

# **AUT/Neuberger Berman Strategic Income Fund**

ARSN 633 772 255

## **Annual report**

**For the year ended 30 June 2024**

# AUT/Neuberger Berman Strategic Income Fund

ARSN 633 772 255

## Annual report

## For the year ended 30 June 2024

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This annual report covers AUT/Neuberger Berman Strategic Income Fund as an individual entity.

The Responsible Entity of AUT/Neuberger Berman Strategic Income 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 AUT/Neuberger Berman Strategic Income Fund (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2024.

### Principal activities

The Fund is an Australian Feeder Fund, which invests substantially all its assets in the Neuberger Berman Strategic Income Fund ("Underlying Fund"), a sub-fund of Neuberger Berman Investment Funds plc, in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund invests in an actively managed multi-sector fixed income and floating rate debt securities portfolio across Neuberger Berman's fixed income platform which is implemented by Neuberger Berman's multi-sector fixed income team.

The Fund did not have any employees during the year.

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

The various service providers for the Fund are detailed below:

Service	Provider
Responsible Entity	Equity Trustees Limited
Investment Manager	Neuberger Berman Australia Limited
Custodian and Administrator	JPMorgan Chase Bank, N.A.
Statutory Auditor	PricewaterhouseCoopers

### Directors

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

Philip D Gentry	Chairman (resigned 6 June 2024)
Michael J O'Brien	Chairman (appointed 6 June 2024)
Russell W Beasley	
Mary A O'Connor	
David B Warren	
Andrew P Godfrey	(appointed 1 May 2024)

### Review and results of operations

During the year, the Fund continued to invest its funds in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund's performance and the Fund's benchmark returns for the year ended 30 June 2024 were as follows:

Class name	Benchmark	Return (net of fees)	Benchmark return
I class	Bloomberg Barclays U.S. Aggregate Index (AUD Hedged Total Return)	4.36%	0.99%
W class	Bloomberg Barclays U.S. Aggregate Index (AUD Hedged Total Return)	4.21%	0.99%

The Fund's performance is calculated based on the percentage change in the Fund's net tangible assets 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)	<u>5,650</u>	<u>1,670</u>
<b>Distributions - I class</b>		
Distributions paid and payable (\$'000)	<u>315</u>	<u>74</u>
Distributions (cents per unit)	<u>5.06</u>	<u>3.69</u>
<b>Distributions - W class</b>		
Distributions paid and payable (\$'000)	<u>7,309</u>	<u>3,191</u>
Distributions (cents per unit)	<u>4.90</u>	<u>3.68</u>

### Significant changes in the state of affairs

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

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

In the opinion of the directors, there were no other significant changes in the state of affairs of the Fund that occurred during the financial year.

### Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may have a significant effect on:

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

### Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the Product Disclosure Statement and the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

### Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regard to insurance cover provided to the officers of Equity Trustees Limited. So long as the officers of Equity Trustees Limited act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

### Indemnification of auditor

The auditor of the Fund is in no way indemnified out of the assets of the Fund.

## Directors' report (continued)

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

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in Note 14 to the financial statements.

No fees were paid out of Fund property to the directors of the Responsible Entity during the year.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are also disclosed in Note 14 to the financial statements.

### Interests in the Fund

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

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

### Environmental regulation

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

### Rounding of amounts to the nearest thousand dollars

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

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 4.

This report 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



## Auditor's Independence Declaration

As lead auditor for the audit of AUT/Neuberger Berman Strategic Income Fund for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'CJ Cummins', written over a horizontal line.

CJ Cummins  
Partner  
PricewaterhouseCoopers

Sydney  
25 September 2024

AUT/Neuberger Berman Strategic Income Fund  
Statement of comprehensive income  
For the year ended 30 June 2024

**Statement of comprehensive income**

		Year ended	
		30 June 2024	30 June 2023
	Note	\$'000	\$'000
<b>Income</b>			
Interest income from financial assets at fair value through profit or loss		7	5
Distribution income		8,829	4,428
Net gains/(losses) on financial instruments at fair value through profit or loss		(2,465)	(2,361)
Management fees and costs reimbursement		247	156
Other income		<u>34</u>	<u>-</u>
<b>Total income/(loss)</b>		<u><b>6,652</b></u>	<u><b>2,228</b></u>
<b>Expenses</b>			
Management fees and costs	14(g)	983	544
Transaction costs		9	14
Other expenses		<u>10</u>	<u>-</u>
<b>Total expenses</b>		<u><b>1,002</b></u>	<u><b>558</b></u>
<b>Profit/(loss) before finance costs attributable to unit holders for the year</b>		<u><b>5,650</b></u>	<u><b>1,670</b></u>
<b>Finance costs attributable to unit holders</b>			
Distributions to unit holders	8	(7,624)	(3,265)
(Increase)/decrease in net assets attributable to unit holders	7	<u>1,974</u>	<u>1,595</u>
<b>Profit/(loss) for the year</b>		<u><b>-</b></u>	<u><b>-</b></u>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><b>-</b></u>	<u><b>-</b></u>

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

## Statement of financial position

		As at	
		30 June 2024	30 June 2023
	Note	\$'000	\$'000
<b>Assets</b>			
Cash and cash equivalents	9	1,563	1,131
Receivables	11	1,231	844
Financial assets at fair value through profit or loss	5	<u>149,497</u>	<u>96,748</u>
<b>Total assets</b>		<u>152,291</u>	<u>98,723</u>
<b>Liabilities</b>			
Distributions payable	8	609	390
Payables	12	568	201
Due to brokers - payable for securities purchased		<u>400</u>	<u>200</u>
<b>Total liabilities (excluding net assets attributable to unit holders)</b>		<u>1,577</u>	<u>791</u>
<b>Net assets attributable to unit holders - liability</b>	7	<u>150,714</u>	<u>97,932</u>

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



## Statement of changes in equity

	Year ended	
	30 June 2024	30 June 2023
	\$'000	\$'000
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	-	-
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 financial year.

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

## Statement of cash flows

		Year ended	
		30 June 2024	30 June 2023
	Note	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments at fair value through profit or loss		3,051	7,099
Payments for purchase of financial instruments at fair value through profit or loss		(49,500)	(71,400)
Interest income received from financial assets at fair value through profit or loss		7	5
Management fees and costs reimbursement received		247	156
Other income received		34	-
Management fees and costs paid		(880)	(491)
Transaction costs		(9)	(14)
Other expenses paid		<u>(113)</u>	<u>(108)</u>
<b>Net cash inflow/(outflow) from operating activities</b>	10(a)	<u>(47,163)</u>	<u>(64,753)</u>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unit holders		71,803	86,771
Payments for redemptions by unit holders		(16,803)	(18,423)
Distributions paid to unit holders		<u>(7,405)</u>	<u>(2,856)</u>
<b>Net cash inflow/(outflow) from financing activities</b>		<u>47,595</u>	<u>65,492</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>432</b>	<b>739</b>
Cash and cash equivalents at the beginning of the year		1,131	392
Effect of foreign currency exchange rate changes on cash and cash equivalents		<u>-</u>	<u>-</u>
<b>Cash and cash equivalents at the end of the year</b>	9	<u><b>1,563</b></u>	<u><b>1,131</b></u>
Non-cash operating and financing activities	10(b)	<b>8,565</b>	4,086

*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 AUT/Neuberger Berman Strategic Income Fund (the “Fund”) as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 30 May 2019 and will terminate in accordance with the provisions of the Fund's Constitution or by Law.

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

The Fund is an Australian Feeder Fund, which invests substantially all its assets in the the Neuberger Berman Strategic Income Fund (“Underlying Fund”), a sub-fund of Neuberger Berman Investment Funds plc, in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund invests in an actively managed multi-sector fixed income and floating rate debt securities portfolio across Neuberger Berman's fixed income platform which is implemented by Neuberger Berman's multi-sector fixed income team.

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

## 2 Summary of material accounting policies

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

### (a) Basis of preparation

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

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

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

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

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

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

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

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

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

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

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

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

## 2 Summary of material accounting policies (continued)

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

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

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

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

### (b) Financial instruments

#### *(i) Classification*

- Financial assets

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

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

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

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

Fixed Income securities and derivatives are measured at fair value through profit or loss.

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

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

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expire. 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 liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets or liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

For further details on how the fair value of financial instruments is determined please see Note 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 and receivables are carried at amortised cost.

#### (iv) *Impairment*

At each reporting date, the Fund shall estimate a loss allowance on each of the financial assets carried at amortised cost (cash and cash equivalents and receivables) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the 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 is reported in the statement of financial position when the Fund has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

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 in the Fund are classified as financial liabilities as they do not meet the requirements of equity in accordance with AASB 132 *Financial Instruments: Presentation*.

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

## 2 Summary of material accounting policies (continued)

### (d) Cash and cash equivalents

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

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

### (e) Income

#### (i) Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents. 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 the 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 or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

#### (ii) Dividends and distributions

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

Trust distributions are recognised on an entitlement basis.

### (f) Expenses

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

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

### (h) Distributions

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

### (i) Increase/decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders. As the 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.

## 2 Summary of material accounting policies (continued)

### (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.

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

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

### (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 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.

### (l) Receivables

Receivables may include amounts for trust distributions. 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.

### (m) Payables

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

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

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

### (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.



## 2 Summary of material accounting policies (continued)

### (p) 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.

Currently, the Fund obtains its exposure by investing all its assets in the Neuberger Berman Strategic Income Fund ("Underlying Fund"), which is a sub-fund of Neuberger Berman Investment Funds plc. The fair value of these financial instruments is determined based on the transaction price of the Underlying Fund. 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 and judgements. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The Fund estimates that the 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.

### (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 thousand dollars, unless otherwise indicated.

## 3 Financial risk management

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

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

All investments present a risk of loss of capital. The maximum loss of capital on long Fixed Income securities and unit trusts is limited to the fair value of those positions. The maximum loss of capital on derivatives is limited to the notional contract values of those positions.

The investments of the Fund, and associated risks, are managed by a specialist Investment Manager, Neuberger Berman Australia Limited (the "Investment Manager") 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.

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 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.

### 3 Financial risk management (continued)

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

##### (i) Price Risk (continued)

The Investment Manager uses a number of quantitative techniques to assess the impact of market risks including credit events, changes in interest rates, credit spreads and recovery values on the Fund's investment portfolio. The Investment Manager uses Value at Risk ("VaR") analysis, a technique widely used by financial institutions to quantify, assess, and report market risks. VaR is a statistical framework that supports the quantification of market risk within a portfolio at a specified confidence interval over a defined holding period. VaR seeks to quantify the expected maximum dollar losses that may result from the interactive behaviour of all material market prices, spreads, volatilities, and rates based on the historically observed relationships between these markets.

Potential market risk is calculated using the factor model approach. VaR is calculated and reported automatically each day using the closing prices and market information of the most recent business day. Depending on the application of the risk statistics, various confidence levels (such as 99%) and time horizons (weeks, months, or year) might be selected.

##### (ii) Foreign exchange risk

The Fund invests in the Australian Dollar Share Class of the Neuberger Berman Strategic Income Fund - AUD Z (Monthly) Distributing Class. Consequently, there was no material foreign exchange risk in the Fund as at 30 June 2024.

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

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

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

#### (b) Summarised VaR Analysis

Value-at-risk ("VaR") VaR is a statistical technique that attempts to summarise the exposure of a given portfolio to market risk by making assumptions about the expected probability distribution of future portfolio returns. VaR represents the maximum reasonable loss that an investor could expect during a time period, with a given probability. In order to estimate this future market risk, VaR assumes a normal or "bell shaped" curve of future portfolio returns and uses the unique characteristics of the normal distribution primarily symmetry of future returns both higher and lower than the average future return to estimate the amount of the possible future losses.

To calculate VaR, the Responsible Entity uses the historic price volatility and correlations of current portfolio holdings to calculate both the historic average return and the historic standard deviation of returns around the average. These statistics are then extrapolated into the future using the assumption of normal distribution to calculate an expected loss if the future portfolio return volatility behaves according to these assumptions. The VaR calculation presented here for the Fund use a 99% confidence interval and assumes a 1 month holding period.

##### Assumptions and limitations of VaR

The calculation process involves gathering the historical price volatility and correlations of the current portfolio holdings to arrive at an estimate of predicted future volatility and expected risk of loss. These limitations and the nature of the VaR measures mean that the Fund can neither guarantee that losses will not exceed the VaR amounts indicated nor that losses in excess of the VaR amounts will not occur more frequently than is stipulated by the model. VaR represents the probable expected loss that could be experienced during a given period - not the maximum loss that an investor could experience. It must be noted however that while the VaR model is an important and valuable risk management tool, it cannot and does not take account of all possible market conditions and extremities that may impact market price risk. For further information regarding market price risk and other risk factors please refer to the Fund's Product Disclosure Statement.

	VaR Factor %	Net assets attributable to unit holders	Estimated impact of net assets attributable to unit holders
		\$'000	\$'000
As at 30 June 2024	3.62	150,714	5,456
As at 30 June 2023	3.76	97,932	3,682

### 3 Financial risk management (continued)

#### (b) Summarised VaR Analysis (continued)

Not all risks to which the portfolio may be exposed are intended to be captured by the VaR and, in particular, the framework does not seek to capture liquidity risk, counterparty credit risk, or extreme credit events such as an issuer default. In practice, the actual trading results will differ from the VaR and may not provide a meaningful indication of profits and losses in stressed market conditions. To determine the reliability of the VaR models, actual outcomes are monitored to test the validity of the assumptions and parameters used in the VaR calculation. Market risk positions are also subject to regular stress tests to ensure that the Fund would withstand an extreme market event.

#### (c) Credit risk

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

The Fund does not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. The main concentration of credit risk, to which the Fund is exposed, arises from cash and cash equivalents and amounts due from brokers balances. None of these assets are impaired nor past their due date. The maximum exposure to credit risk is the carrying amount of these balances at the reporting date.

#### (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.

Liquidity risk is managed by investing the majority of its assets in investments that can be readily disposed of.

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

#### *Maturities of non-derivative financial liabilities*

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

### 4 Fair value measurement

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

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

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

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

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

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

## 4 Fair value measurement (continued)

### (a) Valuation using level 2 inputs

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

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

Investments in unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds.

### (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 2024 and 30 June 2023.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 30 June 2024</b>				
<b>Financial assets</b>				
Unlisted unit trusts	-	149,497	-	149,497
<b>Total financial assets</b>	-	149,497	-	149,497
<b>As at 30 June 2023</b>				
<b>Financial assets</b>				
Unlisted unit trusts	-	96,748	-	96,748
<b>Total financial assets</b>	-	96,748	-	96,748

### (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 values of receivables and payables approximate their fair values due to their short-term nature.

Net assets attributable to unit holders' carrying value differs 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 Financial assets at fair value through profit or loss

	As at	
	30 June 2024	30 June 2023
	\$'000	\$'000
Unlisted unit trusts	<u>149,497</u>	<u>96,748</u>
<b>Total financial assets at fair value through profit or loss</b>	<b><u>149,497</u></b>	<b><u>96,748</u></b>

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

## 6 Structured entities

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

The Fund considers all investments in managed investment schemes (the "Schemes") to be structured entities. The Fund invests in Schemes for the purpose of capital appreciation and/or earning investment income.

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

	Fair value of investment	
	As at 30 June 2024	As at 30 June 2023
	\$'000	\$'000
Neuberger Berman Strategic Income Fund - AUD Z (Monthly) Distributing Class	<u>149,497</u>	<u>96,748</u>
<b>Total Schemes</b>	<b><u>149,497</u></b>	<b><u>96,748</u></b>

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

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

During the year ended 30 June 2024, total gains/(losses) incurred on investments in the Schemes were (\$2,466,425) (2023: (\$2,359,753)). The Fund also earned distribution income of \$8,829,458 (2023: \$4,428,352) as a result of its interests in the Schemes.

## 7 Net assets attributable to unit holders - liability

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 2024	30 June 2024	30 June 2023	30 June 2023
	Units	\$'000	Units	\$'000
<b>I class</b>				
Opening balance	1,853	1,625	2,354	2,074
Applications	5,952	5,171	581	518
Redemptions	(345)	(298)	(1,096)	(953)
Reinvestment of distributions	-	-	14	13
Increase/(decrease) in net assets attributable to unit holders	-	(67)	-	(27)
<b>Closing balance</b>	<b>7,460</b>	<b>6,431</b>	<b>1,853</b>	<b>1,625</b>
<b>W class</b>				
Opening balance	109,546	96,307	32,746	28,946
Applications	76,478	66,652	96,602	86,321
Redemptions	(19,364)	(16,769)	(19,892)	(17,472)
Reinvestment of distributions	-	-	90	80
Increase/(decrease) in net assets attributable to unit holders	-	(1,907)	-	(1,568)
<b>Closing balance</b>	<b>166,660</b>	<b>144,283</b>	<b>109,546</b>	<b>96,307</b>
<b>Closing balance of the Fund</b>		<b>150,714</b>		<b>97,932</b>

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

There are two separate classes of units. Each unit within the same class has the same rights as all other units within that class. Each unit class has a different management fee rate and investment restrictions.

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

### Capital risk management

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

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

## 8 Distributions to unit holders

The distributions declared during the year were as follows:

	Year ended		Year ended	
	30 June 2024	30 June 2024	30 June 2023	30 June 2023
	\$'000	CPU	\$'000	CPU
<b>Distributions - I class</b>				
July	13	0.39	6	0.24
August	22	0.44	7	0.26
September	26	0.44	6	0.23
October	28	0.46	5	0.22
November	28	0.46	5	0.22
December	29	0.46	3	0.20
January	28	0.43	6	0.35
February	28	0.41	8	0.46
March	29	0.41	8	0.46
April	29	0.41	6	0.33
May	28	0.39	7	0.36
June (payable)	<u>27</u>	<u>0.36</u>	<u>7</u>	<u>0.36</u>
<b>Total distributions</b>	<u>315</u>	<u>5.06</u>	<u>74</u>	<u>3.69</u>
	Year ended		Year ended	
	30 June 2024	30 June 2024	30 June 2023	30 June 2023
	\$'000	CPU	\$'000	CPU
<b>Distributions - W class</b>				
July	477	0.37	80	0.23
August	570	0.42	156	0.27
September	579	0.42	147	0.22
October	629	0.45	162	0.22
November	649	0.45	175	0.22
December	663	0.45	185	0.22
January	628	0.42	320	0.35
February	602	0.40	433	0.45
March	652	0.40	432	0.45
April	662	0.40	351	0.35
May	616	0.37	367	0.35
June (payable)	<u>582</u>	<u>0.35</u>	<u>383</u>	<u>0.35</u>
<b>Total distributions</b>	<u>7,309</u>	<u>4.90</u>	<u>3,191</u>	<u>3.68</u>
<b>Total distributions of the Fund</b>	<u>7,624</u>		<u>3,265</u>	

## 9 Cash and cash equivalents

	As at	
	30 June 2024	30 June 2023
	\$'000	\$'000
Domestic cash	<u>1,563</u>	<u>1,131</u>
Total cash and cash equivalents	<u>1,563</u>	<u>1,131</u>

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

	Year ended	
	30 June 2024	30 June 2023
	\$'000	\$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Increase/(decrease) in net assets attributable to unit holders	(1,974)	(1,595)
Distributions to unit holders	7,624	3,265
Proceeds from sale of financial instruments at fair value through profit or loss	3,051	7,099
Payments for purchase of financial instruments at fair value through profit or loss	(49,500)	(71,400)
Net (gains)/losses on financial instruments at fair value through profit or loss	2,465	2,361
Net change in receivables	(367)	(543)
Net change in payables	103	53
Distribution income reinvested	<u>(8,565)</u>	<u>(3,993)</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<u>(47,163)</u>	<u>(64,753)</u>

### (b) Non-cash operating and financing activities

The following purchases of investments were satisfied by the participation in dividend and distribution reinvestment plans	8,565	3,993
The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plans	<u>-</u>	<u>93</u>
<b>Total non-cash operating and financing activities</b>	<u>8,565</u>	<u>4,086</u>

## 11 Receivables

	As at	
	30 June 2024	30 June 2023
	\$'000	\$'000
Applications receivable	186	166
Distributions receivable	801	537
GST receivable	22	51
Other receivables	<u>222</u>	<u>90</u>
<b>Total receivables</b>	<u>1,231</u>	<u>844</u>



## 12 Payables

	As at	
	30 June 2024	30 June 2023
	\$'000	\$'000
Management fees and costs payable	276	173
Redemptions payable	<u>292</u>	<u>28</u>
<b>Total payables</b>	<b><u>568</u></b>	<b><u>201</u></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 2024	30 June 2023
	\$	\$
<b>PricewaterhouseCoopers</b>		
<i>Audit and other assurance services</i>		
Audit of financial statements	12,160	11,450
Audit of compliance plan	<u>2,400</u>	<u>2,346</u>
Total remuneration for audit and other assurance services	<u>14,560</u>	<u>13,796</u>
<i>Taxation services</i>		
Tax compliance services	<u>12,500</u>	<u>11,904</u>
Total remuneration for taxation services	<u>12,500</u>	<u>11,904</u>
<b>Total remuneration of PricewaterhouseCoopers</b>	<b><u>27,060</u></b>	<b><u>25,700</u></b>

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

## 14 Related party transactions

The Responsible Entity of AUT/Neuberger Berman Strategic Income Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975). Accordingly, transactions with entities related to Equity Trustees Limited are disclosed below.

### (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)

## 14 Related party transactions (continued)

### (ii) Responsible Entity

Other than fees paid to the Responsible Entity, there were no other transactions.

### (iii) Other key management personnel

There were no other key management personnel with responsibility for planning, directing and controlling activities of the Fund, directly or indirectly during the financial year.

### (b) Transactions with key management personnel

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

### (c) Key management personnel unit holdings

Key management personnel did not hold units in the Fund as at 30 June 2024 (30 June 2023: nil).

### (d) Key management personnel compensation

Key management personnel are paid by EQT Services Pty Ltd. Payments made from the Fund to Equity Trustees Limited do not include any amounts directly attributable to the compensation of key management personnel.

### (e) Key management personnel loans

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

### (f) Other transactions within the Fund

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

### (g) Responsible Entity fees, Investment Manager's fees and other transactions

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

	Year ended	
	30 June 2024	30 June 2023
	\$	\$
Management fees and costs for the year	983,333	544,172
Management fees and cost reimbursement received for the year	246,978	155,904
Management fees and costs payable at year end	276,098	172,297

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

The management fees borne by the Fund are paid to the Investment Manager, who in turn provides the on-payment of the fees to the respective service providers. Expense recoveries include Responsible Entity fees, Custodian and Administrator fees and other expenses.

Equity Trustees Limited earned \$85,903 (2023: \$45,526) for Responsible Entity services provided to the Fund, paid from management fees and cost.

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

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

Parties related to the Fund (including Equity Trustees Limited, its related parties and other schemes managed by Equity Trustees Limited and the Investment Manager) held no units in the Fund as at 30 June 2024 (30 June 2023: nil).

### **(i) Investments**

The Fund did not hold any investments in Equity Trustees Limited or its related parties during the year (30 June 2023: nil).

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

No significant events have occurred since the end of the year which would impact on the financial position of the Fund as disclosed in the statement of financial position as at 30 June 2024 or on the results and cash flows of the Fund for the year ended on that date.

## **16 Contingent assets and liabilities and commitments**

There were no outstanding contingent assets, liabilities or commitments as at 30 June 2024 and 30 June 2023.

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 5 to 25 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2024 and of its performance for the financial year ended on that date.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (c) Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Andrew P Godfrey  
Director

Melbourne  
25 September 2024



## Independent auditor's report

To the unit holders of AUT/Neuberger Berman Strategic Income Fund

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### Our opinion

In our opinion:

The accompanying financial report of AUT/Neuberger Berman Strategic Income Fund (the Fund) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Fund's financial position as at 30 June 2024 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### What we have audited

The financial report comprises:

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

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### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

### Independence

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

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### Other information

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

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

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

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

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### **Responsibilities of the directors of the Responsible Entity for the financial report**

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

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

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### **Auditor's responsibilities for the audit of the financial report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our auditor's report.

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

PricewaterhouseCoopers

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

CJ Cummins  
Partner

Sydney  
25 September 2024