

GCQ Flagship Fund

ARSN 664 242 531

Annual report
For the year ended 30 June 2024

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Independent auditor's report to the unit holders of GCQ Flagship Fund

This annual report covers GCQ Flagship Fund as an individual entity.

The Responsible Entity of GCQ Flagship 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 GCQ Flagship Fund (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2024. These financial statements have been prepared as it is a disclosing entity under the *Corporations Act 2001*.

Principal activities

The objective of the Fund is to achieve compound returns on capital over a period greater than five years. The Fund will invest primarily in a concentrated portfolio of global equity securities designed to deliver risk-adjusted returns while preserving capital over the long-term. The Fund also has the capacity to short sell securities that GCQ Funds Management Pty Ltd (the "Investment Manager") believes to be vulnerable to material price declines. The Fund invests in listed securities.

The Fund did not have any new employees during the year.

There were no significant changes in the nature of the Fund's activities during the year.

The various service providers of the Fund are detailed below:

Service	Provider
Responsible Entity	Equity Trustees Limited
Investment Manager	GCQ Funds Management Pty Ltd
Prime broker and Custodian	Morgan Stanley & Co. International plc.
Administrator	Apex Fund Services Pty Ltd (an Apex Group Company)
Statutory Auditor	Ernst & Young

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, Offering Memorandum and the provisions of the Fund's Constitution.

The Fund's performance for A Class, B Class and P Class was 24.53%, 25.01% and 25.15% (net of fees) respectively for the year ended 30 June 2024. The Fund's hurdle for the reporting period was 7% p.a. (for A and B Class), and 3.5% (for P Class), the lower of 7% per annum or the Federal Funds Rate plus 4% per annum.

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

Directors' report (continued)

Review and results of operations (continued)

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

	Year ended	
	30 June 2024	30 June 2023
Profit/(loss) before finance costs attributable to unit holders for the year (\$'000)	53,372	24,213

There were no distributions declared for the year ended 30 June 2024 and 30 June 2023.

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 year ended 30 June 2024.

Matters subsequent to the end of the 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, Offering Memorandum 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 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.

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's 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 of 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 thousand dollars

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

Financial statements presentation

The Funds are entities of the kind referred to by *ASIC Corporations (related Scheme Reports) Instrument 2015/839* and in accordance with that Instrument, Funds with a common Responsible Entity (or related Responsible Entities) can include their financial reports in adjacent columns in a single set of financial reports.

Auditor's independence declaration

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

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



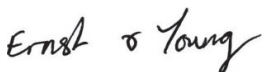
Andrew P Godfrey
Director

Melbourne
25 September 2024

Auditor's independence declaration to the directors of Equity Trustees Limited as Responsible Entity for GCQ Flagship Fund

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

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



Ernst & Young



Jonathan Hall
Partner
25 September 2024

GCQ Flagship Fund
Statement of comprehensive income
For the year ended 30 June 2024

Statement of comprehensive income

		Year ended	
		30 June	30 June
		2024	2023
	Note	\$'000	\$'000
Income			
Dividend income		1,939	491
Interest income from financial assets at amortised cost		979	709
Net gains/(losses) on financial assets at fair value through profit or loss		60,947	25,610
Net foreign exchange gain/(loss)		88	(505)
Expense cap reimbursement	14	401	121
Other income		8	-
Total income/(loss)		64,362	26,426
Expenses			
Management fees and costs	14	3,568	978
Performance fees	14	6,107	-
Dividend expense		292	20
Withholding taxes		248	107
Interest expense		633	986
Other expenses		142	122
Total expenses		10,990	2,213
Profit/(loss) before finance costs attributable to unit holders for the year		53,372	24,213
Finance costs attributable to unit holders			
Distributions to unit holders		-	-
(Increase)/decrease in net assets attributable to unit holders		(53,372)	(24,213)
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		-	-

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

Statement of financial position

		As at	
		30 June 2024 \$'000	30 June 2023 \$'000
	Note		
Assets			
Cash and cash equivalents	9	23,952	28,563
Receivables	11	358	68
Due from brokers - receivable for securities sold		519	223
Financial assets at fair value through profit or loss	5	407,614	112,430
Total assets		432,443	141,284
Liabilities			
Margin accounts		12,793	15,931
Payables	12	690	249
Due to brokers - payable for securities purchased		540	2,039
Performance fees payable		4,852	-
Applications received in advance		4,446	8,051
Redemptions payable		12	-
Financial liabilities at fair value through profit or loss	6	12,350	2,866
Total liabilities (excluding net assets attributable to unit holders)		35,683	29,136
Net assets attributable to unit holders - liability	7	396,760	112,148

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

Statement of changes in equity

	Year ended	
	30 June 2024 \$'000	30 June 2023 \$'000
Total equity at the beginning of the financial year	-	-
Comprehensive income for the financial year		
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Transactions with owners in their capacity as owners		
Applications	-	-
Redemptions	-	-
Reinvestment of distributions	-	-
Distributions paid and payable	-	-
Total transactions with owners in their capacity as owners	-	-
Total equity at the end of the financial year*	-	-

*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 year.

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	30 June
		2024	2023
		\$'000	\$'000
Cash flow from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		142,797	30,508
Payments for purchase of financial instruments at fair value through profit or loss		(369,345)	(63,566)
Net movement in margin accounts		(3,138)	(35,920)
Interest income received from financial assets at amortised cost		948	685
Dividends and distributions received		1,768	491
Expense cap reimbursement income received		375	132
Other income received		8	-
Dividend expenses paid on short position securities		(292)	(20)
Interest expenses paid		(644)	(969)
Management fees and costs paid		(3,119)	(908)
Performance fees paid		(1,255)	-
Other expenses paid		(449)	(222)
Net cash inflow/(outflow) from operating activities	10(a)	(232,346)	(69,789)
Cash flows from financing			
Proceeds from applications by unit holders		239,899	39,012
Payments for redemptions by unit holders		(8,647)	(1,601)
Applications received in advance		(3,605)	8,001
Net cash inflow/(outflow) from financing activities		227,647	45,412
Net increase/(decrease) in cash and cash equivalents		(4,699)	(24,377)
Cash and cash equivalents at the beginning of the year		28,563	53,445
Effect of foreign currency exchange rate changes on cash and cash equivalents		88	(505)
Cash and cash equivalents at the end of the year	9	23,952	28,563
Non-cash operating and financing activities	10(b)	-	600

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

Notes to the financial statements

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1. General information

These financial statements cover GCQ Flagship Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 8 December 2021 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 objective of the Fund is to achieve superior compound returns on capital over a period greater than five years. The Fund will invest primarily in a concentrated portfolio of global equity securities designed to deliver superior risk-adjusted returns while preserving capital over the long-term. The Fund also has the capacity to short sell securities that GCQ Funds Management Pty Ltd (the "Investment Manager") believes to be vulnerable to material price declines. The Fund may invest in listed securities.

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 period 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 net assets attributable to unit holders.

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

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

i. Compliance with International Financial Reporting Standards (IFRS)

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

ii. New and amended standards adopted by the Fund

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

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

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

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

2. Summary of material accounting policies (continued)

a. Basis of preparation (continued)

iii. *New standards and interpretations not yet adopted*

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

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

b. Financial instruments

i. *Classification*

• Financial assets

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

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

The Fund'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 equity securities, 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, margin accounts, due from brokers and receivables, these assets are held in order to collect the contractual cash flows and the contractual terms of these assets give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

• Financial liabilities

The Fund 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 held for trading and are consequently classified as financial liabilities at fair value through profit or loss.

For financial liabilities that are not classified at fair value through profit or loss, these are classified as financial liabilities at amortised cost (due to brokers, distributions payable, interest payable, applications received in advance, management fees payable, administration fees payable, audit fees payable, tax advisory fees 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 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.

iii. *Measurement*

• Financial instruments at fair value through profit or loss

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

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in 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 they fair value of financial instruments is determined, please see Note 4 to the financial statements.

2. Summary of material accounting policies (continued)

b. Financial instruments (continued)

iii. Measurement (continued)

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

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

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

v. Offsetting financial instruments

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

As at the end of the reporting period, there are no financial assets or liabilities offset or with 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 are classified as financial liabilities as the Fund is required to distribute its distributable income in accordance with the Fund's Constitution.

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

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

d. Cash and cash equivalents

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

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

e. Margin accounts

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

2. Summary of material accounting policies (continued)

f. Income

i. *Interest income*

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities measured at fair value through profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset 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 rate, including transaction costs and all other premiums or discounts.

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

ii. *Dividends and distributions*

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

Trust distributions are recognised on an entitlement basis.

g. Expenses

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

Interest expense from financial liability at amortised cost is recognised using the effective interest method and includes interest expenses from the credit facility.

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

Dividend expenses on short positions in equity securities equal to the dividends due on these securities. Such dividend expense is recognised in profit or loss when the shareholders' right to receive payment is established.

h. Income tax

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unit holders on present entitlement basis.

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included in the statement of comprehensive income as an expense.

i. Distributions

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

j. Increase/decrease in net assets attributable to unit holders

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

k. Foreign currency transactions

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.

2. Summary of material accounting policies (continued)

k. Foreign currency transactions (continued)

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

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

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

l. Due from/to brokers

Amount due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and is recognised initially at fair value and subsequently measured at amortised cost.

m. Receivables

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

n. Payables

Payables include liabilities, accrued expenses owed by the Fund and any distributions declared which are unpaid as at the end of the reporting period.

A separate distribution payable is recognised in the statement of financial position.

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

o. Goods and Service Taxes

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. 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 as the cancellation of units redeemed. Applications received in advance represent subscriptions cash proceed received prior to the subscriptions dealing date.

q. Use of estimates and judgements

The Fund makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

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

The Fund estimates that the resultant expected credit loss (ECL) derived from using the impairment model has not materially impacted the Fund. Please see Note 3 for more information on credit risk.

2. Summary of material accounting policies (continued)

q. Use of estimates and judgements (continued)

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

The Fund estimates that the resultant expected credit loss (ECL) derived from using impairment model has not materially impacted the Fund. Please see Note 3 for more information on credit risk.

For more information on how fair value is calculated refer to Note 4 to the financial statements.

r. Rounding of amounts

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

s. Comparative revisions

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

3. Financial risk management

The Fund's activities expose it to a variety of financial risks 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 program focuses on ensuring compliance with the Fund's Information Memorandum 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 long equity securities is limited to the fair value of those positions. On equities sold short, the maximum loss of capital can be unlimited.

The investments of the Fund, and associated risks, are managed by a specialist Investment Manager, GCQ Funds Management Pty Ltd under an Investment Management Agreement (IMA) approved by the Responsible Entity and containing the investment strategy and guidelines of the Fund, consistent with those stated in the Product Disclosure Statement and Offering Memorandum.

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

a. Market risk

i. Price risk

The Fund is exposed to price risk on equity securities listed or quoted on recognised securities exchanges. Price risk arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates which are considered a component of price risk.

Price risk is managed by seeking to diversify the Fund's investment as it deems appropriate and consistent with the Fund's 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 of the Fund moves by +/-10% (2023: +/-10%).

ii. Foreign exchange risk

The Fund operates internationally and holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk and not foreign exchange risk. However, the Investment Manager monitors the exposure of all foreign currency denominated assets and liabilities.

The Fund generally seeks to hedge its respective foreign currency exposure on financial assets but will necessarily be subject to foreign exchange risks.

3. Financial risk management (continued)

a. *Market risk (continued)*

ii. *Foreign exchange risk (continued)*

The Investment Manager monitors this risk on an on-going basis. The Investment Manager manages risk on an absolute return basis in the reporting currency (i.e. Australian dollar), rather than the underlying currencies. Foreign exchange rate risk is managed by depositing surplus foreign currency in a foreign currency account for later use, or by borrowing foreign currency to pay for foreign currency purchases, and then using the foreign currency to repay the borrowing.

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

As at 30 June 2024	Great British Pounds A\$'000	Euros A\$'000	Swedish Kronor A\$'000	Swiss Francs A\$'000	US Dollars A\$'000	All other currencies A\$'000
Cash and cash equivalents	77	165	318	-	-	1,307
Receivables	-	-	1	83	90	2
Financial assets at fair value through profit or loss	28,677	3,269	52,708	43,671	261,698	17,601
	<u>28,754</u>	<u>3,434</u>	<u>53,027</u>	<u>43,754</u>	<u>261,788</u>	<u>18,910</u>
Margin accounts	(199)	(110)	(461)	(1,443)	(2,267)	(93)
Payables	(2)	-	(4)	(1)	(16)	(1)
Due to brokers - payable for securities purchased	(67)	(7)	(123)	(105)	(217)	(21)
	<u>(268)</u>	<u>(117)</u>	<u>(588)</u>	<u>(1,549)</u>	<u>(2,500)</u>	<u>(115)</u>
Net exposure	28,486	3,317	52,439	42,205	259,288	18,795
As at 30 June 2023						
Cash and cash equivalents	-	3	-	-	-	-
Financial assets at fair value through profit or loss	7,678	2,224	11,457	4,654	84,478	1,940
	<u>7,678</u>	<u>2,227</u>	<u>11,457</u>	<u>4,654</u>	<u>84,478</u>	<u>1,940</u>
Margin accounts	(339)	(109)	(226)	(230)	(9,861)	(36)
Payables	(1)	-	(2)	(1)	(67)	(1)
Due to brokers - payable for securities purchased	(123)	(38)	(386)	(74)	(1,344)	(74)
Financial liabilities at fair value through	-	(228)	-	-	-	-
	<u>(463)</u>	<u>(375)</u>	<u>(614)</u>	<u>(305)</u>	<u>(11,272)</u>	<u>(111)</u>
Net exposure	7,215	1,852	10,843	4,349	73,206	1,829

The table at Note 3(b) summarises the sensitivities of the Fund's monetary assets and liabilities to foreign exchange risk. The analysis is based on the reasonably possible shift that the Australian dollar weakened and strengthened by 10% (2023: +/-10%) against the material foreign currencies to which the Fund is exposed.

iii. *Cash flow and fair value interest rate risk*

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk.

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

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

The Fund's main interest rate risk arises from its investments in cash holdings, net of broker advances. Interest income from cash holdings is earned at variable interest rates.

3. Financial risk management (continued)

a. Market risk (continued)

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

It is not possible for the Fund to manage interest rate risks (by fixing rates) as the Fund may need to draw on the cash at any point in time.

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

As at 30 June 2024	Floating interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Financial assets			
Cash and cash equivalents	23,952	-	23,952
Receivables	55	303	358
Due from brokers - receivable for securities sold	-	519	519
Financial assets at fair value through profit or loss	-	407,614	407,614
Total financial assets	24,007	408,436	432,443
Financial liabilities			
Margin accounts	12,793	-	12,793
Payables	60	630	690
Due to brokers - payable for securities purchased	-	540	540
Performance fees payable	-	4,852	4,852
Applications received in advance	-	4,446	4,446
Redemptions payable	-	12	12
Financial liabilities at fair value through profit or loss	-	12,350	12,350
Total financial liabilities	12,853	22,830	35,683
Net exposure	11,154	385,606	396,760
 As at 30 June 2023			
Financial assets			
Cash and cash equivalents	28,563	-	28,563
Receivables	24	44	68
Due from brokers - receivable for securities sold	-	223	223
Financial assets at fair value through profit or loss	-	112,430	112,430
Total financial assets	28,587	112,697	141,284
Financial liabilities			
Margin accounts	15,931	-	15,931
Payables	71	178	249
Due to brokers - payable for securities purchased	-	2,039	2,039
Applications received in advance	-	8,051	8,051
Financial liabilities at fair value through profit or loss	-	2,866	2,866
Total financial liabilities	16,002	13,134	29,136
Net exposure	12,585	99,563	112,148

The table at Note 3(b) summarises the impact of an increase/decrease in interest rates on the Fund's operating profit and net assets attributable to unit holders through changes in fair value or changes in future cash flows. The analysis is based on the reasonably possible shift that the interest rates changed by +/- 100 basis points (2023: +/- 100 basis points) from the year end rates with all other variables held constant.

3. Financial risk management (continued)

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/(loss)/ net assets attributable to unit holders					
	Price risk		Foreign exchange risk		Interest rate risk	
	+10% \$'000	-10% \$'000	+10% \$'000	-10% \$'000	+100bps \$'000	-100bps \$'000
As at 30 June 2024	39,526	(39,526)	(309)	309	112	(112)
As at 30 June 2023	10,956	(10,956)	(1,291)	1,291	126	(126)

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 determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2024 and 30 June 2023, all receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of AA- or higher and are either callable on demand or due to be settled within 1 week. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

i. Settlement of securities transactions

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

At 30 June 2024, the credit ratings of the Fund's custodians and prime brokers as per Standard and Poor's were as follows:

	2024	2023
Custodian		
Morgan Stanley & Co. International plc	A+	A+

ii. Cash and cash equivalents

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

The counterparties rating as at 30 June 2024 were National Australia Bank with a rating of AA-.

iii. Other

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

iv. Maximum exposure to credit risk

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

d. Liquidity risk

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

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

3. Financial risk management (continued)

d. Liquidity risk (continued)

The Investment Manager manages liquidity risk by monitoring the asset size of the Fund as a whole on executing transactions.

The assets of the Fund are largely in the form of readily tradeable securities which can be sold on-market if necessary. Accordingly, the Fund is not considered to be exposed to material liquidity risk.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a 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 redemption during 2024 and 2023.

i. Maturities of non-derivative financial liabilities

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

4. Fair value measurement

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

- Financial assets/liabilities at fair value through profit or loss (see Note 5 and Note 6)

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

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value 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);
- 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. Valuations using level 1 inputs

The fair value of financial instruments traded in active markets (such as listed equity securities) are based on their 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.

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2024				
Financial assets				
Listed equities	407,614	-	-	407,614
Total financial assets	407,614	-	-	407,614
Financial liabilities				
Listed equities	12,350	-	-	12,350
Total financial liabilities	12,350	-	-	12,350

4. Fair value measurement (continued)

b. Recognised fair value measurements

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2023				
Financial assets				
Listed equities	112,430	-	-	112,430
Total financial assets	112,430	-	-	112,430
Financial liabilities				
Listed equities	2,866	-	-	2,866
Total financial liabilities	2,866	-	-	2,866

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 transfer between levels in the fair value hierarchy at the end of the reporting period (30 June 2023: nil).

d. Financial instruments not carried at fair value

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

- i. Cash and cash equivalent, balances due from/to brokers and receivables/payables under sale and repurchase agreements. These are short-term financial assets and financial liabilities whose carrying values approximate fair value, because of their short-term nature and the high credit quality of counterparties; and
- ii. Net assets attributable to unit holders, as the Fund routinely redeems and issues units at an amount equal to the proportionate share of the Fund's net assets at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying value of net assets attributable to unit holders approximates their fair value. Any difference is not material in the current year or prior year.

5. Financial assets at fair value through profit or loss

	As at	
	30 June 2024 \$'000	30 June 2023 \$'000
Listed equities	407,614	112,430
Total financial assets at fair value through profit or loss	407,614	112,430

6. Financial liabilities at fair value through profit or loss

	As at	
	30 June 2024 \$'000	30 June 2023 \$'000
Listed equities	12,350	2,866
Total financial liabilities at fair value through profit or loss	12,350	2,866

7. Net assets attributable to unit holders - liability

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

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

	Year ended		Year ended	
	30 June	30 June	30 June	30 June
	2024	2024	2023	2023
	Units '000	\$'000	Units '000	\$'000
A Class Units				
Opening balance	67	77,061	59	48,802
Applications	8	9,650	17	16,251
Redemptions	(3)	(4,098)	(2)	(1,599)
Increase/(decrease) in net assets attributable to unit holders	-	21,358	-	21,416
Series roll-up	-	-	1	-
Transfers in/(out)*	-	(360)	(8)	(7,809)
Closing balance	72	103,611	67	77,061
B Class Units				
Opening balance	1	1,215	1	1,128
Applications**	-	300	-	14
Increase/(decrease) in net assets attributable to unit holders	-	350	-	325
Transfers in/(out)	-	-	-	(252)
Closing balance	1	1,865	1	1,215
P Class Units				
Opening balance	26,430	33,872	-	-
Applications	157,712	229,589	19,094	23,341
Redemptions	(2,804)	(4,201)	(2)	(2)
Increase/(decrease) in net assets attributable to unit holders	-	31,664	-	2,472
Transfers in/(out)	258	360	7,338	8,061
Closing balance	181,596	291,284	26,430	33,872
Closing balance	181,669	396,760	26,498	112,148

* There were 21,480 A Class units transferred to the P Class units during the year ended 30 June 2024 (30 June 2023: nil).

** There were 1,242 B Class units issued during the year ended 30 June 2024 (30 June 2023: nil).

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

There are three separate classes of units (30 June 2023: three separate classes of units) and each unit has the same rights attaching to it as all other units of the Fund.

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

Capital risk management

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

There were no distributions declared for the year ended 30 June 2024 and 30 June 2023.

9. Cash and cash equivalents

	As at	
	30 June 2024 \$'000	30 June 2023 \$'000
Cash at bank	10,939	22,101
Cash at broker	13,013	6,462
Total cash and cash equivalents	23,952	28,563

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

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

	Year ended	
	30 June 2024 \$'000	30 June 2023 \$'000
Increase/(decrease) in net assets attributable to unit holders	53,372	24,213
Proceeds from sale of financial instruments at fair value through profit or loss	142,797	30,508
Payments for purchase of financial instruments at fair value through profit or loss	(369,345)	(63,566)
Net (gains)/losses on financial instruments at fair value through profit or loss	(60,947)	(25,610)
Net foreign exchange (gain)/loss	(88)	505
Net change in margin accounts	(3,138)	(35,920)
Net change in performance fees payable	4,852	-
Net change in receivables	(290)	(15)
Net change in payables	441	96
Net cash inflow/(outflow) from operating activities	(232,346)	(69,789)

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

	-	594
Units issued in lieu of management fee rebates	-	6
Total non-cash operating and financing activities	-	600

11. Receivables

	As at	
	30 June 2024 \$'000	30 June 2023 \$'000
Dividends receivable	87	-
Interest receivable	55	24
Expense cap reimbursement receivable	61	35
GST receivable	71	9
Withholding tax receivable	84	-
Total receivables	358	68

12. Payables

	As at	
	30 June	30 June
	2024	2023
	\$'000	\$'000
Management fees and costs payable	610	161
Interest payable	60	71
Other payables	20	17
Total payables	690	249

13. Remuneration of auditors

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

	Year ended	
	30 June	30 June
	2024	2023
	\$	\$
Ernst & Young		
<i>Audit and other assurance services</i>		
Audit of financial statements	28,660	20,085
Total remuneration for audit and other assurance services	28,660	20,085
<i>Taxation services</i>		
Tax compliance services	18,901	16,944
Total remuneration for taxation services	18,901	16,944
Total remuneration of Ernst & Young	47,561	37,029
PricewaterhouseCoopers		
<i>Audit and other assurance services</i>		
Audit of compliance plan	2,400	2,346
Total auditor remuneration and other assurance services	2,400	2,346
Total remuneration of PricewaterhouseCoopers	2,400	2,346
Total remuneration of auditors	49,961	39,375

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

14. Related party transactions

The Responsible Entity of GCQ Flagship Fund (the "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 GCQ Funds Management Pty Ltd to act as Investment Manager, Morgan Stanley & Co. International plc act as Custodian and Apex Fund Services Pty Ltd (an Apex Group Company) to act as Administrator and Registrar for the Fund. The contracts are on normal commercial terms and conditions.

14. Related party transactions (continued)

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 with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

b. Transactions with key management personnel

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

c. Key management personnel unit holdings

Key management personnel did not hold units in the Fund as at 30 June 2024 (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 or their personally related entities at any time during the reporting period.

e. Key management personnel loans

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

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.

f. Responsible Entity fees, Investment Manager's fees and other transactions

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

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

	Year ended	
	30 June 2024	30 June 2023
	\$	\$
Management fees and costs for the year	3,568,277	977,916
Performance fees for the year	6,106,733	-
Expense cap reimbursement for the year	401,519	120,839
Management fees and costs payable at year end	610,435	161,247
Performance fees payable at year end	4,852,602	-
Expense cap reimbursement receivable at year end	60,973	34,610

14. Related party transactions (continued)

f. Responsible Entity fees, Investment Manager's fees and other transactions (continued)

Equity Trustees Limited earned \$118,060 for Responsible Entity services provided to the Fund (30 June 2023: \$22,652) paid from management fees and costs.

Under the terms of the Fund's Constitution and Product Disclosure Statement and Offering Memorandum, 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.

Under the terms of the Fund's Constitution and Product Disclosure Statement and Offering Memorandum, the Investment Manager is also entitled to receive a performance fee in relation to the performance of the fund. For information on how performance fees are calculated please refer to the Fund's Product Disclosure Statement.

For information on how management and performance fees are calculated please refer to the Fund's Product Disclosure Statement and Offering Memorandum.

g. 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).

h. Investments

The Fund did not hold any investments in Equity Trustees Limited or its related parties during the year (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 are 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 26 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 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.

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



Andrew P Godfrey
Director

Melbourne
25 September 2024

Independent auditor's report to the unitholders of GCQ Flagship Fund

Opinion

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

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

- a. Giving a true and fair view of the Fund's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities 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 Conduct for professional accountants in public practice that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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

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

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

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

Responsibilities of the directors for the financial report

The directors of the responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the responsible Entity are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the responsible Entity.
- ▶ Conclude on the appropriateness of the directors of the responsible Entity of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Ernst & Young

Jonathan Hall
Partner
Sydney
25 September 2024