

# **Pzena Emerging Markets Value Fund**

ARSN 613 119 681

## **Annual report**

**For the year ended 30 June 2024**

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### **For the year ended 30 June 2024**

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This annual report covers Pzena Emerging Markets Value Fund as an individual entity.

The Responsible Entity of Pzena Emerging Markets Value 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 Pzena Emerging Markets Value Fund (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2024.

### Principal activities

The principal activity of the Fund is to invest in accordance with the investment objective and guidelines as set out in the Fund's current Product Disclosure Statement and its Constitution.

The Fund did not have any employees during the year.

During the year the Fund introduced a second unit holder class, the P Class. The P Class was subscribed for on 31 October 2023.

There were no other 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	Pzena Investment Management, LLC
Custodian and Administrator	The Northern Trust Company
Statutory Auditor	KPMG

### 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 funds in accordance with its Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund's Ordinary Class performance was 11.32% (net of fees) for the year ended 30 June 2024. The Fund's benchmark, the MSCI Emerging Markets Index, with net dividends reinvested returned 12.18% for the same year.

The Fund's P Class performance was 11.17% (net of fees) since 31 October 2023 to 30 June 2024. The Fund's benchmark, the MSCI Emerging Markets Index, with net dividends reinvested returned 14.36% for the same period.

Class performance is calculated based on the percentage change in the Redemption Price of the Class over the period (With any distributions paid during the period reinvested). Returns are disclosed after fees and expenses but before taxes.

## Directors' report (continued)

### Review and results of operations (continued)

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

	Year ended	
	30 June 2024	30 June 2023
Profit/(loss) before finance costs attributable to unit holders for the year (\$)	<b>2,576,409</b>	14,985,795
<b>Distributions - Ordinary Class</b>		
Distributions paid and payable (\$)	<b>402,219</b>	21,803,740
Distributions (cents per unit)	<b>4.36</b>	114.36
<b>Distributions - P Class</b>		
Distributions paid and payable (\$)	<b>1,929,301</b>	-
Distributions (cents per unit)	<b>3.95</b>	-

### 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 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.

### 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's property during the year are disclosed in Note 14 of the financial statements.

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

## Directors' report (continued)

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

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

### Interests in the Fund

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

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

### Environmental regulation

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

### Rounding of amounts to the nearest dollar

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

### Auditor's independence declaration

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

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



Andrew P Godfrey  
Director

Melbourne  
19 September 2024



## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Equity Trustees Limited, the Responsible Entity of Pzena Emerging Markets Value Fund:

I declare that, to the best of my knowledge and belief, in relation to the audit of Pzena Emerging Markets Value Fund for the financial year ended 30 June 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Quang Dang

Partner

Sydney

19 September 2024

## Statement of comprehensive income

		Year ended	
		30 June 2024	30 June 2023
	Note	\$	\$
<b>Income</b>			
Interest income from financial assets at amortized cost		24,696	21,231
Dividend income		1,541,259	3,420,110
Net foreign exchange gain/(loss)		(47,873)	(341,725)
Net gains/(losses) on financial instruments at fair value through profit or loss		1,575,176	13,582,671
<b>Total income/(loss)</b>		<b>3,093,258</b>	<b>16,682,287</b>
<b>Expenses</b>			
Management fees and costs		252,386	846,102
Withholding taxes		121,425	415,334
Transaction costs		143,038	435,056
<b>Total expenses</b>		<b>516,849</b>	<b>1,696,492</b>
<b>Profit/(loss) before finance costs attributable to unit holders for the year</b>		<b>2,576,409</b>	<b>14,985,795</b>
<b>Finance costs attributable to unit holders</b>			
Distributions to unit holders	8	(2,331,520)	(21,803,740)
(Increase)/decrease in net assets attributable to unit holders	7	(244,889)	6,817,945
<b>Profit/(loss) for the year</b>		<b>-</b>	<b>-</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>

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

## Statement of financial position

		As at	
	Note	30 June 2024 \$	30 June 2023 \$
<b>Assets</b>			
Cash and cash equivalents	9	2,966,006	420,951
Receivables	11	397,977	266,181
Applications receivable		207,805	-
Due from brokers - receivable for securities sold		689,239	-
Financial assets at fair value through profit or loss	5	<u>64,019,982</u>	<u>8,167,166</u>
<b>Total assets</b>		<u><b>68,281,009</b></u>	<u><b>8,854,298</b></u>
<b>Liabilities</b>			
Distributions payable	8	2,331,520	969,139
Payables	12	62,334	224,376
Redemptions payable		51,299	-
Due to brokers - payables for securities purchased		1,091,989	60,913
Financial liabilities at fair value through profit or loss	6	<u>2,711</u>	<u>43</u>
<b>Total liabilities (excluding net assets attributable to unit holders)</b>		<u><b>3,539,853</b></u>	<u><b>1,254,471</b></u>
<b>Net assets attributable to unit holders - liability</b>	7	<u><b>64,741,156</b></u>	<u><b>7,599,827</b></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
	\$	\$
<b>Total equity at the beginning of the financial year</b>	-	-
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
<b>Total comprehensive income</b>	-	-
Transactions with owners in their capacity as owners	-	-
<b>Total equity at the end of the financial year*</b>	-	-

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

*The above statement of changes in equity should be read in conjunction with the accompanying notes with reference to Notes 2(c) and 8.*

## Statement of cash flows

		Year ended	
		30 June 2024	30 June 2023
	Note	\$	\$
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments at fair value through profit or loss		3,869,694	155,268,879
Payments for purchase of financial instruments at fair value through profit or loss		(57,802,829)	(22,169,562)
Interest income received from financial assets at amortised cost		24,696	21,231
Dividends received		1,284,983	3,717,141
Net foreign exchange gain/(loss)		(46,741)	(341,701)
Management fees and costs paid		(400,663)	(1,020,346)
Transaction costs paid		(156,802)	(420,790)
RITC received/(paid)		3,054	(7,875)
<b>Net cash inflow/(outflow) from operating activities</b>	10(a)	<u>(53,224,608)</u>	<u>135,046,977</u>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unit holders		58,493,491	6,700,000
Payments for redemptions by unit holders		(2,600,005)	(125,357,576)
Distributions paid to unit holders		(122,691)	(20,863,583)
<b>Net cash inflow/(outflow) from financing activities</b>		<u>55,770,795</u>	<u>(139,521,159)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,546,187</b>	<b>(4,474,182)</b>
Cash and cash equivalents at the beginning of the year		420,951	4,895,157
Effects of foreign currency exchange rate changes on cash and cash equivalents		(1,132)	(24)
<b>Cash and cash equivalents at the end of the year</b>	9	<u><b>2,966,006</b></u>	<u>420,951</u>
Non-cash operating and financing activities	10(b)	<b>846,448</b>	4,285,642

*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 Pzena Emerging Markets Value Fund, (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 10 June 2016 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 principal activity of the Fund is to invest in accordance with the investment objective and guidelines as set out in the Fund's current Product Disclosure Statement and its Constitution.

During the year the Fund introduced a second unit holder class, the P Class. The P Class was subscribed for on 1 November 2023.

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 financial liabilities and net assets attributable to unit holders.

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

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

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

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

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

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

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

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

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

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

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

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

## 2 Summary of material accounting policies (continued)

### (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 their business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

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

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

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

- Financial liabilities

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (due to brokers, distributions payable, management fees payable, custodian fees payable, and other fees payable).

#### (ii) Recognition and derecognition

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

#### (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 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.

- Financial instruments at amortised cost

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

Cash and cash equivalents, due from brokers, 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,

## 2 Summary of material accounting policies (continued)

### (b) Financial instruments (continued)

#### (iv) Impairment (continued)

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 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 trading of these securities represents the Fund's main income generating activity.

### (e) Income

#### (i) Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash 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.

## 2 Summary of material accounting policies (continued)

### (e) Income (continued)

#### (ii) Dividends

Dividend income is recognised on the ex-dividend date. 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.

### (f) Expenses

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

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

### (g) Income tax

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

The Fund currently incurs withholding taxes imposed by certain countries on investment income and 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 Fund's units are classified as financial liabilities, movements in net assets attributable to unit holders are recognised in the statement of comprehensive income as finance costs.

### (j) Foreign currency translation

#### (i) Functional and presentation currency

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

#### (ii) Transactions and balances

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

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.

## 2 Summary of material accounting policies (continued)

### (l) 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.

### (m) Payables

Payables include liabilities and 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.

### (n) Applications and redemptions

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

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

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

### (p) Use of estimates 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 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(c) for more information on credit risk.

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.

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 dollar, unless otherwise indicated.

### (r) Comparative revisions

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



### **3 Financial risk management**

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

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement and the investment guidelines of the Fund. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential 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 on long equity securities is limited to the fair value of those positions. The maximum loss on capital on forward currency contracts is limited to the notional contract values of those positions.

The investments of the Fund, and the associated risks, are managed by a specialist Investment Manager, Pzena Investment Management, LLC, 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 equity securities listed or quoted on recognised securities exchanges and derivatives. Price risk arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates which are considered a component of price risk.

The Investment Manager employs portfolio construction techniques within a risk management framework to control both overall portfolio risk and unintended concentration of risk due to factors that the portfolio may be sensitive to. For risk management purposes risk is determined on an active basis; that is, with reference to the behavior of the indexes to which the Fund is benchmarked for performance purposes. Risk management is employed both to avoid excessive risk and to ensure the Fund is taking sufficient risk to enable it to meet its investment objectives.

The table at Note 3(b) summarises the sensitivities of the Funds' assets and liabilities to price risk. The analysis is based on the reasonably possible shift that the investment portfolio in which the Fund invests moves by +/- 10% (2023: +/- 10%).

##### *(ii) Foreign exchange risk*

The Fund operates internationally and hold 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.

Foreign exchange risk is managed by the use of foreign currency derivative financial instruments to hedge against foreign currency exposure. However, for accounting purposes, the Fund does not designate any derivative hedges in a hedging relationship, and hence these derivative financial instruments are classified as at fair value through profit or loss.

When the Investment Manager formulates a view on the future direction of foreign exchange rates and the potential impact on the Fund, the Investment Manager factors that into its portfolio allocation decisions. While the Fund has direct exposure to foreign exchange rate changes on the price of non-Australian dollar-denominated securities, it may also be indirectly affected by the impact of foreign exchange rate changes on the earnings of certain companies in which the Fund invests, even if those companies' securities are denominated in Australian dollars.

### 3 Financial risk management (continued)

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

##### (ii) Foreign exchange risk (continued)

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.

	US Dollars	Hong Kong Dollars	Korean Won	Taiwan Dollars	All other foreign currencies
	\$	\$	\$	\$	\$
<b>As at 30 June 2024</b>					
Cash and cash equivalents	35,033	29,837	-	2,815	38,501
Receivables	-	231,513	30,569	9,954	116,375
Due from brokers - receivable for securities sold	-	-	-	689,239	-
Financial assets held at fair value through profit or loss	6,399,211	17,627,677	8,473,255	5,587,667	25,932,172
Due to brokers - payable for securities purchased	-	(333,307)	(758,600)	-	(161,266)
<b>Net exposure</b>	<b>6,434,244</b>	<b>17,555,720</b>	<b>7,745,224</b>	<b>6,289,675</b>	<b>25,925,782</b>

##### As at 30 June 2023

Cash and cash equivalents	-	-	-	1,775	137,030
Receivables	1,676	4,793	3,595	1,167	242,328
Financial assets held at fair value through profit or loss	858,335	1,629,185	1,097,062	1,080,032	3,502,552
Due to brokers - payable for securities purchased	-	(44,843)	-	-	(16,070)
<b>Net exposure</b>	<b>860,011</b>	<b>1,589,135</b>	<b>1,100,657</b>	<b>1,082,974</b>	<b>3,865,840</b>

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 net assets attributable to unit holders and operating profit are 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.

### 3 Financial risk management (continued)

#### (b) Summarised sensitivity analysis

The following tables summarise 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 net assets attributable to unit holders			
	Price risk		Foreign exchange risk	
	+10%	-10%	+10%	-10%
	\$	\$	\$	\$
<b>As at 30 June 2024</b>	<b>6,401,727</b>	<b>(6,401,727)</b>	<b>(6,934)</b>	<b>6,934</b>
As at 30 June 2023	816,717	(816,717)	(33,145)	33,145

#### (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 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 holding assets that are actively priced and 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 the financial years ended 30 June 2024 and 30 June 2023.

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

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

	Less than 1 month	1 to 6 months	6 to 12 months	Over 12 months	Total
	\$	\$	\$	\$	\$
<b>As at 30 June 2024</b>					
Distributions payable	2,331,520	-	-	-	2,331,520
Payables	6,074	56,260	-	-	62,334
Redemptions payable	51,299	-	-	-	51,299
Due to brokers - payable for securities purchased	1,091,989	-	-	-	1,091,989
Net assets attributable to unit holders - liability	<u>64,741,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,741,156</u>
<b>Contractual cash flows (excluding derivatives)</b>	<b>68,222,038</b>	<b>56,260</b>	<b>-</b>	<b>-</b>	<b>68,278,298</b>

### 3 Financial risk management (continued)

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

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

	Less than 1 month	1 to 6 months	6 to 12 months	Over 12 months	Total
As at 30 June 2023	\$	\$	\$	\$	\$
Distributions payable	969,139	-	-	-	969,139
Payables	-	224,376	-	-	224,376
Due to brokers - payable for securities purchased	60,913	-	-	-	60,913
Net assets attributable to unit holders - liability	<u>7,599,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,599,827</u>
Contractual cash flows (excluding derivatives)	<u>8,629,879</u>	<u>224,376</u>	<u>-</u>	<u>-</u>	<u>8,854,255</u>

### 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).

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

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

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

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

#### (a) Valuation using level 1 inputs

The fair value of financial instruments traded in active markets are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Fund is the current bid price; the quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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) Valuation using level 2 and level 3 inputs

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

The fair value of financial instruments that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a foreign currency contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

The fair value of financial assets and liabilities that are not based on observable market data are classified as level 3.

#### 4 Fair value measurement (continued)

##### (c) 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.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>As at 30 June 2024</b>				
<b>Financial assets</b>				
Listed equity securities	<u>64,018,832</u>	<u>-</u>	<u>1,150</u>	<u>64,019,982</u>
<b>Total financial assets</b>	<u>64,018,832</u>	<u>-</u>	<u>1,150</u>	<u>64,019,982</u>
<b>Financial liabilities</b>				
Foreign currency contracts	<u>-</u>	<u>2,711</u>	<u>-</u>	<u>2,711</u>
<b>Total financial liabilities</b>	<u>-</u>	<u>2,711</u>	<u>-</u>	<u>2,711</u>
<b>As at 30 June 2023</b>				
<b>Financial assets</b>				
Listed equity securities	<u>8,166,016</u>	<u>-</u>	<u>1,150</u>	<u>8,167,166</u>
<b>Total financial assets</b>	<u>8,166,016</u>	<u>-</u>	<u>1,150</u>	<u>8,167,166</u>
<b>Financial liabilities</b>				
Foreign currency contracts	<u>-</u>	<u>43</u>	<u>-</u>	<u>43</u>
<b>Total financial liabilities</b>	<u>-</u>	<u>43</u>	<u>-</u>	<u>43</u>

##### (d) 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.

The following table presents the transfers between levels for the year ended 30 June 2024.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Year ended 30 June 2024</b>			
Transfer between levels 1 and 3			
Listed equity securities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Year ended 30 June 2023</b>			
Transfer between levels 1 and 3			
Listed equity securities	<u>1,779</u>	<u>-</u>	<u>(1,779)</u>

## 4 Fair value measurement (continued)

### (e) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movement in level 3 instruments for the year ended 30 June 2024 by class of financial instrument.

	Listed equity securities \$	Total \$
Opening balance - 1 July 2023	1,150	1,150
Transfer into/(out) from level 3	-	-
Gains/(losses) recognised in the statement of comprehensive income	-	-
<b>Closing balance - 30 June 2024*</b>	<b>1,150</b>	<b>1,150</b>
	Listed equity securities \$	Total \$
Opening balance - 1 July 2022	2,892	2,892
Transfer into/(out) from level 3	(1,779)	(1,779)
Gains/(losses) recognized in the statement of comprehensive income	37	37
<b>Closing balance - 30 June 2023*</b>	<b>1,150</b>	<b>1,150</b>

\*Includes unrealised gains or (losses) recognised in profit or loss attributable to balances held at the end of the reporting period.

#### (i) Valuation inputs and relationship to fair value

The following commentary summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

There is a significant lack of clarity on when the level 3 securities that trading in has been halted, will be allowed to resume trading.

The quantifiable relationship of unobservable inputs to fair value cannot be accurately determined, and therefore the security holdings have been valued at the minimum price that trading is permitted on the securities trading exchanges.

#### (ii) Valuation processes

Portfolio reviews are undertaken regularly by management to identify securities that potentially may not be actively traded or have stale security pricing. This process identifies securities which possibly could be regarded as being level 3 securities. Further analysis, should it be required, is undertaken to determine the accounting significance of the identification. For certain security types, in selecting the most appropriate valuation model, management performs back testing and considers actual market transactions. Changes in allocation to or from level 3 are analysed at the end of each reporting period and are disclosed in Note (e) above.

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

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

i. Cash and cash equivalents, 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

	30 June 2024 \$	As at 30 June 2023 \$
Listed equity securities	<u>64,019,982</u>	<u>8,167,166</u>
<b>Total financial assets at fair value through profit or loss</b>	<u><b>64,019,982</b></u>	<u><b>8,167,166</b></u>

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 Financial liabilities at fair value through profit or loss

	30 June 2024 \$	As at 30 June 2023 \$
Foreign currency contracts	<u>2,711</u>	<u>43</u>
<b>Total financial liabilities at fair value through profit or loss</b>	<u><b>2,711</b></u>	<u><b>43</b></u>

## 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 2024	30 June 2024	30 June 2023	30 June 2023
	Units	\$	Units	\$
<b>Ordinary Class Units</b>				
Opening balance	6,160,238	7,599,827	115,671,414	128,789,706
Applications	2,373,346	3,240,092	5,383,256	6,700,000
Redemptions	-	-	(118,743,580)	(125,357,576)
Reinvestment of distributions	685,106	846,448	3,849,148	4,285,642
Increase/(decrease) in net assets attributable to unit holders	-	198,465	-	(6,817,945)
Closing balance	9,218,690	11,884,832	6,160,238	7,599,827
<b>P Class Units</b>				
Opening balance	-	-	-	-
Applications	51,324,378	55,461,204	-	-
Redemptions	(2,425,723)	(2,651,304)	-	-
Increase/(decrease) in net assets attributable to unit holders	-	46,424	-	-
Closing balance	48,898,655	52,856,324	-	-
<b>Closing balance</b>		<b>64,741,156</b>		<b>7,599,827</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 with all other units within that class.

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. 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 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
	\$	CPU	\$	CPU
Ordinary Class March (paid)	-	-	21,834,601	98.63
Ordinary Class June (payable)	402,219	4.36	969,139	15.73
P Class June (payable)	<u>1,929,301</u>	<u>3.95</u>	<u>-</u>	<u>-</u>
<b>Total distributions</b>	<b><u>2,331,520</u></b>		<b><u>21,803,740</u></b>	

## 9 Cash and cash equivalents

	As at	
	30 June 2024	30 June 2023
	\$	\$
Cash at bank	<u>2,966,006</u>	<u>420,951</u>
<b>Total cash and cash equivalents</b>	<b><u>2,966,006</u></b>	<b><u>420,951</u></b>

## 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	30 June 2023
	\$	\$
Profit/(loss) for the year	-	-
Increase/(decrease) in net assets attributable to unit holders	244,889	(6,817,945)
Distributions to unit holders	2,331,520	21,803,740
Proceeds from sale of financial instruments at fair value through profit or loss	3,869,694	155,268,879
Payments for purchase of financial instruments at fair value through profit or loss	(57,802,829)	(22,169,562)
Net (gains)/losses on financial instruments at fair value through profit or loss	(1,575,176)	(13,582,671)
Net foreign exchange (gain)/loss	1,132	24
Net change in receivables	(131,796)	704,489
Net change in payables	<u>(162,042)</u>	<u>(159,977)</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<b><u>(53,224,608)</u></b>	<b><u>135,046,977</u></b>

### (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

	<u>846,448</u>	<u>4,285,642</u>
<b>Total non-cash operating and financing activities</b>	<b><u>846,448</u></b>	<b><u>4,285,642</u></b>

As described in Note 2(i), income not distributed is included in net assets attributable to unit holders. The change in this amount for the year (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

## 11 Receivables

	As at	
	30 June	30 June
	2024	2023
	\$	\$
Dividends receivable	388,410	253,436
Tax reclaims receivable	-	123
GST receivable	<u>9,567</u>	<u>12,622</u>
<b>Total receivables</b>	<u><b>397,977</b></u>	<u><b>266,181</b></u>

## 12 Payables

	As at	
	30 June	30 June
	2024	2023
	\$	\$
Management fees and costs payable	<u>62,334</u>	<u>224,376</u>
<b>Total payables</b>	<u><b>62,334</b></u>	<u><b>224,376</b></u>

## 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
	\$	\$
<b>KPMG</b>		
<i>Audit and other assurance services</i>		
Audit of financial statements	<u>13,545</u>	<u>12,600</u>
Total auditor remuneration and other assurance services	<u><b>13,545</b></u>	<u><b>12,600</b></u>
<i>Taxation services</i>		
Tax compliance services	<u>11,559</u>	<u>11,025</u>
Total remuneration for taxation services	<u><b>11,559</b></u>	<u><b>11,025</b></u>
<b>Total remuneration of KPMG</b>	<u><b>25,104</b></u>	<u><b>23,625</b></u>
<b>PricewaterhouseCoopers</b>		
<i>Audit and other assurance services</i>		
Audit of compliance plan	<u>2,400</u>	<u>2,346</u>
Total auditor remuneration and other assurance services	<u><b>2,400</b></u>	<u><b>2,346</b></u>
<b>Total remuneration of PricewaterhouseCoopers</b>	<u><b>2,400</b></u>	<u><b>2,346</b></u>

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

## **14 Related party transactions**

The Responsible Entity of Pzena Emerging Markets Value 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 Pzena Investment Management, LLC to act as Investment Manager for the Fund and The Northern Trust Company to act as Custodian and Administrator for the Fund. The contracts are on normal commercial terms and conditions.

### **(a) Key management personnel**

#### *(i) Directors*

Key management personnel include persons who were directors of Equity Trustees Limited at any time during or since the end of the financial year and up to the date of this report.

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

#### *(ii) Responsible Entity*

Other than the 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 reporting period.

### **(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 reporting period and there were no material contracts involving management personnel's interests existing at year end.

## 14 Related party transactions (continued)

### (g) Responsible Entity's 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
	\$	\$
Responsible Entity fees for the year	69,412	80,471
Management fees for the year	49,363	648,917
Responsible Entity fees payable at year end	12,015	26,706
Management fees payable at year end	-	108,840

During the year the Investment Manager waived \$nil of the Fund's investment management fees (2023: \$27,601).

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

### (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 hold units in the Fund as follows:

As at 30 June 2024	Number of units held opening	Number of units held closing	Fair value of investment \$	Interest held %	Number of units acquired	Number of units disposed	Distributions paid/payable by the Trust \$
<b>Unit holder</b>							
Pzena Investment Management, LLC	5,383,256	6,068,362	8,063,452	10.44	685,106	-	264,768
<b>As at 30 June 2023</b>							
<b>Unit holder</b>	Number of units held opening	Number of units held closing	Fair value of investment \$	Interest held %	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund \$
Unit holder							
Pzena Investment Management, LLC	-	5,383,256	6,651,012	87.39	5,383,256	-	846,448

### (i) 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 were no outstanding contingent assets, liabilities or commitments as at 30 June 2024 and 30 June 2023.

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 6 to 27 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2024 and of its performance for the financial year ended on that date.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (c) Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Andrew P Godfrey  
Director

Melbourne  
19 September 2024



# Independent Auditor's Report

To the unitholders of Pzena Emerging Markets Value Fund

## Opinion

We have audited the **Financial Report** of Pzena Emerging Markets Value Fund (the Fund).

In our opinion, the accompanying Financial Report of the Fund gives a true and fair view, including of the Fund's financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of Financial Position as at 30 June 2024
- Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended
- Notes, including material accounting policies
- Directors' Declaration

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

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

## Other Information

Other Information is financial and non-financial information in Pzena Emerging Markets Value Fund's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors of the Responsible Entity are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors of the Responsible Entity are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Fund, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Fund, and that is free from material misstatement, whether due to fraud or error
- assessing the Fund's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they 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

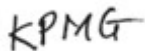
Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our Auditor's Report.



KPMG



Quang Dang  
Partner

Sydney  
19 September 2024