

# Bennelong ex-20 Australian Equities Fund

ARSN 137 843 826

Financial report  
for the year ended 30 June 2020



# **Bennelong ex-20 Australian Equities Fund**

ARSN 137 843 826

## **Financial report for the year ended 30 June 2020**

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This financial report covers the Bennelong ex-20 Australian Equities Fund (ARSN 137 843 826) as an individual entity.

The Responsible Entity of the Bennelong ex-20 Australian Equities Fund is Bennelong Funds Management Ltd (ABN 39 111 214 085) (AFSL 296806). The Responsible Entity's registered office is:

Bennelong House  
Level 1, 9 Queen Street  
Melbourne, VIC 3000

## Directors' Report

The directors of Bennelong Funds Management Ltd, the Responsible Entity of the Bennelong ex-20 Australian Equities Fund ("the Fund"), present their report together with the financial report of the Fund for the year ended 30 June 2020.

### Principal activities

The Fund invests in Australian authorised investments in accordance with the Product Disclosure Statement ("PDS") 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 to the Fund are detailed below:

| <b>Service</b>              | <b>Provider</b>                              |
|-----------------------------|--|
| Responsible Entity          | Bennelong Funds Management Ltd               |
| Investment Manager          | Bennelong Australian Equity Partners Pty Ltd |
| Custodian and Administrator | RBC Investor & Treasury Services Pty Ltd     |
| Statutory Auditor           | Deloitte Touche Tohmatsu                     |

### Directors

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

|                 |          |
|-----------------|----------|
| Stephen Rix     | Chairman |
| Craig Bingham   |          |
| Vicki Allen     |          |
| Lincoln McMahon |          |
| Andrea Waters   |          |

### Review and results of operations

During the year, the Fund invested monies in accordance with the investment policies set out in the Fund's PDS and in accordance with the provisions of the Fund's Constitution.

During the year COVID-19 pandemic has created unprecedented uncertainty. The investments in the Fund were temporarily impacted by the market volatility. The quick recovery in the investment markets meant that there was no material impact due to COVID-19 on the Fund's performance for the year and valuation of its investments as at 30 June 2020.

### Results

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

|   | <b>Year ended</b>                  |                                    |
|---|------------------------------------|------------------------------------|
|   | <b>30 June<br/>2020<br/>\$'000</b> | <b>30 June<br/>2019<br/>\$'000</b> |
| Operating profit/(loss) attributable to unitholders     | <u>188,750</u>                     | <u>(179,070)</u>                   |
| Interim distribution - 31 December                      | <u>17,048</u>                      | <u>20,251</u>                      |
| Full year distribution - 30 June                        | <u>214,806</u>                     | <u>74,182</u>                      |
| Interim distribution - 31 December cents per unit (CPU) | <b>1.6328</b>                      | 1.8039                             |
| Full year distribution - 30 June cents per unit (CPU)   | <b>21.2436</b>                     | 6.5845                             |

## **Directors' Report (continued)**

### **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 year.

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

The COVID-19 pandemic has created unprecedented uncertainty. Actual economic events and conditions in the future may materially differ from those estimated by the Fund at the reporting date. In the event that COVID-19 impacts are more severe or prolonged than anticipated, the future fair value of the Fund's investments may be adversely impacted. The directors have assessed the events subsequent to year end up to the date of signing these financial statements and determined that no adjustments or additional disclosures are required.

There has been no matter or circumstance since 30 June 2020 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 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 operations of the Fund and the expected results of those 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.

### **Indemnification and insurance of officers**

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to the officers of the Responsible Entity. So long as the officers of the Responsible Entity act in accordance with the Fund's Constitution and the law, the officers remain fully indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

### **Indemnity of auditors**

The auditors of the Fund are 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 12 to the financial report.

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 12 to the financial report.

## **Directors' Report (continued)**

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

Under the terms of the Fund's Constitution, the Responsible Entity is entitled to be reimbursed for all operating and administration expenses that have been incurred on behalf of the Fund. The Fund's PDS outlines in Section 6 that the Responsible Entity caps this amount at 0.05% per annum of the Net Asset Value (NAV) of the Fund.

### **Interests in the Fund**

The movement in units on issue in the Fund during the year is disclosed in note 6 to the financial report.

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 report.

### **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 statements and directors' report have been rounded off to the nearest thousand dollar, 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 5.

This report is made in accordance with a resolution of the directors of Bennelong Funds Management Ltd.



Craig Bingham  
Director

Melbourne  
28 September 2020

28<sup>th</sup> September 2020

The Board of Directors  
Bennelong Funds Management Ltd  
as Responsible Entity for Bennelong ex-20 Australian Equities Fund  
Level 1, 9 Queen Street  
MELBOURNE VIC 3000

Dear Directors

### **Independence Declaration – Bennelong ex-20 Australian Equities Fund**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Bennelong Funds Management Ltd, the Responsible Entity, regarding the annual financial report for Bennelong ex-20 Australian Equities Fund.

As lead audit partner for the audit of the financial statements of Bennelong ex-20 Australian Equities Fund for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



James Oliver  
Partner  
Chartered Accountants

**Bennelong ex-20 Australian Equities Fund**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June 2020**

**Statement of Profit or Loss and Other Comprehensive Income**

|  | Notes | Year ended                |                           |
|--|-------|---------------------------|---------------------------|
|  |       | 30 June<br>2020<br>\$'000 | 30 June<br>2019<br>\$'000 |
| <b>Investment income</b>   |       |                           |                           |
| Interest income  |       | 28                        | 559                       |
| Dividend/Distribution income   |       | 46,301                    | 59,098                    |
| Net gains/(losses) on financial instruments at fair value through profit or loss | 5     | 167,000                   | (213,931)                 |
| Other operating income   |       | 156                       | -                         |
| <b>Total investment income</b>   |       | <u>213,485</u>            | <u>(154,274)</u>          |
| <b>Expenses</b>  |       |                           |                           |
| Management fees  | 12    | 23,977                    | 24,038                    |
| Other operating expenses   |       | 758                       | 758                       |
| <b>Total operating expenses</b>  |       | <u>24,735</u>             | <u>24,796</u>             |
| <b>Operating profit/(loss) for the year</b>                                      |       | <u>188,750</u>            | <u>(179,070)</u>          |
| <b>Profit/(loss) for the year</b>  |       | <u>188,750</u>            | <u>(179,070)</u>          |
| Other comprehensive income   |       | -                         | -                         |
| <b>Total comprehensive income for the year</b>                                   |       | <u>188,750</u>            | <u>(179,070)</u>          |

*The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the Financial Statements.*

**Bennelong ex-20 Australian Equities Fund**  
**Statement of Financial Position**  
**As at 30 June 2020**

**Statement of Financial Position**

|  |       | As at            |                  |
|--|-------|------------------|------------------|
|  |       | 30 June<br>2020  | 30 June<br>2019  |
|  | Notes | \$'000           | \$'000           |
| <b>Assets</b>  |       |                  |                  |
| Cash and cash equivalents                              | 8     | 13,347           | 18,831           |
| Receivables  | 10    | 7,817            | 16,408           |
| Financial assets at fair value through profit or loss  | 9     | 2,443,828        | 2,596,501        |
| Due from brokers - receivable for securities sold      |       | <u>5,471</u>     | <u>5,291</u>     |
| <b>Total assets</b>                                    |       | <u>2,470,463</u> | <u>2,637,031</u> |
| <b>Liabilities</b>                                     |       |                  |                  |
| Distributions payable                                  |       | 182,535          | 62,178           |
| Due to brokers - payable for securities purchased      |       | 12,313           | 655              |
| Payables   | 11    | <u>7,105</u>     | <u>11,083</u>    |
| <b>Total liabilities</b>                               |       | <u>201,953</u>   | <u>73,916</u>    |
| <b>Net assets attributable to unitholders - equity</b> | 6     | <u>2,268,510</u> | <u>2,563,115</u> |

*The above Statement of Financial Position should be read in conjunction with the notes to the Financial Statements.*



**Bennelong ex-20 Australian Equities Fund**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2020**

**Statement of Changes in Equity**

|  | Notes | Year ended                |                           |
|--|-------|---------------------------|---------------------------|
|  |       | 30 June<br>2020<br>\$'000 | 30 June<br>2019<br>\$'000 |
| <b>Total equity at the beginning of the financial year</b> |       | <u>2,563,115</u>          | <u>2,562,384</u>          |
| <b>Comprehensive income for the financial year</b>         |       |                           |                           |
| Profit/(loss) for the year                                 |       | 188,750                   | (179,070)                 |
| Other comprehensive income                                 |       | <u>-</u>                  | <u>-</u>                  |
| <b>Total comprehensive income for the year</b>             |       | <b>188,750</b>            | <b>(179,070)</b>          |
| <b>Transactions with unitholders</b>                       |       |                           |                           |
| Applications   | 6     | 350,785                   | 674,629                   |
| Redemptions  | 6     | (637,168)                 | (415,736)                 |
| Units issued upon reinvestment of distributions            | 6     | 34,882                    | 15,342                    |
| Distributions paid and payable                             | 6     | <u>(231,854)</u>          | <u>(94,434)</u>           |
| <b>Total transactions with unitholders</b>                 |       | <b>(483,355)</b>          | <b>179,801</b>            |
| <b>Total equity at the end of the financial year</b>       |       | <u><b>2,268,510</b></u>   | <u>2,563,115</u>          |

*The above Statement of Changes in Equity should be read in conjunction with the notes to the Financial Statements.*

**Bennelong ex-20 Australian Equities Fund**  
**Statement of Cash Flows**  
**For the year ended 30 June 2020**

**Statement of Cash Flows**

|  |       | Year ended       |                  |
|--|-------|------------------|------------------|
|  |       | 30 June<br>2020  | 30 June<br>2019  |
|  | Notes | \$'000           | \$'000           |
| <b>Cash flows from operating activities</b>                                      |       |                  |                  |
| Proceeds from sale of financial instruments at fair value through profit or loss |       | 1,666,650        | 1,045,550        |
| Purchase of financial instruments at fair value through profit or loss           |       | (1,335,499)      | (1,289,415)      |
| Dividends/Distributions received   |       | 54,706           | 49,328           |
| Interest received  |       | 28               | 559              |
| Other operating income received  |       | 156              | -                |
| GST received   |       | 63               | 1,585            |
| Management fees paid   |       | (23,963)         | (24,067)         |
| Performance fees paid  |       | -                | (23,803)         |
| Other operating expenses paid  |       | (539)            | (686)            |
| <b>Net cash inflow/(outflow) from operating activities</b>                       | 13(a) | <b>361,602</b>   | <b>(240,949)</b> |
| <b>Cash flows from financing activities</b>                                      |       |                  |                  |
| Proceeds from applications by unitholders  |       | 350,908          | 676,214          |
| Payments for redemptions by unitholders  |       | (641,379)        | (413,166)        |
| Distributions paid   |       | (76,615)         | (28,256)         |
| <b>Net cash (outflow)/inflow from financing activities</b>                       |       | <b>(367,086)</b> | <b>234,792</b>   |
| <b>Net decrease in cash and cash equivalents</b>                                 |       | <b>(5,484)</b>   | <b>(6,157)</b>   |
| Cash and cash equivalents at the beginning of the year                           |       | <b>18,831</b>    | 24,988           |
| <b>Cash and cash equivalents at the end of the year</b>                          | 8     | <b>13,347</b>    | 18,831           |

Non-cash financing and operating activities are disclosed in note 13(b).

*The above Statement of Cash Flows should be read in conjunction with the notes to the Financial Statements.*

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## **1 General information**

This financial report covers the Bennelong ex-20 Australian Equities Fund ("the Fund") as an individual entity. The Fund is a registered managed investment scheme (ARSN 137 843 826) and commenced operations on 2 November 2009.

The Responsible Entity of the Fund is Bennelong Funds Management Ltd (ABN 39 111 214 085) (AFSL 296806) (the "Responsible Entity"). The Responsible Entity's registered office is Bennelong House, Level 1, 9 Queen Street, Melbourne, VIC 3000.

The Investment Manager of the Fund is Bennelong Australian Equity Partners Pty Ltd.

The principal activity of the Fund during the year was the investment of unitholders' funds as per the objectives stated in the Fund's Product Disclosure Statement ("PDS") and in accordance with the provisions of the Fund's Constitution. There has been no significant change in the nature of this activity during the year.

The financial report was authorised for issue by the directors on 28 September 2020.

## **2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of this financial report are set out below. These policies have been consistently applied, unless otherwise stated in the following text.

### **(a) Basis of preparation**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and the *Corporations Act 2001* in Australia.

The Fund is a for-profit entity for the purposes of preparing the financial report.

The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and 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 net assets attributable to unitholders. The amount expected to be recovered or settled within 12 months after the end of each reporting period in relation to these balances cannot be reliably determined.

#### *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.

### **(b) New accounting standards and interpretations**

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.

### **(c) Cash and cash equivalents**

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are not subject to a significant risk of change in value.

## **2 Summary of significant accounting policies (continued)**

### **(c) Cash and cash equivalents (continued)**

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.

### **(d) Receivables**

Receivables may include amounts for dividends, distributions, interest and outstanding settlements on the sale of investments. Dividends and distributions are accrued when the right to receive payment is established. Receivables are recognized and carried at their original amounts and subsequently at amortised cost less impairment. Amounts are generally received within 30 days of being recorded as receivables.

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 brokers 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.

### **(e) 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. 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 brokers 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.

### **(f) Financial instruments**

#### *(i) Classification*

- Fund's investments at fair value through profit or loss upon initial recognition

These include investments in listed equity securities.

#### *(ii) Recognition/derecognition*

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities are discharged.

## **2 Summary of significant accounting policies (continued)**

### **(f) Financial instruments (continued)**

#### *(iii) Measurement*

At initial recognition, the Fund measures a financial asset at its fair value. Transaction costs of financial assets 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 the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the Fund is the current bid price and the quoted market price for financial liabilities is the current asking price.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. Accordingly, there may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such a difference exists, the Fund recognises the difference in the statement of comprehensive income to reflect a change in factors, including time, that market participants would consider in setting a price.

Further details on how the fair values of financial instruments are determined are disclosed in note 3(e).

#### *(iv) 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.

### **(g) Applications and redemptions**

Applications received for units in the Fund are recorded net of any buy spread, payable upon application for units in the Fund. Redemptions from the Fund are recorded gross of any sell spread payable upon redemption of units.

### **(h) Distributions**

The Fund distributes its distributable income adjusted for amounts determined by the Responsible Entity in accordance with the Fund's Constitution, to unitholders by cash or reinvestment. As a result of the reclassification of net assets attributable to unitholders from liability to equity, the Fund's distributions are no longer classified as finance costs in the Statement of Profit or Loss and Other Comprehensive Income, but rather as distributions paid/payable in the Statement of Changes in Equity.

### **(i) Payables**

Payables are recognised for amounts to be paid in the future for goods and services received whether or not billed to the Fund, and include outstanding settlements on the purchase of investments. Amounts are generally paid within 30 days of being recorded as payables.

## **2 Summary of significant accounting policies (continued)**

### **(j) Net assets attributable to unitholders**

Units are classified as equity when 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 it is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributed to the puttable financial instrument over the life are based substantially on the profit or loss.

The Fund's units are classified as equity as they satisfied all the above criteria.

### **(k) Investment income**

Interest income is recognised in the Statement of Profit or Loss and Other Comprehensive Income using the accruals method. Dividend income is recognised on the ex dividend date with any related withholding tax recorded as an expense.

Changes in fair value of financial instruments are recorded in accordance with the policies described in note 2(f) to the financial report.

### **(l) Expenses**

All expenses, including management fees and custodian fees, are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

### **(m) Increase/(decrease) in net assets attributable to unitholders**

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised as distributions paid/payable in the Statement of Changes in Equity.

### **(n) Income tax**

The Fund had elected into the Attribution Managed Investment Trusts rules, such that the determined trust components of the Fund will be taxable in the hands of the beneficiaries (the unitholders) on an attribution basis.

Accordingly, deferred taxes have not been recognised in the financial statements in relation to differences between the carrying amounts of assets and liabilities and their respective tax bases, including taxes on capital gains/losses which could arise in the event of a sale of investments for the amount at which they are stated in the financial statements.

Realised capital losses are not attributed to unitholders but instead are retained within the Fund to be offset against realised capital gains. The benefit of any carried forward capital losses are also not recognised in the financial statements. If in any period realised capital gains exceed realised capital losses, including those carried forward from earlier periods and eligible for offset, the excess is included in taxable income attributed to unitholders as noted above.

## **2 Summary of significant 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 investment management fees and custodial services has been passed on to the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%; hence investment management fees, custodial fees and other expenses have been recognised in the Statement of Profit or Loss and Other Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Payables 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) 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 (AUD), 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 Profit or Loss and Other Comprehensive Income.

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

### **(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 report. Amounts in the financial report have been rounded to the nearest thousand dollar unless otherwise indicated.

### **(r) Use of estimates**

From time to time the Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates 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. As at 30 June 2020 there are no material estimates (30 June 2019: Nil).

## **3 Financial risk management**

The Fund is exposed to credit risk, liquidity risk and market risk (including price risk and interest rate risk) arising from the financial instruments it holds. The Responsible Entity has outsourced the investment management for managing these risks to the Investment Manager who does so through a process of ongoing identification, measurement and monitoring.



### **3 Financial risk management (continued)**

The Fund's overall risk management program focuses on ensuring compliance with the Fund's Constitution, the PDS and the investment guidelines of the Fund. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on long equity securities is limited to the fair value of those positions.

Risks are measured using a method that reflects the expected impact on the results and net assets attributable to unitholders of the Fund from reasonably foreseeable changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by the Responsible Entity. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Responsible Entity is willing to accept.

This information is prepared and regularly reported to relevant parties within the Responsible Entity.

As part of its risk management strategy, the Fund may use derivatives to manage certain risk exposures.

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentration of risk, the Fund monitors its exposure to ensure concentrations of risk remain within acceptable levels and either reduces exposure or uses derivative instruments to manage the excessive risk concentrations when they arise.

#### **(a) Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and equity prices. The Fund's investment activities are undertaken in accordance with established mandate limits and investment strategies.

##### *(i) Price risk*

The Fund is exposed to equity securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. These investments are classified in the Statement of Financial Position at fair value through profit or loss. The fair value of the investments represents the Fund's maximum price risk.

The table at note 3(b) summarises the sensitivity of the Fund's assets and liabilities to price risk. The analysis is based on the assumption that the markets in which the Fund invests move by +/-10% (2019: +/-10%).

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

The Fund has the right to invest in non-AUD denominated listed equities, therefore exposing the fund to foreign exchange risk.

Any non-AUD denominated investments are translated using the spot rate at balance sheet date. Non-AUD denominated income is translated at the prevailing spot rate on the date of receipt.

As at 30 June 2020, the foreign exchange risk was immaterial.

##### *(iii) Interest rate risk*

Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument may fluctuate because of changes in market interest rates. Interest rate risk is not considered to be significant.

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

### 3 Financial risk management (continued)

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

##### (iii) Interest rate risk (continued)

The table below details the Fund's exposure to interest rate into the relevant categories at the reporting date.

The table at note 3(b) summarises the Fund's sensitivity to interest rate risk.

|   | Floating<br>interest rate | Fixed interest<br>rate | Non-interest<br>bearing | Total            |
|---|---------------------------|------------------------|-------------------------|------------------|
| 30 June 2020  | \$'000                    | \$'000                 | \$'000                  | \$'000           |
| <b>Assets</b>   |                           |                        |                         |                  |
| Cash and cash equivalents                             | 13,347                    | -                      | -                       | 13,347           |
| Due from brokers - receivable for securities sold     | -                         | -                      | 5,471                   | 5,471            |
| Receivables   | -                         | -                      | 7,817                   | 7,817            |
| Financial assets at fair value through profit or loss | -                         | -                      | 2,443,828               | 2,443,828        |
| <b>Total assets</b>                                   | <u>13,347</u>             | <u>-</u>               | <u>2,457,116</u>        | <u>2,470,463</u> |
| <b>Liabilities</b>                                    |                           |                        |                         |                  |
| Distributions payable                                 | -                         | -                      | (182,535)               | (182,535)        |
| Due to brokers - payable for securities purchased     | -                         | -                      | (12,313)                | (12,313)         |
| Payables  | -                         | -                      | (7,105)                 | (7,105)          |
| <b>Total liabilities</b>                              | <u>-</u>                  | <u>-</u>               | <u>(201,953)</u>        | <u>(201,953)</u> |
| <b>Net exposure</b>                                   | <u>13,347</u>             | <u>-</u>               | <u>2,255,163</u>        | <u>2,268,510</u> |

### 3 Financial risk management (continued)

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

##### (iii) Interest rate risk (continued)

|   | Floating<br>interest rate | Fixed interest<br>rate | Non-interest<br>bearing | Total            |
|---|---------------------------|------------------------|-------------------------|------------------|
| 30 June 2019  | \$'000                    | \$'000                 | \$'000                  | \$'000           |
| <b>Assets</b>   |                           |                        |                         |                  |
| Cash and cash equivalents                             | 18,831                    | -                      | -                       | 18,831           |
| Due from brokers - receivable for securities sold     | -                         | -                      | 5,291                   | 5,291            |
| Receivables   | -                         | -                      | 16,408                  | 16,408           |
| Financial assets at fair value through profit or loss | -                         | -                      | 2,596,501               | 2,596,501        |
| <b>Total assets</b>                                   | <b>18,831</b>             | <b>-</b>               | <b>2,618,200</b>        | <b>2,637,031</b> |
| <b>Liabilities</b>                                    |                           |                        |                         |                  |
| Distributions payable                                 | -                         | -                      | 62,178                  | 62,178           |
| Due to brokers - payable for securities purchased     | -                         | -                      | 655                     | 655              |
| Payables  | -                         | -                      | 11,083                  | 11,083           |
| <b>Total liabilities</b>                              | <b>-</b>                  | <b>-</b>               | <b>73,916</b>           | <b>73,916</b>    |
| <b>Net exposure</b>                                   | <b>18,831</b>             | <b>-</b>               | <b>2,544,284</b>        | <b>2,563,115</b> |

An analysis of financial liabilities by maturities is provided in note 3(d) on page 19.

#### (b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to price and interest rate risk. The possible movements in the risk variables have been determined based on the Responsible Entity's best estimates. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables. The price risk variables relate to a weighted average percentage movement in the price of equities owned at 30 June 2020. The interest rate risk variables relate to a weighted average percentage movement in cash and cash equivalents at 30 June 2020.

|                     | <b>Impact on operating profit / net assets attributable to unitholders</b> |                |                           |               |
|---------------------|--|----------------|---------------------------|---------------|
|                     | <b>Price risk</b>  |                | <b>Interest rate risk</b> |               |
|                     | <b>-10 %</b>   | <b>+10%</b>    | <b>-1%</b>                | <b>+1%</b>    |
|                     | <b>\$'000</b>  | <b>\$'000</b>  | <b>\$'000</b>             | <b>\$'000</b> |
| <b>30 June 2020</b> | <b>(244,383)</b>   | <b>244,383</b> | <b>(133)</b>              | <b>133</b>    |
| 30 June 2019        | (259,650)  | 259,650        | (188)                     | 188           |

### 3 Financial risk management (continued)

#### (c) Credit risk

Credit (or counterparty) risk is the risk that one party to a financial instrument will fail to perform its contractual obligations and cause the Fund to incur a financial loss.

The Fund's maximum credit risk exposure at reporting date in relation to each class of recognised financial asset, other than equity and derivative financial instruments, is the carrying amount of those assets as indicated in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

In relation to equity and derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The risk associated with these contracts is minimised by undertaking transactions with counterparties on recognised exchanges, or where applicable, ensuring that transactions are undertaken with a large number of counterparties.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values.

The Fund does not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. The main concentration of credit risk, to which the Fund is exposed, arises from cash and cash equivalents, receivables and amounts due from brokers balances.

There are no financial assets that are past due or impaired.

#### (d) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations associated with financial assets and liabilities. Cash flow risk is the risk that future cash flows associated with financial instruments will fluctuate in amount or timing.

These risks are controlled through the Fund's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

Financial liabilities of the Fund comprise trade and other payables, distributions payable, derivative instruments and net assets attributable to unitholders. Trade and other payables and distributions payable have no contractual maturities but are typically settled within 30 days of the obligation arising. Payment obligations in respect of derivative financial instruments arise and are met pursuant to their terms of issue.

The table below details the Fund's financial liabilities into the relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date.

| <b>At 30 June 2020</b>                               | <b>Less than 1<br/>month<br/>\$'000</b> | <b>1-6 months<br/>\$'000</b> | <b>6-12 months<br/>\$'000</b> | <b>Over 12<br/>months<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|--|---|------------------------------|-------------------------------|--------------------------------------|-------------------------|
| Distributions payable                                | 182,535                                 | -                            | -                             | -                                    | 182,535                 |
| Due to brokers - payable<br>for securities purchased | 12,313                                  | -                            | -                             | -                                    | 12,313                  |
| Payables   | 7,105                                   | -                            | -                             | -                                    | 7,105                   |
|  | <u>201,953</u>                          | <u>-</u>                     | <u>-</u>                      | <u>-</u>                             | <u>201,953</u>          |

### 3 Financial risk management (continued)

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

| At 30 June 2019                                      | Less than 1<br>month<br>\$'000 | 1-6 months<br>\$'000 | 6-12 months<br>\$'000 | Over 12<br>months<br>\$'000 | Total<br>\$'000 |
|--|--------------------------------|----------------------|-----------------------|-----------------------------|-----------------|
| Distributions payable                                | 62,178                         | -                    | -                     | -                           | 62,178          |
| Due to brokers - payable<br>for securities purchased | 655                            | -                    | -                     | -                           | 655             |
| Payables   | 11,083                         | -                    | -                     | -                           | 11,083          |
|  | <u>73,916</u>                  | <u>-</u>             | <u>-</u>              | <u>-</u>                    | <u>73,916</u>   |

#### (e) Fair value estimation

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

Financial assets and liabilities at fair value through profit or loss are measured initially at fair value including any transaction costs that are attributable to the acquisition or issue of the financial asset or financial liability. 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 the Statement of Profit or Loss and Other Comprehensive Income.

##### (i) Fair value in an active market

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.

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 current bid 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.

##### (ii) Fair value in an inactive or unquoted market

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.

### 3 Financial risk management (continued)

#### (f) Fair value hierarchy

AASB 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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 (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgment by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and not provided by independent sources that are actively involved in the relevant market.

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 2020 and 30 June 2019.

| <b>As at 30 June 2020</b>                              | <b>Level 1</b>   | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>     |
|--|------------------|----------------|----------------|------------------|
|  | <b>\$'000</b>    | <b>\$'000</b>  | <b>\$'000</b>  | <b>\$'000</b>    |
| <b>Financial assets</b>                                |                  |                |                |                  |
| Financial assets at fair value through profit or loss: |                  |                |                |                  |
| Listed equity securities                               | <u>2,443,828</u> | -              | -              | <u>2,443,828</u> |
| <b>Total</b>   | <u>2,443,828</u> | -              | -              | <u>2,443,828</u> |

| <b>As at 30 June 2019</b>                              | <b>Level 1</b>   | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>     |
|--|------------------|----------------|----------------|------------------|
|  | <b>\$'000</b>    | <b>\$'000</b>  | <b>\$'000</b>  | <b>\$'000</b>    |
| <b>Financial assets</b>                                |                  |                |                |                  |
| Financial assets at fair value through profit or loss: |                  |                |                |                  |
| Listed equity securities                               | <u>2,596,501</u> | -              | -              | <u>2,596,501</u> |
| <b>Total</b>   | <u>2,596,501</u> | -              | -              | <u>2,596,501</u> |

#### **4 Auditor's remuneration**

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

|   | Year ended            |                       |
|---|-----------------------|-----------------------|
|   | 30 June<br>2020<br>\$ | 30 June<br>2019<br>\$ |
| <b>Audit services</b>                                 |                       |                       |
| Deloitte Touche Tohmatsu                              |                       |                       |
| Audit of the Financial Report of the Fund*            | 10,400                | 10,400                |
| Audit of the Compliance Plan of the Fund*             | 4,085                 | 2,085                 |
| Review of the half-year Financial Report of the Fund* | 5,310                 | 5,310                 |
| <b>Total remuneration for audit services</b>          | <b>19,795</b>         | <b>17,795</b>         |

\*The fees in relation to audit services are paid by the Responsible Entity of the Fund. In certain circumstances, these amounts are charged by the Responsible Entity to the Fund.

#### **5 Net gains/(losses) on financial instruments at fair value through profit or loss**

|   | Year ended                |                           |
|---|---------------------------|---------------------------|
|   | 30 June<br>2020<br>\$'000 | 30 June<br>2019<br>\$'000 |
| <b>Financial instruments</b>  |                           |                           |
| Net realised gains on financial instruments at fair value through profit or loss              | 206,552                   | 20,997                    |
| Net unrealised losses on financial instruments at fair value through profit or loss           | (39,552)                  | (234,928)                 |
| <b>Total net gains/(losses) on financial instruments at fair value through profit or loss</b> | <b>167,000</b>            | <b>(213,931)</b>          |

## 6 Net assets attributable to 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 classifies a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions. The Fund's puttable instruments meet the definition of a financial liability to be classified as equity.

The movement in the number of units and net assets attributable to unitholders during the year was as follows:

|   | As at                        |                              |                           |                           |
|---|------------------------------|------------------------------|---------------------------|---------------------------|
|   | 30 June<br>2020<br>Units'000 | 30 June<br>2019<br>Units'000 | 30 June<br>2020<br>\$'000 | 30 June<br>2019<br>\$'000 |
| Balance as at 1 July                            | 1,131,879                    | 1,016,573                    | 2,563,115                 | 2,562,384                 |
| Applications                                    | 147,739                      | 288,319                      | 350,785                   | 674,629                   |
| Redemptions                                     | (269,514)                    | (179,897)                    | (637,168)                 | (415,736)                 |
| Units issued upon reinvestment of distributions | 15,474                       | 6,884                        | 34,882                    | 15,342                    |
| Distribution paid and payable                   | -                            | -                            | (231,854)                 | (94,434)                  |
| Profit/(loss) for the year                      | -                            | -                            | 188,750                   | (179,070)                 |
| <b>Closing balance as at 30 June</b>            | <b>1,025,578</b>             | <b>1,131,879</b>             | <b>2,268,510</b>          | <b>2,563,115</b>          |

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. Each unit has the same rights attaching to it as all other units of the Fund.

### Capital risk management

The Fund considers its net assets attributable to unitholders as capital. 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.

Applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Investment Manager. 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 a redemption of units if the exercise of such discretion is in the best interests of unitholders.

## 7 Distributions to unitholders

The distributions for the year were as follows:

|                               | Year ended                |                        | Year ended                |                        |
|-------------------------------|---------------------------|------------------------|---------------------------|------------------------|
|                               | 30 June<br>2020<br>\$'000 | 30 June<br>2020<br>CPU | 30 June<br>2019<br>\$'000 | 30 June<br>2019<br>CPU |
| <b>Distributions</b>          |                           |                        |                           |                        |
| Distributions paid - December | 17,048                    | 1.6328                 | 20,252                    | 1.8039                 |
| Distributions payable - June  | 214,806                   | 21.2436                | 74,182                    | 6.5845                 |
|                               | <u>231,854</u>            |                        | <u>94,434</u>             |                        |



## 8 Cash and cash equivalents

|              | As at                     |                           |
|--------------|---------------------------|---------------------------|
|              | 30 June<br>2020<br>\$'000 | 30 June<br>2019<br>\$'000 |
| Cash at bank | 13,347                    | 18,831                    |

This account is earning a floating interest rate of between 0.00% and 0.34% as at 30 June 2020 (30 June 2019: 0.00% to 0.85%).

### Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the Statement of Cash Flows at the end of the year as follows:

|                                      | As at                     |                           |
|--------------------------------------|---------------------------|---------------------------|
|                                      | 30 June<br>2020<br>\$'000 | 30 June<br>2019<br>\$'000 |
| Balance as above                     | 13,347                    | 18,831                    |
| Balances per Statement of Cash Flows | 13,347                    | 18,831                    |

## 9 Financial assets at fair value through profit or loss

|  | As at                     |                           |
|--|---------------------------|---------------------------|
|  | 30 June<br>2020<br>\$'000 | 30 June<br>2019<br>\$'000 |
| <b>Financial assets at fair value through profit or loss</b>       |                           |                           |
| Listed equity securities   | 2,443,828                 | 2,596,501                 |
| <b>Total financial assets at fair value through profit or loss</b> | <b>2,443,828</b>          | <b>2,596,501</b>          |

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in note 3.

## 10 Receivables

|                                  | As at                     |                           |
|----------------------------------|---------------------------|---------------------------|
|                                  | 30 June<br>2020<br>\$'000 | 30 June<br>2019<br>\$'000 |
| Dividend/Distribution receivable | 6,413                     | 14,818                    |
| RITC receivable                  | 469                       | 532                       |
| Applications receivable          | 935                       | 1,058                     |
| Total                            | <b>7,817</b>              | <b>16,408</b>             |

## 11 Payables

|                                  | As at                     |                           |
|----------------------------------|---------------------------|---------------------------|
|                                  | 30 June<br>2020<br>\$'000 | 30 June<br>2019<br>\$'000 |
| Management fees payable          | 2,060                     | 2,046                     |
| Other operating expenses payable | 560                       | 341                       |
| Redemptions payable              | <u>4,485</u>              | <u>8,696</u>              |
| Total                            | <u>7,105</u>              | <u>11,083</u>             |

## 12 Related party transactions

### Responsible Entity

The Responsible Entity of the Bennelong ex-20 Australian Equities Fund is Bennelong Funds Management Ltd (ABN 39 111 214 085) (AFSL 296806). Accordingly, transactions with entities related to Bennelong Funds Management Ltd are disclosed below.

### Key management personnel

Key management personnel includes persons who were directors of Bennelong Funds Management Ltd at any time during the financial year or since the end of the year up to the date of this report:

Directors:

|                 |          |
|-----------------|----------|
| Stephen Rix     | Chairman |
| Craig Bingham   |          |
| Vicki Allen     |          |
| Lincoln McMahon |          |
| Andrea Waters   |          |

Other key management personnel:

|               |                   |
|---------------|-------------------|
| Jeff Phillips | Company Secretary |
|---------------|-------------------|

### Key management personnel compensation

Key management personnel are paid by the parent company of the Responsible Entity. Payments made from the Fund to the Responsible Entity do not include any amounts directly attributable to the compensation of key management personnel.

### Key management personnel loan disclosures

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 year.

### 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 key management personnel's interests existing at year end.

## 12 Related party transactions (continued)

### Responsible Entity's/manager's fees and other transactions

Under the terms of the Fund's Constitution and the current PDS for the Fund, the Responsible Entity is entitled to receive fees.

Transactions with related parties have taken place at arm's length and in the ordinary course of business. The transactions during the year and amounts at year end between the Fund and the Responsible Entity were as follows:

|   | <b>30 June<br/>2020</b> | 30 June<br>2019 |
|---|-------------------------|-----------------|
|   | <b>\$</b>               | <b>\$</b>       |
| Management fees for the year  | <b>23,977,027</b>       | 24,038,161      |
| Aggregate amounts payable to the Responsible Entity at the reporting date | <b>2,620,623</b>        | 2,387,031       |

### Key management personnel unitholdings

Key personnel and parties related to the Fund during the year, including the Responsible Entity, its associates and other schemes managed by Bennelong Funds Management Ltd, held the following units in the Fund at the end of the year:

#### 30 June 2020

| Unitholders   | Number of<br>units held<br>closing | Interest<br>held<br>(%) | Number of<br>units<br>acquired<br>during the<br>year | Number of<br>units<br>disposed<br>during the<br>year | Distributions<br>paid/payable<br>by the Fund<br>during the<br>year<br>(\$) |
|---|------------------------------------|-------------------------|--|--|--|
| Windward Capital Pty Ltd ATF S&L Rix<br>Superannuation Fund | 80,218                             | 0.01                    | -  | -  | 18,351   |

#### 30 June 2019

| Unitholders   | Number of<br>units held<br>closing | Interest<br>held<br>(%) | Number of<br>units<br>acquired<br>during the<br>year | Number of<br>units<br>disposed<br>during the<br>year | Distributions<br>paid/payable<br>by the Fund<br>during the<br>year<br>(\$) |
|---|------------------------------------|-------------------------|--|--|--|
| Windward Capital Pty Ltd ATF S&L Rix<br>Superannuation Fund | 80,218                             | 0.01                    | -  | -  | 6,729  |

### Investments

The Fund did not hold any investments in Bennelong Funds Management Ltd or its related parties during the year (2019: Nil).

### 13 Reconciliation of profit/(loss) to net cash flow from operating activities

|   | Year ended                |                           |
|---|---------------------------|---------------------------|
|   | 30 June<br>2020<br>\$'000 | 30 June<br>2019<br>\$'000 |
| <b>(a) Reconciliation of profit for the year to net cash inflow/(outflow) from operating activities</b> |                           |                           |
| Operating profit/(loss) for the year  | 188,750                   | (179,070)                 |
| Proceeds from sale of financial instruments at fair value through profit or loss                        | 1,666,650                 | 1,045,550                 |
| Purchase of financial instruments at fair value through profit or loss                                  | (1,335,499)               | (1,289,415)               |
| Net (gains)/losses on financial instruments at fair value through profit or loss                        | (167,000)                 | 213,931                   |
| Net change in receivables excluding applications  | 8,468                     | (8,185)                   |
| Net change in payables excluding redemptions  | 233                       | (23,760)                  |
| <b>Net cash inflow/(outflow) from operating activities</b>  | <b>361,602</b>            | <b>(240,949)</b>          |
| <b>(b) Non-cash financing and investing activities</b>  |                           |                           |
| During the year, the following distribution payments were satisfied by the issue of units in the Fund   | <u>34,882</u>             | <u>15,342</u>             |

### 14 Events occurring after the reporting date

The COVID-19 pandemic has created unprecedented uncertainty. Actual economic events and conditions in the future may materially differ from those estimated by the Fund at the reporting date. In the event that COVID-19 impacts are more severe or prolonged than anticipated, the future fair value of the Fund's investments may be adversely impacted. The directors have assessed the events subsequent to year end up to the date of signing these financial statements and determined that no adjustments or additional disclosures are required.

No significant events have occurred since the reporting date which would impact on the financial position of the Fund disclosed in the Statement of Financial Position as at 30 June 2020 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, liabilities or commitments as at 30 June 2020 and 30 June 2019.

## **Directors' Declaration**

The directors of the Responsible Entity declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial report is in compliance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board interpretations and International Financial Reporting Standards as stated in note 2 to the financial report;
- (c) in the directors' opinion, the attached financial report and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Fund.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s.295(5) of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to be 'Craig Bingham', written in a cursive style.

Craig Bingham  
Director

Melbourne  
28 September 2020

## Independent Auditor's Report to the Unitholders of Bennelong ex-20 Australian Equities Fund

### *Opinion*

We have audited the financial report of Bennelong ex-20 Australian Equities Fund (the "Fund") which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

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

- (i) giving a true and fair view of the Fund's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Bennelong Funds Management Ltd (the "Responsible Entity"), would be in the same terms if given to the directors as at the time of this auditor's report.

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

### *Other Information*

The directors of the Responsible Entity (the "directors") are responsible for the other information. The other information comprises the information included in the Directors' report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

### *Responsibilities of the Directors for the Financial Report*

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

In preparing the financial report, the directors are responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or has 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 judgement and maintain professional scepticism throughout the audit. We also:

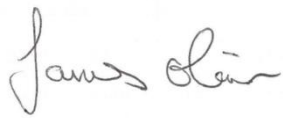
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund's to cease to continue as a going concern.
- 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.

# Deloitte.

We communicate with the directors 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 cursive script that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in cursive script that reads "James Oliver".

James Oliver  
Partner  
Chartered Accountants

Melbourne, 28 September 2020