



BetaShares

Exchange Traded Funds

23 September 2022

Market Announcements Office
ASX Limited

ANNUAL FINANCIAL REPORT 2022

**BETASHARES AUSTRALIAN TOP 20 EQUITY YIELD MAXIMISER FUND (MANAGED FUND)
ASX CODE: YMAX**

BetaShares Capital Ltd, the issuer of the fund, is pleased to provide the fund's Annual Financial Report for the period ending 30 June 2022.

Further information about the fund can be obtained at www.betashares.com.au or by contacting BetaShares Client Services on 1300 487 577.

IMPORTANT INFORMATION: This information has been prepared by BetaShares Capital Ltd (ACN 139 566 868 AFS Licence 341181) ("BetaShares") the issuer of the fund. It is general information only and does not take into account any person's objectives, financial situation or needs. The information does not constitute an offer of, or an invitation to purchase or subscribe for securities. You should read the relevant PDS, Target Market Determination ("TMD") and ASX announcements and seek professional legal, financial, taxation, and/or other professional advice before making an investment decision regarding any BetaShares funds. For a copy of the PDS and more information about BetaShares funds go to www.betashares.com.au or call 1300 487 577.

Units in BetaShares funds trade on the ASX at market prices, not at NAV. An investment in any BetaShares fund is subject to investment risk including possible delays in repayment and loss of income and principal invested. Neither BetaShares Capital Ltd nor BetaShares Holdings Pty Ltd guarantees the performance of any fund or the repayment of capital or any particular rate of return. Past performance is not an indication of future performance. BetaShares® and Back Your View® are registered trademarks of BetaShares Holdings Pty Ltd.

**BetaShares Australian Top 20 Equity Yield Maximiser Fund
(managed fund)**

ASX Code: YMAX

ARSN 155 637 648

Annual Financial Report - 30 June 2022

For personal use only

BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund)

ARSN 155 637 648

Annual Financial Report - 30 June 2022

Contents

	Page
Directors' report	2
Auditor's Independence declaration	4
Statement of comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Contents of the notes to the financial statements	9
Notes to the financial statements	10
Directors' declaration	23
Independent auditor's report to the unitholders of BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund)	24

For personal use only

Directors' report

The directors of BetaShares Capital Ltd, the Responsible Entity of BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund) (the "Fund"), present their report together with the financial statements of the Fund, for the year ended 30 June 2022 and the auditor's report thereon.

Responsible Entity

The Responsible Entity of BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund) is BetaShares Capital Ltd (ABN 78 139 566 868). The Responsible Entity's registered office and principal place of business is Level 11, 50 Margaret Street, Sydney NSW 2000.

Principal activities

The Fund is a registered managed investment fund domiciled in Australia. It is an exchange traded managed fund that is traded on the Australian Securities Exchange (ASX).

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.

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

Directors

The following persons held office as directors of BetaShares Capital Ltd during the year or since the end of the year and up to the date of this report:

Alex Vynokur (appointed 21 September 2009)

Jason Gellert (appointed 5 March 2021)

Edward Sippel (appointed 5 March 2021)

Review and results of operations

During the year, the Fund continued to invest in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The results of operations of the Fund is disclosed in the statement of comprehensive income. The income distributions payable by the Fund is disclosed in the statement of financial position. The income distributions paid and payable by the Fund is disclosed in Note 4 to the financial statements.

During the year, there has been increased volatility in global financial markets due to geopolitical events and economic conditions which may have affected the value of the Fund to a greater extent.

Significant changes in state of affairs

In the opinion of the directors, there were no 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 other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect:

- (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, risk management 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 governing documents of the Fund and in accordance with 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.

Further information on likely developments in the operation of the Fund and the expected results of its operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Fund.

Directors' report (continued)

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund in regard to insurance cover provided to either the Responsible Entity, directors or the auditor of the Fund. As long as the officers of the Responsible Entity act in accordance with the Fund 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. 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 or its associates

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in Note 13 of the financial statements.

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

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 13 of the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 3 of 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 of 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

The Fund is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that Instrument, amounts in the financial report and the directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Auditor's independence declaration

A copy of the Auditor's Independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the directors.



Alex Vynokur
Director

Sydney
15 September 2022



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

To the Directors of BetaShares Capital Ltd, as Responsible Entity for BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund)

I declare that, to the best of my knowledge and belief, in relation to the audit of the Scheme for the financial year ended 30 June 2022 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

Nicholas Buchanan
Partner
Sydney

15 September 2022

For personal use only

Statement of comprehensive income

	Notes	Year ended	
		30 June 2022 \$'000	30 June 2021 \$'000
Investment income			
Dividend/distribution income		23,526	9,885
Interest income		2	-
Net gains/(losses) on financial instruments at fair value through profit or loss		(35,188)	53,400
Other operating income		9	17
Total net investment income/(loss)		(11,651)	63,302
Expenses			
Management fees	13	1,960	1,611
Expense recoveries	13	565	464
Transaction costs		540	650
Other operating expenses		7	5
Total operating expenses		3,072	2,730
Profit/(loss) for the year		(14,723)	60,572
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		(14,723)	60,572

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

Statement of financial position

	Notes	As at	
		30 June 2022 \$'000	30 June 2021 \$'000
Assets			
Cash and cash equivalents		3,550	2,835
Financial assets at fair value through profit or loss	5	335,945	313,437
Other receivables	6	4,809	2,428
Total assets		344,304	318,700
Liabilities			
Financial liabilities at fair value through profit or loss	5	2,024	1,016
Distributions payable	4	6,152	4,751
Due to brokers - payables for securities purchased		2,898	824
Other payables		219	213
Total liabilities (excluding net assets attributable to unitholders)		11,293	6,804
Net assets attributable to unitholders - equity	3	333,011	311,896

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

For personal use only

Statement of changes in equity

	Notes	Year ended	
		30 June 2022 \$'000	30 June 2021 \$'000
Total equity at the beginning of the year		311,896	243,741
Comprehensive income for the year			
Profit/(loss) for the year	3	(14,723)	60,572
Other comprehensive income		-	-
Total comprehensive income/(loss)		<u>(14,723)</u>	<u>60,572</u>
Transactions with unitholders			
Applications	3	69,077	32,806
Redemptions	3	(5,680)	(5,282)
Units issued upon reinvestment of distributions	3	2,270	1,730
Distributions to unitholders	3	<u>(29,829)</u>	<u>(21,671)</u>
Total transactions with unitholders		<u>35,838</u>	<u>7,583</u>
Total equity at the end of the year		<u>333,011</u>	<u>311,896</u>

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

For personal use only

Statement of cash flows

	Notes	Year ended	
		30 June 2022 \$'000	30 June 2021 \$'000
Cash flows from operating activities			
Proceeds from maturity/sales of financial instruments at fair value through profit or loss		103,427	157,294
Payments for maturity/purchase of financial instruments at fair value through profit or loss		(158,041)	(172,165)
Other operating Income received		19	6
Interest received		2	-
Dividends and distributions received		23,234	8,941
Management fees paid		(1,956)	(1,577)
Expense recoveries paid		(564)	(454)
Transaction costs paid		(540)	(650)
Other operating expenses paid		(6)	(1)
Net cash inflow/(outflow) from operating activities	7(a)	<u>(34,425)</u>	<u>(8,606)</u>
Cash flows from financing activities			
Proceeds from applications by unitholders		66,978	31,983
Payments for redemptions by unitholders		(5,680)	(5,282)
Distributions paid		(26,158)	(20,444)
Net cash inflow/(outflow) from financing activities		<u>35,140</u>	<u>6,257</u>
Net increase/(decrease) in cash and cash equivalents		715	(2,349)
Cash and cash equivalents at the beginning of the year		<u>2,835</u>	<u>5,184</u>
Cash and cash equivalents at the end of the year		<u>3,550</u>	<u>2,835</u>
Non-cash financing activities			
Units issued upon reinvestment of distributions	7(b)	<u>2,270</u>	<u>1,730</u>

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

For personal use only

Contents of the notes to the financial statements	Page
1 General information	10
2 Summary of significant accounting policies	10
3 Net assets attributable to unitholders	13
4 Distributions to unitholders	14
5 Financial instruments at fair value through profit or loss	14
6 Other receivables	15
7 Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities	15
8 Financial risk management	15
9 Offsetting financial assets and financial liabilities	18
10 Fair value measurements	18
11 Derivative financial instruments	20
12 Auditor's remuneration	21
13 Related party transactions	21
14 Events occurring after the reporting period	22
15 Contingent assets and liabilities and commitments	22

For personal use only

1 General information

These financial statements cover BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund) (the "Fund") as an individual entity. The Fund is a registered managed investment scheme under the Corporations Act 2001. The Fund was registered on 22 February 2012 and commenced operations on 22 November 2012. The Responsible Entity cannot issue or redeem any units from the 80th anniversary of the day before the day the Fund commenced if that issue or redemption would cause a contravention of the rule against perpetuities or any other rule of law or equity. The Fund may be terminated in accordance with the provisions of the Fund's Constitution. The Fund is domiciled in Australia.

The Responsible Entity of the Fund is BetaShares Capital Ltd (the "Responsible Entity"). The Responsible Entity's registered office is Level 11, 50 Margaret Street, Sydney NSW 2000.

The Fund is an exchange traded managed fund that is traded on the Australian Securities Exchange (ASX). The Fund has been admitted to trading status on the ASX under the AQUA rules.

The financial statements were authorised for issue by the directors on 15 September 2022. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

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

(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 BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund) is a for-profit unit trust for the purpose of preparing the financial statements.

These financial statements are prepared based on an accruals concept, which requires income and expenses to be recorded as earned or incurred and not as received or paid throughout the year. It is prepared on the basis of fair value measurement of assets and liabilities except otherwise stated.

The Fund operated solely in one segment which is the business of investment management within Australia.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and liabilities at fair value through profit or loss and net assets attributable to unitholders.

The financial statements are presented in Australian dollars, which is the Fund's functional currency.

Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Fund also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Use of estimates and judgements

Management makes estimates and assumptions that affect the reported amounts in the financial statements. Estimates and assumptions are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and regularly reviewed by experienced personnel of the Responsible Entity, independent of the area that created them.

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

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the short-term nature of these financial instruments.

Investment entity exception

The Fund meets the definition of an investment entity and therefore apply the investment entity amendments to AASB 10 Consolidated Financial Statements, AASB 12 Disclosure of Interest in Other Entities and AASB 127 Separate Financial Statement. AASB 10 is applicable to all investees; among other things, it requires the consolidation of an investee if the Fund controls the investee on the basis of de facto circumstances. An exception however exists where an entity meets the definition of an investment entity.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Investment entity exception (continued)

The Fund meets the definition of investment entity due to the following factors:

- (a) the Fund obtains funds from one or more unitholders for the purpose of providing the unitholders with investment management services;
- (b) the Fund commits to its unitholders that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (c) the Fund measures and evaluates the performance of substantially all of its investments on a fair value basis.

In making the above assessments, the Fund has multiple investments and multiple investors. Its investors are generally unrelated parties of the Fund. Unitholders invest for returns from capital appreciation, investment income, or both. Directors of the Responsible Entity have concluded that the Fund meets the definition of investment entity.

Assessment of the Fund's investments as structured entities

The Fund has assessed whether the securities in which it invests are structured entities. The Fund has considered the voting rights and other similar rights afforded to investors in any managed investment funds in which it invest, including the rights to remove the fund manager or redeem holdings. The Fund has assessed whether these rights are the dominant factor in controlling the relevant funds, or whether the contractual agreement with the fund manager is the dominant factor in controlling such funds. The Fund has concluded that any managed investment funds in which it invests are not structured entities.

(b) Changes in accounting policy and transition

There were no changes in the accounting policies of the Fund during the financial year.

(c) New accounting standards and interpretations adopted by the Fund

The accounting policies adopted in these financial statements are consistent with those of the previous financial year.

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

(d) Financial instruments

(i) Classification

The Fund classify its investments based on its business model for managing those financial assets and their contractual cash flow characteristics. The Fund's portfolios of financial assets are managed and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund evaluates the information about their investments on a fair value basis together with other related financial information.

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

The Fund may hold financial assets and financial liabilities comprising equity securities which are classified at fair value through profit or loss.

(ii) Recognition/derecognition

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

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has registered substantially all risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Fund measures a financial asset or liability at its fair value. Transaction costs are expensed in the statement of comprehensive income as incurred.

Subsequent to initial recognition, all financial assets and financial liabilities held are measured at fair value. Gains and losses arising from changes in the fair value measurement are presented in the statement of comprehensive income with net gains/(losses) on financial instruments at fair value through profit or loss in the period in which they arise.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

2 Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

(iii) Measurement (continued)

- Offsetting financial instruments

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.

(e) Net assets attributable to unitholders

The Fund considers its net assets attributable to unitholders as equity as the Fund had made an irrevocable choice to be an Attribution Managed Investment Trust ("AMIT").

Units are normally redeemable only by unitholders being Authorised Participants at the unitholders' option (other unitholders only have a right to redeem units in special circumstances). The units can be put back to the Fund at any time (subject to the Corporations Act 2001 and Fund Constitutions) for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting year if unitholders exercised their right to redeem units in the Fund. The Fund considers its net assets attributable to unitholders as equity as each Fund had made an irrevocable choice to be an AMIT.

(f) 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, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. The carrying amount of cash approximates fair value.

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

(g) Investment income

Interest income earned on cash balances is recognised on an accrual basis in the Statement of Comprehensive Income using the nominated interest rates available on the bank accounts held. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(d).

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.

Dividend and distribution income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income and distribution income when the Fund's right to receive payments is established.

Trust distributions are recognised on an entitlement basis.

(h) Expenses

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

(i) Income tax

The Fund is not subject to income tax as all taxable income and other relevant amounts are attributed to unitholders in each financial year under the AMIT tax regime. Such amounts form part of unitholders' assessable incomes for the relevant financial year. The benefits of imputation credits and foreign tax paid are passed onto unitholders.

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

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

(k) Distributions

Distributions are payable, either by cash or reinvestment, as set out in the Fund's Product Disclosure Statement and/or Fund's Constitution.

2 Summary of significant accounting policies (continued)

(l) Due from/to brokers

Amounts due from/to brokers (if applicable) represent payables for securities purchased and receivables for securities sold that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and normally settled within two business days. These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from broker 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 broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

(m) Other receivables

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in Note 2(g) above. The Fund's receivables are measured at amortised cost under AASB 9 and the impact of any expected credit losses (ECL) is not material as amounts are generally received within 30 days of being recorded as receivables. The carrying amount of receivables approximates fair value.

(n) Other payables

Other payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting year.

The distribution amount payable to unitholders as at the reporting date is recognised separately in the statement of financial position when unitholders are presently entitled to the distributable income.

(o) Applications and redemptions

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

(p) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as custodial services and investment management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55% to 85%, hence investment management fees, custodial fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in payables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis. This change does not have a material impact on prior periods and no restatement was made to the comparative period.

(q) Rounding of amounts

The Fund is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that Instrument, amounts in the financial report and the directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3 Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders. The units can be put back to the Funds at any time for cash based on the redemption price, which is equal to a proportionate share of the Funds' net asset value attributable to the unitholders.

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be 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.

3 Net assets attributable to unitholders (continued)

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

	Year ended		Year ended	
	30 June 2022 Units '000	30 June 2021 Units '000	30 June 2022 \$'000	30 June 2021 \$'000
Net assets attributable to unitholders				
Opening balance	38,460	34,660	311,896	243,741
Applications	8,841	4,262	69,077	32,806
Redemptions	(700)	(700)	(5,680)	(5,282)
Units issued upon reinvestment of distributions	287	238	2,270	1,730
Distributions to unitholders	-	-	(29,829)	(21,671)
Profit/(loss) for the year	-	-	(14,723)	60,572
Closing balance	46,888	38,460	333,011	311,896

Capital risk management

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

The daily issues 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 governing rules, the Responsible Entity may suspend the issue or redemptions in certain circumstances.

4 Distributions to unitholders

The distributions paid/payable for the year were as follows:

	Year ended 30 June 2022		Year ended 30 June 2021	
	\$'000	CPU	\$'000	CPU
Distributions				
Distribution paid - September	9,820	24.20	5,291	15.00
Distribution paid - December	5,855	13.88	5,328	14.56
Distribution paid - March	8,002	18.06	6,301	17.16
Distribution payable - June	6,152	13.18	4,751	12.35
Total distributions	29,829	69.32	21,671	59.07

The distribution information shown above refers to cash distributions paid by the relevant Fund for the year. Under the AMIT tax rules, a Fund may distribute cash that is different to the taxable income attributed by the Fund to unitholders.

The Fund distribute quarterly, and refer to Note 1 for the Fund commencement date.

During the year, some distributions were satisfied by the issue of units (reinvestment). See Note 3.

5 Financial instruments at fair value through profit or loss

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis.

	As at	
	30 June 2022 \$'000	30 June 2021 \$'000
Financial assets at fair value through profit or loss		
Listed securities	335,945	313,437
Total financial assets at fair value through profit or loss	335,945	313,437
Financial liabilities at fair value through profit or loss		
Derivatives (options)	2,024	1,016
Total financial liabilities at fair value through profit or loss	2,024	1,016

An overview of the fair value measurements relating to financial instruments at fair value through profit or loss is included in Note 8 to the financial statements.

6 Other receivables

	As at	
	30 June 2022 \$'000	30 June 2021 \$'000
Dividends receivable	1,832	1,540
GST receivable	55	65
Applications receivable	2,922	823
Total receivables	4,809	2,428

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

	Year ended	
	30 June 2022 \$'000	30 June 2021 \$'000
(a) Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities		
Operating profit/(loss) for the year	(14,723)	60,572
Net (gains)/losses on financial instruments at fair value through profit or loss	35,188	(53,400)
Proceeds from maturity/sales of financial instruments at fair value through profit or loss	103,427	157,294
Payments for maturity/purchase of financial instruments at fair value through profit or loss	(158,041)	(172,165)
Net change in receivables and other assets	(282)	(955)
Net change in payable and other liabilities	6	48
Net cash inflow/(outflow) from operating activities	(34,425)	(8,606)
(b) Non-cash financing and investing activities		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	2,270	1,730
	2,270	1,730

8 Financial risk management

(a) Objectives, strategies, policies and processes

The Fund is an exchange traded managed fund that primarily invests in a portfolio of securities listed on the ASX as well as exchange traded derivative instruments and cash and cash equivalents.

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), counterparty risk, credit risk and liquidity risk. The Fund uses different methods to measure different types of risk to which it is exposed. Methods include sensitivity analysis in case of price risk.

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

The Board of Directors of the Responsible Entity has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Fund's overall risk management program focuses on ensuring compliance with the Fund's Product Disclosure Statement and Investment Guidelines.

Compliance with the Fund's Product Disclosure Statement, Constitution and Investment Guidelines are reported to the Board on a regular basis.

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Fund's income or the carrying value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Price risk

The Fund is exposed to securities and derivatives price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Securities and derivatives are classified in the statement of financial position at fair value through profit or loss. All securities investments present a risk of loss of capital. The Fund's overall market positions are reported to the Board on a regular basis. Net assets attributable to unitholders include investments in equity securities, unit trusts and options.

8 Financial risk management (continued)

(b) Market risk (continued)

(i) Price risk (continued)

Sensitivity Analysis

A 10% movement at the report date of the market prices attributable to financial assets or financial liabilities by the Fund would have the following impact on the Fund's operating profit/(loss) and net assets attributable to unitholders. The calculations include the impact of any derivatives that may be held by the Fund. It is assumed that the relevant change occurs at the balance date.

	As at	
	30 June 2022	30 June 2021
	\$'000	\$'000
+10% Price movement - impact on the Fund's operating profit/(loss) and net assets attributable to unitholders	24,807	22,424
-10% Price movement - impact on the Fund's operating profit/(loss) and net assets attributable to unitholders	(31,564)	(30,159)

(ii) Foreign exchange risk

Foreign exchange risk arises as the value of monetary assets and liabilities denominated in other currencies will fluctuate due to changes in the exchange rates. The Fund has no direct foreign exchange risk exposure as the Fund operates solely in Australia and all the Fund's assets and liabilities are denominated in Australian currency.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market rates.

Interest bearing financial assets are exposed to fluctuations in the prevailing levels of market interest rates on their financial position and cash flows. Financial instruments with variable interest rates expose the Fund to cash flow interest rate risk. Financial instruments with fixed interest rates expose the Fund to fair value interest rate risk. The risk is measured using sensitivity analysis.

The table below summarises the Fund's exposure to interest rate risks.

	Floating interest rate	Fixed interest rate	Non interest bearing	Total
	30 June 2022	30 June 2022	30 June 2022	30 June 2022
	\$'000	\$'000	\$'000	\$'000
Assets				
Cash and cash equivalents	3,507	-	43	3,550
Financial assets at fair value through profit or loss	-	-	335,945	335,945
Other receivables	-	-	4,809	4,809
Liabilities				
Financial liabilities at fair value through profit or loss	-	-	(2,024)	(2,024)
Distributions payable	-	-	(6,152)	(6,152)
Due to brokers - payables for securities purchased	-	-	(2,898)	(2,898)
Other payables	-	-	(219)	(219)
Net exposure	3,507	-	329,504	333,011

	Floating interest rate	Fixed interest rate	Non interest bearing	Total
	30 June 2021	30 June 2021	30 June 2021	30 June 2021
	\$'000	\$'000	\$'000	\$'000
Assets				
Cash and cash equivalents	2,835	-	-	2,835
Financial assets at fair value through profit or loss	-	-	313,437	313,437
Other receivables	-	-	2,428	2,428
Liabilities				
Financial liabilities at fair value through profit or loss	-	-	(1,016)	(1,016)
Distributions payable	-	-	(4,751)	(4,751)
Due to brokers - payables for securities purchased	-	-	(824)	(824)
Other payables	-	-	(213)	(213)
Net exposure	2,835	-	309,061	311,896

8 Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

Sensitivity analysis - interest rate risk

The table below summarises the sensitivities of the interest rate risk. The analysis is based on the assumption that interest rates increase or decrease by a "predetermined basis points" from the period end rates with all other variables held constant. The predetermined basis points for 30 June 2022 are noted in the table below (30 June 2021: 25bps). Management have considered the movements for each investment asset type to be reasonable given the Fund's economic environment.

	Currency	Sensitivity rate (basis points)	Increase 30 June 2022 \$'000	Decrease 30 June 2022 \$'000	Increase 30 June 2021* \$'000	Decrease 30 June 2021* \$'000
Impact on net assets attributable to unitholders	AUD	100	35	(35)	7	(7)

* Interest rate risk were calculated at 25bps at 30 June 2021.

(c) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

The Fund holds no collateral as security or any other credit enhancement. The maximum exposure to credit risk at the end of each reporting year is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

There are no material concentrations of credit risk at 30 June 2022 and 30 June 2021.

None of the financial assets and financial liabilities is offset in the statement of financial position. There are no assets or liabilities that are subject to an enforceable master netting arrangement or similar agreement.

(i) 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 (as determined by Standard & Poor's or equivalent rating agency).

The custody of the Fund's assets is mainly concentrated with one counterparty, namely Citigroup Pty Ltd. Citigroup Pty Ltd is a subsidiary of a company listed on a major securities exchange, and at 30 June 2022 had a credit rating of A by Standard & Poor's (S&P) (30 June 2021 AA- by Standard & Poor's (S&P)). At 30 June 2022, substantially all cash and cash equivalents, balances due from brokers and investments are held in custody by Citigroup Pty Ltd.

In accordance with the Fund's policy, the Responsible Entity monitors the Fund's credit position on a regular basis.

(ii) 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 purchase on the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

(d) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to daily cash redemptions of redeemable units. It primarily holds investments that are traded in an active market and can readily be disposed of.

(i) Maturity analysis for financial liabilities

The table below analyses the Fund's derivative and non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

At 30 June 2022	On demand \$'000	Less than 6 months \$'000	Greater than 6 months \$'000	Total \$'000
Financial liabilities at fair value through profit or loss	-	2,024	-	2,024
Distributions payable	-	6,152	-	6,152
Due to brokers - payables for securities purchased	-	2,898	-	2,898
Other payables	-	219	-	219
Total financial liabilities	-	11,293	-	11,293

8 Financial risk management (continued)

(d) Liquidity risk (continued)

(i) Maturity analysis for financial liabilities (continued)

At 30 June 2021	On demand \$'000	Less than 6 months \$'000	Greater than 6 months \$'000	Total \$'000
Financial liabilities at fair value through profit or loss	-	1,016	-	1,016
Distributions payable	-	4,751	-	4,751
Due to brokers - payables for securities purchased	-	824	-	824
Other payables	-	213	-	213
Total financial liabilities	-	6,804	-	6,804

(ii) Other

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

9 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 following table:

	Effects of offsetting on the statement of financial position			Related amounts not offset in statement of financial position		Net amounts \$'000
	Gross amounts of financial assets/ (liabilities) \$'000	Gross amounts set off in the statement of financial position \$'000	Net amount of financial assets/ (liabilities) presented in the statement of financial position \$'000	Financial instruments (including non- cash collateral) \$'000	Cash collateral pledged \$'000	
As at 30 June 2022						
Listed options	(2,024)	-	(2,024)	-	-	(2,024)
Total	(2,024)	-	(2,024)	-	-	(2,024)

	Effects of offsetting on the statement of financial position			Related amounts not offset in statement of financial position		Net amounts \$'000
	Gross amounts of financial assets/ (liabilities) \$'000	Gross amounts set off in the statement of financial position \$'000	Net amount of financial assets/ (liabilities) presented in the statement of financial position \$'000	Financial instruments (including non- cash collateral) \$'000	collateral pledged \$'000	
As at 30 June 2021						
Listed options	(1,016)	-	(1,016)	-	-	(1,016)
Total	(1,016)	-	(1,016)	-	-	(1,016)

10 Fair value measurements

AASB 13 Fair Value Measurements 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).

Fair value estimation

The carrying amounts of the Fund's assets and liabilities at the end of each reporting period approximate their fair values.

10 Fair value measurements (continued)

Fair value estimation (continued)

(i) Fair value in an active market (Level 1)

Financial assets and liabilities at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments at fair value through profit or loss are measured at fair value with changes in their fair value recognised in statement of comprehensive income.

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

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

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

Options are measured by the quoted market prices, or binding dealer quotations in the exchange or where they are listed or held.

(ii) Fair value in an inactive or unquoted market (Level 2 and Level 3)

The fair value of financial assets and liabilities 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.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

(iii) Recognised fair value measurements

The tables below set out the Fund's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2022 and 30 June 2021.

At 30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets at fair value through profit or loss				
Listed securities	335,945	-	-	335,945
Total assets	335,945	-	-	335,945
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Listed options	2,024	-	-	2,024
Total liabilities	2,024	-	-	2,024

10 Fair value measurements (continued)

Fair value estimation (continued)

(iii) Recognised fair value measurements (continued)

At 30 June 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets at fair value through profit or loss				
Listed securities	313,437	-	-	313,437
Total assets	313,437	-	-	313,437
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Listed options	1,016	-	-	1,016
Total liabilities	1,016	-	-	1,016

(iv) Transfers between levels

There were no transfers between levels during the year ended 30 June 2022 and 30 June 2021.

(v) Movement in level 3 instruments

There were no investments classified as level 3 within the Fund as at 30 June 2022 and 30 June 2021.

(vi) Fair value of financial instruments not carried at fair value

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

The carrying value of the net assets attributable to unitholders differs from its fair value (deemed to be the redemption price for individual units) due to differences in valuation inputs. This difference is not material in current period.

11 Derivative financial instruments

In the normal course of business the Fund enters into transactions in certain derivative financial instruments with 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 include:

- hedging to protect an asset or liability of the Fund against a fluctuation in market values or to reduce volatility;
- a substitution for trading of physical securities;
- 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.

Exchange traded 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 year, 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. The Fund's use of options is limited to selling exchange-traded call options over indices or over equity securities held by the Fund.

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

As at 30 June 2022	Contract/ notional \$'000	Fair values	
		Assets \$'000	Liabilities \$'000
Listed options	242,466	-	2,024
	242,466	-	2,024

11 Derivative financial instruments (continued)

Exchange traded options (continued)

	Contract/ notional \$'000	Fair values	
		Assets \$'000	Liabilities \$'000
As at 30 June 2021			
Listed options	249,928	-	1,016
	<u>249,928</u>	<u>-</u>	<u>1,016</u>

12 Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Fund. Audit fees were borne by the Responsible Entity.

	Year ended	
	30 June 2022	30 June 2021
	\$	\$
KPMG Australia		
<i>Audit and other assurance services</i>		
Audit and review of financial reports	8,431	8,431
Audit of compliance plan	<u>1,230</u>	<u>1,230</u>
Total remuneration for audit and other assurance services	<u>9,661</u>	<u>9,661</u>

13 Related party transactions

Responsible Entity

The Responsible Entity of the Fund's is BetaShares Capital Ltd (ABN 78 139 566 868), which is a wholly owned subsidiary of BetaShares Financial Group Pty Ltd.

Related party unitholdings

All transactions with related parties are conducted on normal terms and conditions. From time to time the Responsible Entity or its director-related entities may invest or withdraw from the Fund. These applications or redemptions are on the same terms and conditions as those entered into by other fund investors and are trivial and domestic in nature.

Key management personnel

(a) Directors

Alex Vynokur (appointed 21 September 2009)
Jason Gellert (appointed 5 March 2021)
Edward Sippel (appointed 5 March 2021)

(b) Other key management personnel

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

Responsible Entity fees and other transactions

The Responsible Entity's fees are calculated in accordance with the Fund's constitution. The Fund pays to the Responsible Entity a fee equal to 0.59% p.a. (2021: 0.59% p.a.) of the net asset value of the Fund and it is also entitled to be paid an amount of up to 0.17% (2021: 0.17%) for cost recoveries (after taking into account GST and reduced input tax credits) and is disclosed in the statement of comprehensive income.

13 Related party transactions (continued)

(b) Other key management personnel (continued)

The related party transactions during the year and amounts payable at year end were as follows:

	Year ended	
	30 June 2022	30 June 2021
	\$	\$
Management fees expensed to the Responsible Entity	1,959,997	1,611,440
Management fees payable to the Responsible Entity at the reporting date	165,796	161,747
Expense recoveries expensed to the Responsible Entity	564,745	464,313
Expense recoveries payable to the Responsible Entity at the reporting date	47,772	46,605

14 Events occurring after the reporting period

No other significant events have occurred since the reporting year which would impact on the financial position of the Fund disclosed in the statement of financial position as at 30 June 2022 or on the results and cash flows of the Fund for the year ended on that date.

15 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2022 (2021: nil).

Directors' declaration

In the opinion of the directors of BetaShares Capital Ltd, the Responsible Entity of BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund):

- (a) the financial statements and notes set out on pages 5 to 22 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- (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 comply with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board.

Signed in accordance with a resolution of the directors.



Alex Vynokur
Director

Sydney
15 September 2022

For personal use only



Independent Auditor's Report

To the unitholders of BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund):

Opinion

We have audited the **Financial Report** of the BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund) (the Scheme).

In our opinion, the accompanying **Financial Report** of the BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund) is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Scheme's financial position as at 30 June 2022, and of its financial performance and its cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises the:

- Statement of financial position as at 30 June 2022.
- Statement of comprehensive income for the year then ended;
- Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies
- Directors' Declaration made by the Directors' of BetaShares Capital Limited (the Responsible Entity).

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 Scheme in accordance with the *Corporations Act 2001* and the relevant ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code). We have fulfilled our other ethical responsibilities in accordance with these requirements.

For personal use only



Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The **Key Audit Matter** we identified is valuation and existence of financial instruments.

Valuation and existence of financial instruments \$335,945,000	
Refer to Note 6 of the Financial Report.	
The key audit matter	How the matter was addressed in our audit
<p>Financial instruments at fair value through profit or loss comprise investments in listed securities and derivatives ("investments").</p> <p>The Scheme outsources certain processes and controls relevant to:</p> <ul style="list-style-type: none"> • Executing transactions as instructed by the Responsible Entity and recording and valuing investments to the Scheme administrator; • Maintaining custody and underlying records of investments to the custodian; <p>Valuation and existence of investments is a key audit matter due to the:</p> <ul style="list-style-type: none"> • Size of the Scheme's portfolio of investments. These investments represent a significant percentage of the Scheme's total assets at year end; and • Importance of the performance of these investments in driving the Scheme's investment income and capital performance, as reported in the Financial Report. <p>As a result, this was the area with greatest effect on our overall audit strategy and allocation of resources in planning and performing our audit.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We assessed the appropriateness of the accounting policies applied by the Scheme, including those relevant to the fair value of investments, against the requirements of the accounting standards. • We obtained and read the Scheme's Service Provider's ASAE 3402 <i>Assurance Reports on Controls at a Service Organisation</i> and GS007 (<i>Guidance Statement 007 Audit Implications of the Use of Service Organisations for Investment Management Services</i>) assurance reports to understand the processes and assess the controls relevant to the: <ul style="list-style-type: none"> - Scheme administrator – to execute transactions, record and value the Scheme's investments; - Custodian – to maintain custody and underlying records of the Scheme's investments; • We obtained and read the custodians bridging letter over the period not covered by the ASAE3402 and GS007 assurance reports. We have checked that there were no instances of non-compliance over controls in place at the service provider. • We assessed the reputation, professional competence and independence of the auditors of the ASAE 3402 and GS007 assurance reports. • We checked the existence of investments,

For personal use only

	<p>being the ownership and quantity held to external sources such as independent confirmations for derivative investments as at 30 June 2022.</p> <ul style="list-style-type: none"> • We checked the valuation of investments, as recorded in the general ledger, to independently sourced prices as at 30 June 2022. • We evaluated the Scheme's disclosures of investments, using our understanding obtained from our testing, against the requirements of the accounting standards.
--	---

Other Information

Other Information is financial and non-financial information in the respective Scheme's annual reporting which is provided in addition to the Financial Reports and the Auditor's Report. This includes the Director's Report. The Directors of the Responsible Entity are responsible for the Other Information.

Our opinion on the Financial Reports do 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 Directors for the Financial Report

The Directors of the Responsible Entity are responsible for:

- preparing the Financial Reports that give a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal controls to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Scheme'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 Scheme 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 this 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/ar2.pdf. This description forms part of our Auditor's Report.


KPMG


Nicholas Buchanan
Partner

Sydney
15 September 2022

For personal use only