
Increase in net assets attributable to unit holders		413		27
<b>Closing balance</b>	<b>9,342</b>	<b>10,493</b>	<b>962</b>	<b>1,019</b>
<b>Class 06 FS.ETHICAL</b>				
Opening balance	109	113	-	-
Applications	10,261	11,778	124	128
Redemptions	(747)	(898)	(15)	(16)
Increase in net assets attributable to unit holders		821		1
<b>Closing balance</b>	<b>9,623</b>	<b>11,814</b>	<b>109</b>	<b>113</b>
<b>Class 07 FS.ASIA</b>				
Opening balance	680	712	-	-
Applications	12,625	15,077	715	735
Redemptions	(1,111)	(1,355)	(35)	(36)
Increase in net assets attributable to unitholders		(144)		13
<b>Closing balance</b>	<b>12,194</b>	<b>14,290</b>	<b>680</b>	<b>712</b>
<b>Closing balance for all Classes</b>	<b>181,770</b>	<b>203,610</b>	<b>4,083</b>	<b>4,203</b>

## **7 Net assets attributable to unit holders (continued)**

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.

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.

### **Capital risk management**

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

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

## **8 Distributions to unit holders**

The distributions declared during the year were as follows:

	<b>Year ended</b>		<b>For the period from 15 March 2017 (date of commencement of operations) to 30 June 2017</b>	
	<b>30 June 2018</b>	<b>30 June 2018</b>	<b>\$</b>	<b>CPU</b>
	<b>\$</b>	<b>CPU</b>		
<b>Distributions – 30 June 2018</b>				
01 FS.AUS_SHARES	559	0.6784	-	-
02 FS.AUS_BONDS	113	0.4415	-	-
03 FS.INTL_SHARES	56	0.2034	-	-
04 FS.TECH	-	-	-	-
05 FS.HEALTH	86	0.9207	-	-
06 FS.ETHICAL	-	-	-	-
07 FS.ASIA	104	0.8557	-	-
<b>Total distributions</b>	<b>918</b>		<b>-</b>	<b>-</b>

**9 Cash and cash equivalents**

	As at	
	30 June 2018 \$	30 June 2017 \$
Cash at bank	19,482	926
<b>Total cash and cash equivalents</b>	<b>19,482</b>	<b>926</b>

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

	Year ended	
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities	30 June 2018 \$	30 June 2017 \$
Increase/(decrease) in net assets attributable to unit holders	8,765	52
Proceeds from sale of financial instruments held at fair value through profit or loss	-	173
Distribution to unit holders	918	
Purchase of financial instruments held at fair value through profit or loss	(180,008)	(3,413)
Net foreign exchange gain	(3)	-
Net gains on financial instruments held at fair value through profit or loss	(8,365)	(18)
Amortisation income		
Net change in receivables	(1,403)	(32)
Net change in payables	1,561	13
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(178,535)</b>	<b>(3,225)</b>

**11 Receivables**

	As at	
	30 June 2018 \$	30 June 2017 \$
RITC receivable	83	1
Dividends receivable	144	24
Other receivables	1,208	7
<b>Total receivables</b>	<b>1,435</b>	<b>32</b>

**12 Payables**

Management fees payable	1,420	12
Responsible Entity fees payable	154	1
<b>Total payables</b>	<b>1,574</b>	<b>13</b>

### 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 2018 \$	For the period from 15 March 2017 (date of commencement of operations) to 30 June 2017 \$
<b>Ernst &amp; Young</b>		
<i>Audit and other assurance services</i>		
Audit and review of financial statements	25,000	8,000
Audit of compliance plan	1,731	1,730
Total remuneration for audit and other assurance services	<u>26,731</u>	<u>9,730</u>
<i>Taxation services</i>		
Tax compliance services	-	7,100
Total remuneration for taxation services	<u>-</u>	<u>-</u>
<b>Total remuneration of Ernst &amp; Young</b>	<u>26,731</u>	<u>16,830</u>

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

### 14 Other income

	Year ended 30 June 2018 \$	For the period from 15 March 2017 (date of commencement of operations) to 30 June 2017 \$
Fee income	1,645	21
<b>Total other income</b>	<u>1,645</u>	<u>21</u>

### 15 Related party transactions

The Responsible Entity of FirstStep Fund is EQT Responsible Entity Services Ltd (ABN 94 101 103 011) (AFSL223271). Accordingly, transactions with entities related to EQT Responsible Entity are disclosed below.

The Responsible Entity has contracted services to FirstStep Investments Australia Pty Ltd to act as Investment Manager for the Fund, Australian Executor Trustees to act as Custodian and Apex Fund Services as an Administrator for the Fund. The contracts are on normal commercial terms and conditions.

FirstStep Investments Australia Pty Ltd receives a management fee of 0.275% per annum (net of RITC) of the Fund's closing net asset value calculated on a monthly basis subject to a minimum of \$1.25 or \$1.95 per month.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the period and amounts payable at the end of the period between the Scheme and the Responsible Entity and the Investment Manager were as follows.

## 15 Related party transactions

### a. Key Management Personnel

#### (i) Directors

The following persons held office as directors of OneVue RE Services Limited from 1 July 2017 to 29 March 2018:

Nigel Cameron Stokes  
Karen Nita Gibson  
Alexander Wise  
Vincent Leo Plant

The following persons held office as directors of EQT Responsible Entity Services Ltd from 29 March 2018 and up to the date of this report:

Philip D Gentry	Chairman
Harvey H Kalman	
Travis R Goudie	

#### (ii) Other key management personnel

Except for the Investment Manager, there were no other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial period.

As at 30 June 2018, the number of units was held in the Fund by the Investment Manager, its Directors or their respective related parties was 181,770.26 (2017: 4083.12 units).

### b. Transactions with key management personnel

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

**c. Management fees**

During the period the following amounts were charged by the Responsible Entity and the Investment Manager.

	<b>Year ended 30 June 2018</b>	For the period from 15 March 2017 (date of commencement of operations) to 30 June 2017
	\$	\$
Investment management fees for the year	1,325	12
Fee charged by Responsible Entity	154	1
	<u>1,479</u>	<u>13</u>

The amounts due and payable to the Responsible Entity and the Investment Manager in accordance with the Constitution were:

Management fees payable for the year	1,420	12
Expense Recovery fees	154	1
	<u>1,574</u>	<u>13</u>

**16 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 2018 or on the results and cash flows of the Fund for the year ended on that date

**17 Contingent assets and liabilities and commitments**

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2018 and 30 June 2017.

**Directors' declaration**

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 6 to 29 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 2018 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.
- (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 EQT Responsible Entity Services Ltd through a delegated authority given by EQT Responsible Entity Services Ltd's Board.



Philip D Gentry  
Chairman

Melbourne  
26 September 2018

## Independent Auditor's Report to the unitholders of FirstStep Fund

### Opinion

We have audited the financial report of FirstStep Fund (the "Fund"), which comprises the statement of financial position as at 30 June 2018, 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 a summary of significant accounting policies, 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 2018 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 (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 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 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 scepticism throughout the audit. We also:

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

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



Ernst & Young



Rohit Khanna  
Partner  
Sydney  
26 September 2018