Bateau Global Opportunities Fund

ARSN 611 746 975

Annual report
For the year ended 30 June 2019

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Contents

This annual report covers Bateau Global Opportunities Fund as an individual entity.

The Responsible Entity of Bateau Global Opportunities Fund is EQT Responsible Entity Services Ltd
(ABN 94 101 103 011) (AFSL 223271)

The Responsible Entity's registered office is:
Level 1, 575 Bourke Street,
Melbourne, VIC 3000.

Directors' report

The directors of EQT Responsible Entity Services Ltd., the Responsible Entity of Bateau Global Opportunities Fund (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2019.

Principal activities

The Fund invests in listed exchanged traded funds and unlisted investment companies in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund did not have any employees during the year.

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

The various service providers for the Fund are detailed below:

Service	**Provider**
Responsible Entity	EQT Responsible Entity Services Ltd
Investment Manager	Bateau Asset Management Pty Ltd
Custodian and Administrator	Mainstream Fund Services Pty Ltd
Statutory Auditor	Ernst & Young

Directors

The following persons held office as directors of EQT Responsible Entity Services Ltd during the year or since the end of the year and up to the date of this report:

Philip D Gentry	(Chairman)
Harvey H Kalman	
Travis R Goudie	

Review and results of operations

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

The Fund's performance was 11.71% (net of fees) for the year ended 30 June 2019. The Fund's benchmark, the Reserve Bank of Australia's (RBA's) cash rate returned 1.48% for the same period.

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

	Year ended	
	30 June 2019	30 June 2018
Operating profit/(loss) for the year ($'000)	**2,445**	936
Distributions paid and payable ($'000)	**-**	656
Distributions (cents per unit)	**-**	4.42

Directors' report (continued)

Significant changes in the state of affairs

In the opinion of the directors, there was no significant change in the state of affairs of the Fund that occurred during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may have a significant effect on:

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

Likely developments and expected results of operations

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

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

Indemnification and insurance of officers

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

Indemnification of auditor

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

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

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in Note 15 to the financial statements.

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

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 15 to the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 8 to the financial statements.

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

Environmental regulation

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

Directors' report (continued)

Rounding of amounts to the nearest thousand dollars

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

Auditor's independence declaration

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

This report is made in accordance with a resolution of the directors of EQT Responsible Entity Services Ltd through a delegated authority given by EQT Responsible Entity Services Ltd's Board.

Philip D Gentry
Chairman

Melbourne
26 September 2019

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Auditor's Independence Declaration to the Directors of EQT Responsible Entity Services Ltd as Responsible Entity for Bateau Global Opportunities Fund

As lead auditor for the audit of the financial report of Bateau Global Opportunities Fund for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Ernst & Young

Rohit Khanna
Partner
Sydney
26 September 2019

Statement of comprehensive income

	Note	Year ended 30 June 2019 $'000	30 June 2018 $'000
Investment income			
Interest income from financial assets at amortised cost		**3**	2
Dividend and distribution income		**16**	5
Net foreign exchange gain/(loss)		**(10)**	1
Net gains/(losses) on financial instruments at fair value through profit or loss	5	**3,211**	1,325
Total investment income/(loss)		**3,220**	1,333
Expenses			
Management fees	15	**204**	160
Performance fees	15	**383**	143
Responsible Entity fees	15	**49**	19
Custody and administration fees		**91**	32
Recoverable fees	15	**-**	32
Transaction costs		**2**	1
Other expenses		**46**	10
Total operating expenses		**775**	397
Operating profit/(loss) for the year		**2,445**	936
Other comprehensive income		**-**	-
Total comprehensive income for the year		**2,445**	936

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

Statement of financial position

	Note	As at 30 June 2019 $'000	30 June 2018 $'000
Assets			
Cash and cash equivalents	10	**269**	2,514
Receivables	12	**102**	3
Financial assets at fair value through profit or loss	6	**23,966**	14,945
Total assets		**24,337**	17,462
Liabilities			
Distributions payable	9	**-**	656
Payables	13	**814**	264
Total liabilities		**814**	920
Net assets attributable to unit holders – equity	8	**23,523**	16,542

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

Statement of changes in equity

	Note	Year ended 30 June 2019 $'000	30 June 2018 $'000
Total equity at the beginning of the financial year		**16,542**	-
Reclassification due to AMIT tax regime implementation	8	**-**	10,325
Comprehensive income for the year			
Profit/(loss) for the year		**2,445**	936
Other comprehensive income		**-**	-
Total comprehensive income		**2,445**	936
Transactions with unit holders			
Applications	8	**4,936**	6,756
Redemptions	8	**(724)**	(819)
Reinvestment of distributions	8	**324**	-
Distributions paid and payable	8	**-**	(656)
Total transactions with unit holders		**4,536**	5,281
Total equity at the end of the financial year		**23,523**	16,542

Under Australian Accounting Standards, net assets attributable to unit holders are classified as equity. Refer to Note 1 for further detail.

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

Statement of cash flows

	Note	Year ended 30 June 2019 $'000	30 June 2018 $'000
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		**6,074**	7,665
Purchase of financial instruments at fair value through profit or loss		**(11,884)**	(12,743)
Net foreign exchange gain/(loss)		**(10)**	(20)
Interest income received from financial assets at amortised cost		**3**	3
Dividends and distributions received		**12**	2
Management fees paid		**(261)**	(118)
Performance fees paid		**(108)**	(70)
Custody and administration fees paid		**(67)**	(19)
Recoverable fees paid		**-**	(21)
Other expenses paid		**(46)**	-
Net cash inflow/(outflow) from operating activities	11(a)	**(6,287)**	(5,321)
Cash flows from financing activities			
Proceeds from applications by unit holders		**4,911**	7,167
Payments for redemptions by unit holders		**(537)**	(806)
Distribution to unit holders		**(332)**	-
Net cash inflow/(outflow) from financing activities		**4,042**	6,361
Net increase/(decrease) in cash and cash equivalents		**(2,245)**	1,040
Cash and cash equivalents at the beginning of the year		**2,514**	1,453
Effects of foreign currency exchange rate changes on cash and cash equivalents		**-**	21
Cash and cash equivalents at the end of the year	10	**269**	2,514
Non-cash operating and financing activities	11(b)	**324**	-

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

Notes to the financial statements

Contents

1. General information

These financial statements cover Bateau Global Opportunities Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 14 November 2001 and will terminate in accordance with the provisions of the Fund's Constitution or by Law.

The Responsible Entity of the Fund is EQT Responsible Entity Services Ltd (ABN 94 101 103 011) (AFSL 223271) (the "Responsible Entity"). The Responsible Entity's registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. The financial statements are presented in the Australian currency unless otherwise noted.

The Fund invests in listed exchanged traded funds and unlisted investment companies in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

On 5 May 2016, a new tax regime applying to Managed Investment Trusts ("MITs)" was established under the Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016. The Attribution Managed Investment Trust "(AMIT)" regime allows MITs that meet certain requirements to make an irrevocable choice to be an AMIT. In order to allow the Fund to elect into the AMIT tax regime, the Fund's Constitution has been amended and the other conditions to adopt the AMIT tax regime have been met effective 1 July 2017. The Responsible Entity is therefore no longer contractually obligated to pay distributions. Consequently the units in the Fund have been reclassified from a financial liability to equity on 1 July 2017.

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

2. Summary of 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, unless otherwise stated in the following text.

a. Basis of preparation

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

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

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

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

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

i. Compliance with International Financial Reporting Standards (IFRS)

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

ii. New and amended standards adopted by the Fund

The Fund had to change some of its accounting policies as a result of new and revised accounting standards which became effective for the first time in the current reporting period. The affected policies are:

- AASB 9 *Financial Instruments* (and applicable amendments)

AASB 9 became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in AASB 139. The derecognition rules have not changed from the previous requirements, and the Fund does not apply hedge accounting.

Classification and measurement of debt securities is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument represent solely payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell.

2. Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

- AASB 9 *Financial Instruments* (and applicable amendments) (continued)

All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. AASB 9 also introduces a new expected credit loss (ECL) impairment model.

AASB 9 has been applied retrospectively by the Fund without the use of hindsight and it has determined that adoption did not result in a change to the classification or measurement of financial instruments in either the current or prior periods. The Fund has elected to restate the comparative period presented to comply with AASB 9. The Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

- AASB 15 *Revenue from Contracts with Customers*

AASB 15 became effective for annual periods beginning on or after 1 January 2018 which is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Fund's main sources of income are interest, dividends and distributions, and gains on financial instruments at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the adoption of AASB 15 does not have a material impact on the Fund's accounting policies or the amounts recognised in the financial statements.

There are no other standards that are expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

iii. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been early adopted in preparing these financial statements. None of these are expected to have a material impact on the financial statements of the Fund.

b. Financial instruments

i. Classification

- Financial assets

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

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

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

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

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

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

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

2. Summary of significant accounting policies (continued)

b. Financial instruments (continued)

i. Classification (continued)

- Financial liabilities

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

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (distributions payable, management fees payable, audit and tax fees payable, administration fees payables and custodian fees payable).

ii. Recognition and derecognition

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

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

iii. Measurement

- Financial instruments at fair value through profit or loss

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 liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets or liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income in the period in which they arise.

Cash and cash equivalents and receivables are carried at amortised cost. For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured according to their classification.

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured according to their classification.

For further details on how the fair value of financial instruments is determined please see Note 4 to the financial statements.

iv. Impairment

At each reporting date, the Fund shall measure the loss allowance on financial assets at amortised cost (cash, due from broker and receivables) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that the asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The ECL approach is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

v. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Fund has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

As at the end of the reporting period, there are no financial assets or liabilities offset or with the right to offset in the statement of financial position.

2. Summary of significant accounting policies (continued)

c. Net assets attributable to unit holders

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

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

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

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 attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

d. Cash and cash equivalents

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

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

e. Investment income

i. Interest income

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

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

ii. Dividends and distributions

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

Trust distributions are recognised on an entitlement basis.

f. Expenses

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

g. Income tax

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

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

2. Summary of significant accounting policies (continued)

h. Distributions

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

i. Increase/decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders. As the Fund's units are classified as equities, movements in net assets attributable to unit holders are recognised in the statements of changes in equity.

j. Foreign currency translation

i. Functional and presentation currency

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

ii. Transactions and balances

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

The Fund does not isolate that portion of unrealised gains or losses on 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 within the net gains/(losses) on financial instruments at fair value through profit or loss.

k. Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and are recognised initially at fair value and subsequently measured at amortised cost. For more information on impairment, refer to Note 2(b) to the financial statements.

l. Receivables

Receivables may include amounts for interest, dividends and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables. For more information on impairment, refer to Note 2(b) to the financial statements.

m. Payables

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

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

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

n. Applications and redemptions

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

o. Goods and services tax (GST)

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

2. Summary of significant accounting policies (continued)

p. Use of estimates

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 are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For more information on how fair value is calculated refer to Note 4 to the financial statements.

The adoption of AASB 9 introduced a new expected credit loss (ECL) impairment model, which has not materially impacted the Fund. Please see Note 3 for more information on credit risk.

q. Rounding of amounts

The Fund is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars unless otherwise indicated.

r. Comparative revisions

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

3. Financial risk management

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

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

All securities investments present a risk of loss of capital. The maximum loss of capital on listed exchanged traded funds and unlisted investment companies is limited to the fair value of those positions.

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

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

a. Market risk

i. Price risk

The Fund is exposed to price risk on equity securities listed or quoted on recognised securities exchanges. Price risk arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates which are considered a component of price risk.

Price risk is managed by investing in accordance with the Product Disclosure Statement and the Fund's Constitution. These risk measures include: holding between 15 to 35 listed equities and limiting an individual holding to 20% of the Fund's net assets and limiting exposure to emerging markets to 10%.

The table at Note 3(b) summarises the sensitivities of the Fund's assets and liabilities to price risk. The analysis is based on the assumption that the investment portfolio in which the Fund invests moves by +/-10% (2018: +/-10%).

ii. Foreign exchange risk

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

3. Financial risk management (continued)

a. Market risk (continued)

ii. Foreign exchange risk (continued)

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

As at 30 June 2019	**As at**	
	30 June 2019 USD A$'000	30 June 2018 USD A$'000
Cash and cash equivalents	**-**	496
Financial assets at fair value through profit or loss	**23,633**	14,688
Net exposure	**23,633**	15,184

The table at Note 3(b) summarises the sensitivities of the Fund's monetary and non-monetary assets and liabilities to foreign exchange risk. The analysis is based on the assumption that the Australian dollar weakened and strengthened by 10% (2018: 10%) against the material foreign currencies to which the Fund is exposed.

iii. Interest rate risk

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

The majority of the Fund's financial assets are non-interest bearing. As a result, the Fund is subject to limited exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

b. Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unit holders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in foreign exchange rates, interest rates and the historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

	Impact on operating profit/net assets attributable to unit holders			
	Price risk		**Foreign exchange risk**	
	-10% $'000	**+10% $'000**	**-10% $'000**	**+10% $'000**
As at 30 June 2019	**(2,397)**	**2,397**	**(2,363)**	**2,363**
As at 30 June 2018	(1,495)	1,495	(1,518)	1,518

The sensitivity factors for 30 June 2019 and 30 June 2018 were +/-10% for price risk and +/-10% for foreign exchange risk.

c. Credit risk

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

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

3. Financial risk management (continued)

c. Credit risk (continued)

The Fund determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2019 and 30 June 2018, all receivables, cash and short-term deposits are held with Mainstream Fund Services Pty Ltd and are either callable on demand or due to be settled within 1 week. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

d. Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Exposure to liquidity risk for the Fund may arise from the requirement to meet daily unit holder redemption requests or to fund foreign exchange related cash flow requirements.

The Fund invests in an unlisted managed investment scheme. Investment in unlisted managed investment scheme expose the Fund to the risk that the responsible entity of the trust may be unwilling or unable to fulfil redemption requests within the time frame required by the Fund. At 30 June 2019, there were no financial assets at fair value through profit or loss where the Responsible Entity has suspended redemptions due to a lack of liquidity in its underlying funds.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders. The Fund did not reject or withhold any redemptions during 2019 and 2018.

Maturities of non-derivative financial liabilities

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

As at 30 June 2019	**Less than 1 month $'000**	**1 to 6 months $'000**	**6-12 months $'000**	**Over 12 months $'000**	**Total $'000**
Distributions payable	**-**	**-**	**-**	**-**	**-**
Payables	**814**	**-**	**-**	**-**	**814**
Contractual cash flows (excluding derivatives)	**814**	**-**	**-**	**-**	**814**
As at 30 June 2018					
Distributions payable	656	-	-	-	656
Payables	264	-	-	-	264
Contractual cash flows (excluding derivatives)	920	-	-	-	920

4. Fair value measurement

The Fund measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis. The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

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

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

4. Fair value measurement (continued)

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

a. Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as listed equity securities and unit trusts) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

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

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

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

b. 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.

Investments in unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds. The Fund may make adjustments to the value based on considerations such as liquidity of the Investee Fund or its underlying investments, the value date of the net asset value provided, or any restrictions on redemptions and the basis of accounting.

c. Recognised fair value measurements

The table below presents the Fund's financial assets and liabilities measured and recognised at fair value as at 30 June 2019.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
As at 30 June 2019				
Financial assets				
Exchange traded funds	**333**	**-**	**-**	**333**
Managed investment scheme	**-**	**23,633**	**-**	**23,633**
Total financial assets	**333**	**23,633**	**-**	**23,966**
As at 30 June 2018				
Financial assets				
Exchange traded funds	257	-	-	257
Managed investment scheme	-	14,688	-	14,688
Total financial assets	257	14,688	-	14,945

d. Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

e. Financial instruments not carried at fair value

The carrying value of receivables, cash and cash equivalents (i.e. short term deposits) and payables are assumed to approximate their fair values.

Net assets attributable to unit holders' carrying value differ from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current or prior year.

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

Net gains/(losses) recognised in relation to financial assets and liabilities at fair value through profit or loss:

	Year ended	
	30 June 2019 $'000	30 June 2018 $'000
Financial assets		
Net realised gain/(loss) on financial assets at fair value through profit or loss	**590**	548
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	**2,621**	777
Total net gains/(losses) on financial instruments at fair value through profit or loss	**3,211**	1,325

6. Financial assets at fair value through profit or loss

	As at	
	30 June 2019 $'000	30 June 2018 $'000
Exchange traded funds	**333**	257
Managed investment scheme	**23,633**	14,688
Total financial assets at fair value through profit or loss*	**23,966**	14,945

* The Fund's investments in exchange traded funds and managed investment schemes were previously designated at fair value through profit or loss. On adoption of AASB 9 all above investments are mandatorily classified as fair value through profit or loss.

7. Structured entities

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

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

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

	Fair value of investment	
	30 June 2019 $'000	30 June 2018 $'000
Ddraig Equity Fund	**23,633**	14,688

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

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

During the year ended 30 June 2019, total gains/(losses) incurred on investments in the Schemes were $3,182,887 (2018: $1,318,559). The Fund did not earn distribution income for the year ended 30 June 2019 and 30 June 2018 as a result of its interests in the Schemes.

8. Net assets attributable to unit holders

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.

8. Net assets attributable to unit holders (continued)

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

	Year ended		Year ended	
	30 June 2019 Units'000	**30 June 2019 $'000**	30 June 2018 Units'000	30 June 2018 $'000
Opening balance	**14,842**	**16,542**	9,570	10,325
Applications	**4,366**	**4,936**	5,996	6,756
Redemptions	**(603)**	**(724)**	(724)	(819)
Reinvestment of distributions	**290**	**324**	-	-
Distributions paid and payable	**-**	**-**	-	(656)
Profit/(loss) for the year	**-**	**2,445**	-	936
Closing balance	**18,895**	**23,523**	14,842	16,542

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

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

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

Capital risk management

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

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

9. Distributions to unit holders

The distributions declared during the year were as follows:

	Year ended		Year ended	
	30 June 2019 $'000	**30 June 2019 CPU**	30 June 2018 $'000	30 June 2018 CPU
Distributions				
June (payable)	**-**	**-**	656	4.42
Total distributions	**-**	**-**	656	4.42

10. Cash and cash equivalents

	As at	
	30 June 2019 $'000	30 June 2018 $'000
Total cash and cash equivalents	**269**	2,514
Total cash and cash equivalents	**269**	2,514

These accounts are earning a floating interest rate of 0.80% as at 30 June 2019 (30 June 2018: 0.80%).

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

	Year ended	
	30 June 2019 $'000	30 June 2018 $'000
a. Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) for the year	**2,445**	936
Proceeds from maturity/sales of financial instruments at fair value through profit or loss	**6,074**	7,665
Purchase of financial instruments at fair value through profit or loss	**(11,884)**	(12,743)
Net (gains)/losses on financial instruments at fair value through profit or loss	**(3,211)**	(1,325)
Net foreign exchange (gain)/loss	**-**	(21)
Net change in receivables	**(74)**	-
Net change in payables	**363**	167
Net cash inflow/(outflow) from operating activities	**(6,287)**	(5,321)
b. Non-cash operating and financing activities		
The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan	**324**	-
Total non-cash operating and financing activities	**324**	-

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

12. Receivables

	As at	
	30 June 2019 $'000	30 June 2018 $'000
Applications receivable	**25**	-
Management fees reimbursements receivable	**70**	-
Dividends and distributions receivable	**7**	3
Total receivables	**102**	3

13. Payables

	As at	
	30 June 2019 $'000	30 June 2018 $'000
Management fees payable	**128**	64
Performance fees payable	**383**	108
Redemptions payable	**220**	33
Responsible Entity fees payable	**17**	19
Custody and administration fees payable	**39**	15
Recoverable fees payable	**15**	15
Other fees payable	**12**	10
Total payables	**814**	264

14. Remuneration of auditor

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

	Year ended	
	30 June 2019	30 June 2018
	$	$
Ernst & Young		
Audit and other assurance services		
Audit and review of financial statements	**18,164**	17,938
Audit of compliance plan	**1,774**	1,731
Total remuneration for audit and other assurance services	**19,938**	19,669
Taxation services		
Tax compliance services	**7,313**	7,100
Tax compliance services	**7,313**	7,100
Total remuneration of Ernst and Young	**27,251**	26,769

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

15. Related party transactions

The Responsible Entity of Bateau Global Opportunities Fund is EQT Responsible Entity Services Ltd (ABN 94 101 103 011) (AFSL 223271). Accordingly, transactions with entities related to EQT Responsible Entity Services Ltd are disclosed below.

The Responsible Entity has contracted services to Bateau Asset Management Pty Ltd, to act as Investment Manager for the Fund, and Mainstream Fund Services Pty Ltd to act as Custodian and Administrator for the Fund. The contracts are on normal commercial terms and conditions.

a. Key management personnel

i. Directors

The following persons held office as directors of EQT Responsible Entity Services Ltd during the year or since the end of the year and up to the date of this report:

Philip D Gentry (Chairman)
Harvey H Kalman
Travis R Goudie

ii. Other key management personnel

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

b. Transactions with key management personnel

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

c. Key management personnel unit holdings

Key management personnel did not hold units in the Fund as at 30 June 2019 (30 June 2018: nil).

d. Key management personnel compensation

Key management personnel were paid by EQT Services Pty Ltd. Payments made from the Fund to EQT Responsible Entity Services Ltd do not include any amounts directly attributable to the compensation of key management personnel.

15. Related party transactions (continued)

e. Key management personnel loans

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

f. Other transactions within the Fund

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

g. Responsible Entity and Investment Manager's fees and other transactions

Under the terms of the Fund's Constitution and Product Disclosure Statement for the Fund, the Responsible Entity and the Investment Manager are entitled to receive management fees.

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

	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Investment management fees for the year	**203,615**	159,530
Performance fees for the year	**382,628**	142,851
Recoverable fees for the year	**-**	31,792
Responsible Entity fees for the year	**49,173**	18,512
Responsible Entity fees payable at year end	**16,829**	18,512
Performance fees payable at year end	**382,628**	107,744
Management fees payable at year end	**127,565**	64,148
Recoverable fees payable at year end	**14,760**	14,760
Management fees reimbursement receivable at year end	**69,536**	-

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

h. Related party unit holdings

Parties related to the Fund (including EQT Responsible Entity Services Ltd, its related parties and other funds managed by EQT Responsible Entity Services Ltd and the Investment Manager) held units in the Fund, as follows:

Unit holder	Number of units held opening	Number of units held closing	Fair value of investment ($)	Interest held (%)	Number of units acquired	Number of units disposed	Distributions paid/(payable) by the Fund ($)
As at 30 June 2019							
EQT Responsible Entity Services Ltd	**100**	**104**	**129**	**0.0006**	**4**	**-**	**4**
As at 30 June 2018							
EQT Responsible Entity Services Ltd	100	100	116	0.0007	-	-	-

i. Investments

The Fund did not hold investments in Equity Trustees Limited or its related parties during the year (2018: nil).

16. Events occurring after the reporting period

No significant events have occurred since the end of the year which would impact on the financial position of the Fund as disclosed in the statement of financial position as at 30 June 2019 or on the results and cash flows of the Fund for the year ended on that date.

17. Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2019 and 30 June 2018.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

a. The financial statements and notes set out on pages 6 to 24 are in accordance with the *Corporations Act 2001,* including:

   i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   ii. giving a true and fair view of the Fund's financial position as at 30 June 2019 and of its performance for the financial year ended on that date.

b. There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and

c. Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors of EQT Responsible Entity Services Ltd through a delegated authority given by EQT Responsible Entity Services Ltd's Board.

Philip D Gentry
Chairman

Melbourne
26 September 2019

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Independent Auditor's Report to the unitholders of Bateau Global Opportunities Fund

Opinion

We have audited the financial report of Bateau Global Opportunities Fund (the "Fund"), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the Fund's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors of the Responsible Entity are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors 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 Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 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 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.

Building a better working world

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.

Ernst & Young

Ernst & Young

Rohit Khanna
Partner
Sydney
26 September 2019