

Wellington Australian Global Total Return Fund

ARSN 108 039 354

Annual report

For the year ended 30 June 2024

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This annual report covers Wellington Australian Global Total Return Fund as an individual entity.

The Responsible Entity of Wellington Australian Global Total Return 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 Wellington Australian Global Total Return 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 invests in debt securities and derivatives in accordance with the Information Memorandum and the provisions of the Fund's Constitution.

The Fund did not have any employees during the year.

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

The various service providers for the Fund are detailed below:

Service	Provider
Responsible Entity	Equity Trustees Limited
Investment Manager	Wellington Management Australia Pty Ltd
Custodian and Administrator	State Street Australia Limited
Statutory Auditor	Ernst & Young

Directors

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

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

Review and results of operations

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

The Fund's performance was 5.55% (net of fees) for the year ended 30 June 2024. The Fund's benchmark, the Bloomberg AusBond Bank Bill Index returned 4.37% for the same period.

Performance figures are calculated before tax and after deducting fees and expenses, using net asset value prices, assuming that income is reinvested and that the investment is held for the full performance calculation period.

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) for the year (\$'000)	22,618	12,269
Distributions paid and payable (\$'000)	48,867	4
Distributions (cents per unit)*	0.12	-

* Distributions (cents per unit) exclude special distributions paid during the year. The cents per unit figure for special distributions are disclosed at Note 10 to the financial statements. For 30 June 2023, CPU is 0.00000007 and rounds to 0.00 cents per unit.

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.

The Responsible Entity made the decision to terminate the Fund within 12 months from the date the Directors' declaration was executed, being 30 June 2024. Consequently, the Responsible Entity has determined that the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a non-going concern basis.

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

Apart from the decision to terminate the Fund, no other 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

Until termination, the Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the Information Memorandum and the provisions of the Fund's Constitution.

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

Directors' report (continued)

Indemnification and insurance of officers

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

Indemnification of auditor

The Responsible Entity has not, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify the auditor of the Fund against a liability incurred as auditor.

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 17 to the financial statements.

No fees were paid out of Fund property to the directors of the Responsible Entity during the year (2023: nil).

The number of interests in the Fund held by the Responsible Entity, its directors or its associates as at the end of the financial year are disclosed in Note 17 to the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 9 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 a 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 6.

Directors' report (continued)

Auditor's independence declaration (continued)

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



Andrew P Godfrey
Director

Melbourne
19 September 2024



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Auditor's independence declaration to the directors of Equity Trustees Limited as Responsible Entity for Wellington Australian Global Total Return Fund

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

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

No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

Ernst & Young

Luke Slater
Partner
19 September 2024

Statement of comprehensive income

		Year ended	
		30 June 2024	30 June 2023
	Note	\$'000	\$'000
Income			
Interest income from financial assets at fair value through profit or loss		20,596	17,581
Interest income from financial assets at amortised cost		388	20
Net foreign exchange gain/(loss)		2,610	(2,589)
Net gains/(losses) on financial instruments at fair value through profit or loss		88	(1,034)
Other operating income		31	3
Total income/(loss)		23,713	13,981
Expenses			
Management fees and costs		1,022	1,493
Withholding taxes		-	19
Transaction costs		19	30
Other expenses	16	54	170
Total expenses		1,095	1,712
Profit/(loss) for the year		22,618	12,269
Other comprehensive income		-	-
Total comprehensive income for the year		22,618	12,269

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 \$'000	30 June 2023 \$'000
Assets			
Cash and cash equivalents	11	2,655	251,361
Cash collateral receivable		-	455
Margin accounts		31	1,074
Receivables	13	183	5,634
Due from brokers - receivable for securities sold		11,003	243,713
Financial assets at fair value through profit or loss	6	45,278	395,561
Total assets		59,150	897,798
Liabilities			
Borrowings	11(a)	-	16
Cash collateral payable		573	2,270
Margin accounts		1	1,207
Payables	14	281	4,902
Due to brokers - payable for securities purchased		10,996	244,729
Financial liabilities at fair value through profit or loss	7	5,106	41,840
Total liabilities		16,957	294,964
Net assets attributable to unit holders - equity	9	42,193	602,834

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
	Note	\$'000	\$'000
Total equity at the beginning of the financial year	9	602,834	551,325
Comprehensive income for the financial year			
Profit/(loss) for the year		22,618	12,269
Other comprehensive income		-	-
Total comprehensive income		22,618	12,269
Transactions with unit holders			
Applications	9	72,712	40,319
Redemptions	9	(612,237)	(1,079)
Reinvestment of distributions	9	5,133	4
Distributions paid and payable	9	(48,867)	(4)
Total transactions with unit holders		(583,259)	39,240
Total equity at the end of the financial year		42,193	602,834

The above statement of changes in equity should be read in conjunction with the accompanying notes with reference to Notes 2(c) and 9.

Statement of cash flows

		Year ended	
		30 June 2024	30 June 2023
	Note	\$'000	\$'000
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		59,340,979	53,492,979
Payments for purchase of financial instruments at fair value through profit or loss		(59,029,088)	(53,469,996)
Net foreign exchange gain/(loss)		2,500	1,033
Interest received		21,548	17,655
Other income received		165	-
Management fees and costs paid		(1,572)	(2,265)
Other expenses paid		(73)	(263)
Net cash inflow/(outflow) from operating activities	12(a)	<u>334,459</u>	<u>39,143</u>
Cash flows from financing activities			
Proceeds from applications by unit holders		72,712	40,319
Payments for redemptions by unit holders		(612,237)	(1,079)
Distributions paid to unit holders		(43,734)	-
Net cash inflow/(outflow) from financing activities		<u>(583,259)</u>	<u>39,240</u>
Net increase/(decrease) in cash and cash equivalents		(248,800)	78,383
Cash and cash equivalents at the beginning of the year		251,345	176,584
Effects of foreign currency exchange rate changes on cash and cash equivalents		110	(3,622)
Cash and cash equivalents at the end of the year	11(a)	<u>2,655</u>	<u>251,345</u>
Non-cash operating and financing activities	12(b)	5,133	4

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 Wellington Australian Global Total Return Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 12 February 2004 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 Responsible Entity made the decision to terminate the Fund within 12 months from the date the Directors' declaration was executed, being 30 June 2024. Consequently, the Responsible Entity has determined that the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on non-going concern basis.

The Fund invests in debt securities and derivatives in accordance with the Information Memorandum and the provisions of the Fund's Constitution.

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

2 Summary of material accounting policies

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

(a) Basis of preparation

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

As the Fund will be terminated within 12 months of the date the Directors' declaration was executed, being 30 June 2024, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a non-going concern basis. The non-going concern basis means assets have been written down to the lower of their carrying amounts and net realisable value and additional liabilities have been recognised to the extent there was a present obligation at the reporting date. All investments are expected to be redeemed, and unit holders paid, within 12 months of 30 June 2024.

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 at fair value through profit or loss 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).

2 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(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.

(b) Financial instruments

(i) Classification

- Financial assets

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

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

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

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

For 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 debt securities, the contractual cash flows are solely payments of principal and interest, however they are neither held for collecting contractual cash flows nor held both for collecting contractual cashflows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business objective. Consequently, the debt securities are measured at fair value through profit or loss.

For cash and cash equivalents, margin accounts, due from brokers, cash collateral receivable 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.

2 Summary of material accounting policies (continued)

(b) Financial instruments (continued)

(i) Classification (continued)

- Financial liabilities

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

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 (borrowings, due to brokers - payable for securities purchased, cash collateral payable, margin accounts and payables).

(ii) Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as gain or loss in the statement of comprehensive income.

(iii) Measurement

- Financial instruments at fair value through profit or loss

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

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in 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 5 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, cash collateral, margin accounts, due from brokers and receivables, borrowings, due to brokers and payables 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 brokers 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

2 Summary of material accounting policies (continued)

(b) Financial instruments (continued)

(iv) Impairment (continued)

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.

Financial assets and liabilities that have been offset are disclosed in Note 4.

(c) Net assets attributable to unit holders

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

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

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

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

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

(d) Cash and cash equivalents

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

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

2 Summary of material accounting policies (continued)

(e) Margin accounts and cash collateral

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

(f) Income

(i) Interest income

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

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. The calculation includes 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.

Interest income on financial assets at fair value through profit or loss is also recognised in the statement of comprehensive income. Changes in fair value of financial instruments at fair value through profit or loss are recorded in accordance with the policies described in Note 2(b) to the financial statements.

(ii) Dividends

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.

(g) 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.

(h) Income tax

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

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

(i) Distributions

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

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 interests. 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 30 June of the same 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.

2 Summary of material accounting policies (continued)

(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 over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Investment Manager.

The Fund estimates that the resultant expected credit loss (ECL) derived from using impairment model has not materially impacted the Fund. Please see Note 3(b) 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 5 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.

(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 Information Memorandum and the investment guidelines of the Fund. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance. 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 equity and debt securities 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.

3 Financial risk management (continued)

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

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

(a) Market risk

(i) Price risk

The Fund is exposed to price risk on its investments in fixed interest securities and collective investment schemes. 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 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.

Although the use of derivatives (whether for hedging or investment purposes) may give rise to additional leveraged exposure, any such additional exposure will be covered using the VaR methodology. The Investment Manager monitors portfolio risk using market factor exposures on a daily basis.

Potential market risk is calculated using the factor model approach. VaR is calculated 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.

The daily VaR measures for the portfolios are an estimate, using a confidence level of 99%, of the potential worst case portfolio loss that is not expected to be exceeded if the current market risk positions were to be held unchanged for one year. The use of a 99% confidence level means that, within a one year horizon, losses exceeding the VaR figure should not occur, on average, more than once every one hundred years. For example, when a portfolio is estimated to have a VaR of \$1 million over a yearly horizon at the 99 percent confidence level, under normal market conditions, the expected losses should not exceed \$1 million over the next year period (with 99% probability). The following table sets out the yearly risk of unexpected loss for the portfolios as at 30 June 2024 and 30 June 2023 as indicated by the VaR model:

	As at 30 June 2024		As at 30 June 2023	
	VaR (\$A'000)	% of net assets	VaR (\$A'000)	% of net assets
Wellington Australian Global Total Return Fund	1,494	3.54	17,964	2.98

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 fully capture liquidity risk and counterparty credit risk. 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 stress tests to ensure that the Fund would withstand an extreme market event.

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk

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

Foreign exchange risk is managed as a part of price risk and measured using VaR analysis.

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

As at 30 June 2024	US Dollars A\$'000	Japanese Yens A\$'000	Mexicano Pesos A\$'000	Euros A\$'000	South African Rands A\$'000	All Other foreign currencies A\$'000
Cash and cash equivalents	2,387	-	-	170	-	37
Margin accounts	29	-	-	-	-	-
Receivables	154	-	-	-	-	-
Due from brokers - receivable for securities sold	1,980	-	-	-	-	9,023
Financial assets at fair value through profit or loss	39,754	2,342	1,309	351	438	1,084
Cash collateral payable	(573)	-	-	-	-	-
Margin accounts	-	-	-	-	-	(1)
Due to brokers - payable for securities purchased	(1,986)	-	-	-	-	(9,010)
Financial liabilities held at fair value through profit or loss	(1,282)	(1,376)	(657)	(348)	(323)	(1,114)
Net exposure	40,463	966	652	173	115	19
Net increase/(decrease) in exposure from forward currency contracts (notional principal)	(40,182)	(2,032)	(464)	(205)	(8)	58
Net exposure including forward currency contracts	281	(1,066)	188	(32)	107	77

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

As at 30 June 2023	US Dollars A\$'000	Japanese Yens A\$'000	British Pounds A\$'000	Euros A\$'000	Swedish Kronor A\$'000	All Other foreign currencies A\$'000
Cash and cash equivalents	250,602	-	18	649	-	54
Cash collateral receivable	455	-	-	-	-	-
Margin accounts	66	289	290	432	-	4
Receivables	1,337	3	715	3,387	1	28
Due from brokers - receivable for securities sold	38,835	9,255	159,191	31,065	5,367	-
Financial assets at fair value through profit or loss	306,606	58,243	4,181	20,886	260	5,211
Borrowings	-	-	-	-	-	(16)
Cash collateral payable	(2,270)	-	-	-	-	-
Margin accounts	(1,207)	-	-	-	-	-
Payables	(216)	(3)	(1,378)	(2,463)	(12)	-
Due to brokers - payable for securities purchased	(71,819)	(9,721)	(130,560)	(24,602)	(1,351)	(6,676)
Financial liabilities held at fair value through profit or loss	(11,317)	(1,953)	(4,094)	(14,118)	(1,468)	(7,553)
Net exposure	<u>511,072</u>	<u>56,113</u>	<u>28,363</u>	<u>15,236</u>	<u>2,797</u>	<u>(8,948)</u>
Net increase/(decrease) in exposure from forward currency contracts (notional principal)	<u>(512,799)</u>	<u>(54,988)</u>	<u>(4,012)</u>	<u>(3,103)</u>	<u>2,690</u>	<u>(31,459)</u>
Net exposure including forward currency contracts	<u>(1,727)</u>	<u>1,125</u>	<u>24,351</u>	<u>12,133</u>	<u>5,487</u>	<u>(40,407)</u>

(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 is considered immaterial to the Fund.

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

The Fund's main interest rate risk arises from its investments in fixed interest securities and fixed interest derivatives.

Interest rate risk is managed as a part of price risk and measured using VaR analysis.

3 Financial risk management (continued)

(a) Market risk (continued)

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

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

As at 30 June 2024	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Financial assets				
Cash and cash equivalents	2,655	-	-	2,655
Margin accounts	31	-	-	31
Receivables	-	-	183	183
Due from brokers - receivable for securities sold	-	-	11,003	11,003
Financial assets at fair value through profit or loss	-	38,868	6,410	45,278
Total financial assets	2,686	38,868	17,596	59,150
Financial liabilities				
Cash collateral payable	573	-	-	573
Margin accounts	1	-	-	1
Payables	-	-	281	281
Due to brokers - payable for securities purchased	-	-	10,996	10,996
Financial liabilities at fair value through profit or loss	6	-	5,100	5,106
Total financial liabilities	580	-	16,377	16,957
Net increase/(decrease) in exposure from fixed				
Interest rate futures (notional principal)	17,503	(17,503)	-	-
Net exposure	19,609	21,365	1,219	42,193

3 Financial risk management (continued)

(a) Market risk (continued)

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

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
As at 30 June 2023				
Financial assets				
Cash and cash equivalents	251,361	-	-	251,361
Cash collateral receivable	455	-	-	455
Margin accounts	1,074	-	-	1,074
Receivables	-	-	5,634	5,634
Due from brokers - receivable for securities sold	-	-	243,713	243,713
Financial assets at fair value through profit or loss	11,477	351,777	32,307	395,561
Total financial assets	264,367	351,777	281,654	897,798
Financial liabilities				
Borrowings	16	-	-	16
Cash collateral payable	2,270	-	-	2,270
Margin accounts	1,207	-	-	1,207
Payables	-	-	4,902	4,902
Due to brokers - payable for securities purchased	-	-	244,729	244,729
Financial liabilities at fair value through profit or loss	3,226	22,714	15,900	41,840
Total financial liabilities	6,719	22,714	265,531	294,964
Net increase/(decrease) in exposure from fixed				
Interest rate futures (notional principal)	460,894	(460,894)	-	-
Interest rate swap (notional principal)	12,879	(12,879)	-	-
Interest rate options (notional principal)	(322,958)	322,958	-	-
Net exposure	408,463	178,248	16,123	602,834

(b) 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 main concentration of credit risk, to which the Fund is exposed, arises from the Fund's investment in debt securities. The Fund is also exposed to counterparty credit risk on derivative financial instruments, cash and cash equivalents, amounts due from brokers and other receivables.

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

3 Financial risk management (continued)

(b) Credit risk (continued)

(i) Debt securities

The Fund invests into debt securities subject to its limits as set out in the Information Memorandum. The overall credit risk of the debt securities held is actively monitored by the Investment Manager. The credit rating used for debt securities is based on the following order, where available: Standard & Poor's Rating Services, Moody's Investors Service and Fitch Ratings. Where credit rating is not provided by the credit rating agencies, the security issuer's own credit rating may be used, or otherwise the security is treated as unrated.

The table below summarises the credit rating composition for the Fund's interest bearing securities assets and liabilities using Standard and Poor's or Moody's ratings.

	As at	
	30 June 2024	30 June 2023
	\$'000	\$'000
Debt securities		
AAA	-	16,908
AA	38,868	52,465
A	-	71,874
BBB	-	95,443
BB	-	4,066
B	-	1,855
D	-	69
Not rated	-	87,326
Total	38,868	330,006

(ii) Derivative financial instruments

The Fund also restricts its exposure to credit losses on the trading of derivative instruments it holds by entering into master netting arrangements with counterparties (approved brokers) with whom it undertakes a significant volume of transactions. Credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are closed and settled on a net basis. The Fund's overall exposure to credit risk on derivative instruments subject to a master netting arrangement can change substantially within a short period, as it is affected by each transaction subject to the arrangements.

(iii) Settlement of securities transactions

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

(iv) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of AA- or higher (2023: AA- or higher) (as determined by Standard and Poor's).

(v) Other

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

3 Financial risk management (continued)

(b) Credit risk (continued)

(vi) Maximum exposure to credit risk

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

(c) 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, margin calls on derivative transactions or to fund foreign exchange related cash flow requirements.

Liquidity risk is managed by only investing in assets 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.

(i) Maturities of non-derivative financial liabilities

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

(ii) Maturities of net settled derivative financial instruments

The table below analyses the Fund's net settled derivative financial instruments based on their contractual maturity. The Fund may, at its discretion, settle financial instruments prior to their original contractual settlement date, in accordance with its investment strategy, where permitted by the terms and conditions of the relevant instruments.

	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	Total \$'000
As at 30 June 2024					
Net settled derivatives					
Futures	-	(6)	-	-	(6)
Forward currency contracts	1,137	173	-	-	1,310
Total net settled derivatives	1,137	167	-	-	1,304
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	Total \$'000
As at 30 June 2023					
Net settled derivatives					
Futures	(14)	992	(531)	(39)	408
Options	67	278	18	3,687	4,050
Forward currency contracts	13,362	2,974	-	-	16,336
Swaps	-	18	(598)	1,554	974
Bond forwards	1,947	-	-	-	1,947
Total net settled derivatives	15,362	4,262	(1,111)	5,202	23,715

4 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is 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. The gross and net positions of financial assets and liabilities that have been offset in the statement of financial position are disclosed in the first three columns of the tables below.

	Effects of offsetting on the statement of financial position			Related amounts not offset		
	Gross amounts of financial instruments	Gross amounts set off in the statement of financial position	Net amount of financial instruments presented in the statement of financial position	Amounts subject to master netting arrangements	Collateral pledged/received	Net amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2024						
Financial assets						
Derivative financial instruments	6,410	-	6,410	(2,142)	(19)	4,249
Total	6,410	-	6,410	(2,142)	(19)	4,249
Financial liabilities						
Derivative financial instruments	5,106	-	5,106	(2,142)	(6)	2,958
Total	5,106	-	5,106	(2,142)	(6)	2,958
As at 30 June 2023						
Financial assets						
Derivative financial instruments	62,298	(2)	62,296	(37,156)	(2,344)	22,796
Total	62,298	(2)	62,296	(37,156)	(2,344)	22,796
Financial liabilities						
Derivative financial instruments	38,583	(2)	38,581	(37,156)	(204)	1,221
Total	38,583	(2)	38,581	(37,156)	(204)	1,221

(a) Master netting arrangement – not currently enforceable

Agreements with derivative counterparties are based on the International Swaps and Derivatives Association (ISDA) Master Agreement. Under the terms of these arrangements, only when certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Fund does not presently have a legally enforceable right of set-off, these amounts have not been offset in the statement of financial position, but have been presented separately in the above table.

5 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 6 and Note 7)
- Derivative financial instruments (see Note 8)

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) Valuations using level 1 inputs

The fair value of financial instruments traded in active markets such as listed equity securities are based on last traded prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

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 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.

Specific valuation techniques using observable inputs used to value financial instruments include:

- Debt instruments are valued using quoted market prices or dealer quotes for similar instruments.
- Foreign currency forwards are valued at the present value of future cash flows based on the forward exchange rates at the balance sheet date.
- Option contracts are valued by applying the Black Scholes option valuation model.
- Interest rate swaps are valued at the present value of the estimated future cash flows based on observable yield curves.

5 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.

As at 30 June 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Forward currency contracts	-	6,410	-	6,410
Fixed interest securities	-	38,868	-	38,868
Total financial assets	-	45,278	-	45,278
Financial liabilities				
Futures	6	-	-	6
Forward currency contracts	-	5,100	-	5,100
Total financial liabilities	6	5,100	-	5,106

As at 30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Options	1,930	4,580	-	6,510
Futures	1,232	-	-	1,232
Forward currency contracts	-	25,679	-	25,679
Swaps	-	16,922	-	16,922
Bond forwards	-	11,953	-	11,953
Fixed interest securities	-	333,265	-	333,265
Total financial assets	3,162	392,399	-	395,561
Financial liabilities				
Options	1,812	648	-	2,460
Futures	824	-	-	824
Forward currency contracts	-	9,343	-	9,343
Swaps	-	15,948	-	15,948
Bond forwards	-	10,006	-	10,006
Fixed interest securities	-	3,259	-	3,259
Total financial liabilities	2,636	39,204	-	41,840

(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.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period (2023: nil).

5 Fair value measurement (continued)

(e) Financial instruments not carried at fair value

The carrying values of cash and cash equivalents, cash collateral, margin accounts, due from brokers, receivables, borrowings, due to brokers and payables approximate their fair values due to their short-term nature.

6 Financial assets at fair value through profit or loss

	As at	
	30 June 2024	30 June 2023
	\$'000	\$'000
Derivatives	6,410	62,296
Fixed interest securities	<u>38,868</u>	<u>333,265</u>
Total financial assets at fair value through profit or loss	<u>45,278</u>	<u>395,561</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 5 to the financial statements.

7 Financial liabilities at fair value through profit or loss

	As at	
	30 June 2024	30 June 2023
	\$'000	\$'000
Derivatives	5,106	38,581
Fixed interest securities	<u>-</u>	<u>3,259</u>
Total financial liabilities at fair value through profit or loss	<u>5,106</u>	<u>41,840</u>

An overview of the risk exposures and fair value measurements relating to financial liabilities at fair value through profit or loss is included in Note 3 and Note 5 to the financial statements.

8 Derivative financial instruments

In the normal course of business the Fund enters into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Fund against a fluctuation in market values, foreign exchange risk or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

8 Derivative financial instruments (continued)

The Fund holds the following derivatives:

(a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The future contracts are collateralised by cash or marketable securities. Changes in future contracts' values are usually settled net daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

(b) Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price risk. Options held by the Fund are exchange-traded and over-the-counter. The Fund is exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value. Options are settled on a gross basis.

(c) Forward contracts

Forwards include forward currency contracts and bond forwards.

Forward currency contracts are primarily used by the Fund to economically hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the end of each reporting period. The Fund recognises a gain or loss equal to the change in fair value at the end of each reporting period.

A bond forward contract is an agreement whereby the short position agrees to deliver pre-specified bonds to the long at a set price and within a certain time window.

The Fund utilises these instruments to hedge against and benefit from price movements of the underlying sovereign bond. The Fund engages in both normal purchases and sales as well as in short-sales and cover-buys of these instruments. All risks associated with traditional short-selling also apply to short-sales of these instruments. The bond forward contracts are traded with coupon payments of the underlying bond with a specified settlement date in the future.

The Fund records the difference in the change between fair value and cost of each of the bond forward contracts positions as a change in unrealised gain or loss in the net asset value determination of the Fund in the statement of comprehensive income. The currency gains or losses associated with the interest bought or sold are recorded in the statement of comprehensive income. Net realised gains and losses and net change in unrealised gain and loss related to bond forwards are included in 'net gains/(losses) on financial instruments at fair value through profit or loss' in the statement of comprehensive income.

As at 30 June 2023 bond forward contracts are presented gross as assets and liabilities, within the financial derivative instruments lines in Note 5 to the financial statements.

(d) Swaps

An interest rate swap is an agreement between two parties to exchange their interest obligations (payments) or receipts at set intervals on a notional principal amount over an agreed time period.

The fair value of interest rate swaps is the estimated amount that the Fund would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current credit worthiness of the swap counterparties.

8 Derivative financial instruments (continued)

(d) Swaps (continued)

A credit default swap is an agreement whereby one counterparty pays a regular fee, usually expressed as a percentage of the notional principal, to another counterparty in return for security against default by the underlying loan or asset.

The Fund's derivative financial instruments measured at fair value at year end are detailed below:

	Contractual/ notional \$'000	Assets \$'000	Liabilities \$'000
As at 30 June 2024			
Futures	20,497	-	6
Forward currency contracts	1,070,724	6,410	5,100
Total derivatives	1,091,221	6,410	5,106

	Contractual/ notional \$'000	Assets \$'000	Liabilities \$'000
As at 30 June 2023			
Options	1,793,244	6,510	2,460
Futures	749,328	1,232	824
Forward currency contracts	2,585,534	25,679	9,343
Swaps	1,529,371	16,922	15,948
Bond forwards	1,123,585	11,953	10,006
Total derivatives	7,781,062	62,296	38,581

Information about the Fund's exposure to credit risk, foreign exchange risk, interest rate risk and about the methods and assumptions used in determining fair values is provided in Note 3 and Note 5 to the financial statements. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial instruments disclosed above.

9 Net assets attributable to unit holders - equity

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments are classified as equity where certain strict criteria are met. The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions. The Fund's units are classified as equity as they meet the definition of a financial instrument to be classified as equity.

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

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

	Year ended			
	30 June 2024	30 June 2024	30 June 2023	30 June 2023
	Units '000	\$'000	Units '000	\$'000
Opening balance	640,510	602,834	598,770	551,325
Applications	75,475	72,712	42,898	40,319
Redemptions	(673,511)	(612,237)	(1,162)	(1,079)
Reinvestment of distributions	5,883	5,133	4	4
Distributions paid and payable	-	(48,867)	-	(4)
Profit/(loss) for the year	-	22,618	-	12,269
Closing balance	48,357	42,193	640,510	602,834

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

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

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

Capital risk management

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

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

10 Distributions to unit holders

The distributions declared during the year were as follows:

	Year ended			
	30 June 2024 \$'000	30 June 2024 CPU	30 June 2023 \$'000	30 June 2023 CPU
Distributions				
November*	9,962	-	-	-
June*	33,772	-	-	-
June distribution paid**	5,133	0.12	4	-
Total distributions	48,867		4	

* The 28 November 2023 distribution (CPU: 3.40) and the 4 June 2024 distribution (CPU: 12.19) represents a special distribution paid by the Fund due to a unit holder redemption in the Fund of greater than 5% of the net assets of the Fund. Due to these redemption as outlined in the Information Memorandum, a portion of the withdrawal proceeds represented attributable income to the redeeming unit holder. Refer to the Fund's Information Memorandum for details on special distributions.

** For 30 June 2023, CPU is 0.00000007 and rounds to 0.00 cents per unit.

11 Cash and cash equivalents

	As at	
	30 June 2024 \$'000	30 June 2023 \$'000
Cash at bank	2,655	9,501
Money market securities	-	241,860
Total cash and cash equivalents	2,655	251,361

(a) Reconciliation to statement of cash flows

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the year:

	As at	
	30 June 2024 \$'000	30 June 2023 \$'000
Balances as above	2,655	251,361
Borrowings	-	(16)
Balances as per statement of cash flows	2,655	251,345

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

	Year ended	
	30 June 2024 \$'000	30 June 2023 \$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) for the year	22,618	12,269
Net (gains)/losses on financial instruments at fair value through profit or loss	(88)	1,034
Net foreign exchange (gain)/loss	(110)	3,622
Proceeds from sale of financial instruments at fair value through profit or loss	59,340,979	53,492,979
Payments for purchase of financial instruments at fair value through profit or loss	(59,029,088)	(53,469,996)
Net interest bought/(sold)	(682)	426
Net change in receivables	5,451	(3,502)
Net change in payables	(4,621)	2,311
Net cash inflow/(outflow) from operating activities	334,459	39,143
(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	5,133	4
Total non-cash operating and financing activities	5,133	4

13 Receivables

	As at	
	30 June 2024 \$'000	30 June 2023 \$'000
Interest receivable	154	5,471
GST receivable	29	163
Total receivables	183	5,634

14 Payables

	As at	
	30 June 2024 \$'000	30 June 2023 \$'000
Interest payable	-	4,071
Management fees and costs payable	281	831
Total payables	281	4,902

15 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 2024	30 June 2023
	\$	\$
Ernst & Young		
<i>Audit and other assurance services</i>		
Audit of financial statements	<u>18,565</u>	<u>17,851</u>
Total auditor remuneration and other assurance services	<u>18,565</u>	<u>17,851</u>
<i>Taxation services</i>		
Tax compliance services	<u>13,815</u>	<u>12,897</u>
Total remuneration for taxation services	<u>13,815</u>	<u>12,897</u>
Total remuneration of Ernst & Young	<u>32,380</u>	<u>30,748</u>
PricewaterhouseCoopers		
Audit of compliance plan	<u>2,400</u>	<u>2,346</u>
Total auditor remuneration and other assurance services	<u>2,400</u>	<u>2,346</u>
Total remuneration of PricewaterhouseCoopers	<u>2,400</u>	<u>2,346</u>

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

16 Other expenses

	Year ended	
	30 June 2024	30 June 2023
	\$'000	\$'000
Trading expenses	40	151
Other expenses	<u>14</u>	<u>19</u>
Total other expenses	<u>54</u>	<u>170</u>

17 Related party transactions

The Responsible Entity of Wellington Australian Global Total Return 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 Wellington Management Australia Pty Ltd to act as Investment Manager for the Fund and State Street to act as Custodian and Administrator for the Fund. The contracts are on normal commercial terms and conditions.

17 Related party transactions (continued)

(a) Key management personnel

(i) Directors

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

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

(ii) Responsible Entity

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

(iii) Other key management personnel

There were no other key management 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 the 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.

17 Related party transactions (continued)

(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 for the year	829,166	1,140,381
Responsible Entity fees for the year	104,406	136,261
Management fees payable at year end	116,783	300,637
Responsible Entity fees payable at year end	48,821	110,762

Under the terms of the Fund's Constitution and Information Memorandum, management fees and costs includes responsible entity fees paid to the Responsible Entity, management fees paid to the Investment Manager and other costs (such as custody fees, administration fees and audit fees) paid to other unrelated parties. Please refer to the Fund's Information Memorandum 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) 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 their related parties for the year (2023: nil).

18 Events occurring after the reporting period

The directors of the Responsible Entity made the decision to terminate the Fund within 12 months of the date the Directors' declaration was executed, being 30 June 2024. Consequently, the directors of the Responsible Entity has determined that the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a non-going concern basis.

No other significant events have occurred since the end of the year which would impact on the financial position of the Fund 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.

19 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 7 to 37 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2024 and of its performance for the financial year ended on that date.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (c) Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Andrew P Godfrey
Director

Melbourne
19 September 2024

Independent Auditor's Report to the unit holders of Wellington Australian Global Total Return Fund

Opinion

We have audited the financial report of Wellington Australian Global Total Return Fund (the Fund), which comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended 30 June 2023, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (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.

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2(a) of the financial report, which describes the basis of accounting. It is the directors of the Responsible Entity's intention to wind up the Fund prior to the next year end. As a result, the financial report has been prepared on a basis other than going concern as described in Note 2(a). Our opinion is not modified in respect of this matter.

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

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

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

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

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

Responsibilities of the Directors 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 determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Responsible Entity.
- ▶ Conclude on the appropriateness of the directors of the Responsible Entity's use of the going concern basis of accounting. When such use is inappropriate and the directors use an alternative basis of accounting, we conclude on the appropriateness of the directors of the Responsible Entity's use of the alternative basis of accounting. We also evaluate the adequacy of the disclosures describing the alternative basis of accounting and reasons for its use. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.



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

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

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Luke Slater'.

Luke Slater
Partner
Melbourne
19 September 2024