

This is Annexure A, of 30 pages referred to in Form
388 "Annual Reports" and in Form 5111 "Compliance
Plan Audit Report of a Registered Scheme



Kieran Canavan

Director

Date: 29/09/2017

**Australian Equities Extension Fund
ARSN 601 747 648**

**ANNUAL FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2017**

**Responsible Entity:
Specialised Private Capital Limited
Trading as Centric Capital
ACN 095 773 390
Level 15, 1 O'Connell St
Sydney NSW 2000**

Australian Equities Extension Fund

ARSN 601 747 648

Annual Financial Report

For the year ended 30 June 2017

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These financial statements cover the Australian Equities Extension Fund as an individual entity.

The Responsible Entity of the Australian Equities Extension Fund is Specialised Private Capital Limited (ABN 87 095 773 390) (AFSL 246744). The Responsible Entity's registered office is:

Specialised Private Capital Limited
Level 17, 181 William Street
Melbourne VIC 3000

Directors' report

The Directors of Specialised Private Capital Limited (ABN 87 095 773 390), the Responsible Entity of the Australian Equities Extension Fund (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2017.

Principal activities

The Fund invests substantially all of its assets in the Vinva Australian Equities Long-Short Fund ("Vinva Fund"), which provides investors with exposure to a portfolio of securities listed on the ASX or derivatives where the underlying securities are listed on the ASX. This is in accordance with the provisions of the Fund's Constitution.

The Responsible Entity is also the Investment Manager of the Fund.

The Fund did not have any employees during the year.

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

Directors

The following persons held office as directors of Specialised Private Capital Limited during the year and up to the date of this report:

Spiro Paule
Michael Wilkins
Anthony Roussos
Matthew Games
Kieran Canavan

Spiro Paule

Executive Director

B.Juris, Dip All, F.A.I.M.

Spiro has worked in the Financial Services industry in a variety of management and consulting roles since 1980 with multi-national Insurers/Funds Managers as well as a long serving Principal and director with one of Australia's largest dealer groups before co-founding the Findex Group in 2001. He is the Managing Director and CEO of Crowe Horwath Australasia, Australia's 5th largest Accountancy firm by revenue and largest by client numbers (220,000 SME clients) employing 2650 staff across 120 offices in Australia and New Zealand. As Managing Director and CEO, Spiro oversees:

- Group operations
- Group budget
- Mergers and Acquisitions
- Development of standards and procedures
- Integration of acquisitions
- Overseeing the further development of proprietary enterprise management software systems and platforms
- Delivery of Findex Group core ideology and key behaviours

Spiro is also a Fellow of the Australian Institute of Management (FAIM).

Directors' report (continued)

Michael Wilkins

Executive Director

MBA, Dip FP

With over 25 years of industry experience beginning in the late 80's as a long term member of one of Australia's largest dealer groups as a principal owner/adviser, Michael is a founding member of Findex Group, sitting on its board in an Executive Director role. He holds a Diploma in Financial Planning from Deakin University and a Masters of Business Administration (MBA). Michael is Chief of Adviser Services for the Findex Group and is responsible for:

- Managing all Financial Planning, Risk, Corporate Benefits, Lending and General Insurance Advisers across Australia and New Zealand
- Merger & Acquisition integration of Advice teams
- Client acquisition and retention
- Adviser budgets, KPI's and compliance
- Product development and innovation
- Integration of client services within the group

Anthony Roussos

Executive Director

B.Sc, MBA, CFP®

Following the completion of a Science degree majoring in Applied Math and Statistics at Monash University, Tony entered the Financial Services industry in 1992 as part of a business traineeship with Findex Group. He has operated as a fully licensed Financial Adviser since 1999, and has headed various national committees including the Financial Planning Association (FPA) Education Task Force and Chairman of DFP 3 and 7 (Fundamental and Advanced Investment Planning). After gaining his initial Financial Planning qualifications, Tony went on to complete a Masters in Business Administration (MBA). He also served as a senior lecturer for The Securities Institute and FPA. As Chief Operations Officer and Company Director of Findex Group, Tony plays an integral role in implementing Findex's growth strategy. Subject to the immediate direction of the CEO, his responsibilities include:

- The general management of Findex's operations affairs in accordance with all Business Plans developed or approved by the Board
- Liaising with and directing staff to achieve the established business and operational goals
- Executing the responsibilities of a Company Director according to lawful and ethical standards set by the Findex Group Board

Tony places a high importance on building and maintaining enduring relationships with his staff and clients. He believes that a consistent, value added service is essential to this process

Matthew Games

Executive Director

B Comm (Accounting), CA

Matt joined Findex Group in January 2008 as Chief Financial Officer and is responsible for the financial management of the business. He is also heavily involved in Findex Group's merger and acquisition practices.

Directors' report (continued)

Prior to joining Findex, Matt worked with Macquarie Private Wealth as a specialist project manager focusing on acquisition and new business opportunities. Preceding that, Matt spent 7 years with ING Australia, initially in its group finance area before moving on to specialise in the financial advisory field as Finance Manager for ING Advice, working with the RetireInvest, Tandem and Millennium 3 financial planning groups.

Matt holds a Bachelor of Commerce degree from Macquarie University in Sydney and is also a Chartered Accountant. He is also a qualified 'Black Belt' in Six Sigma, a process improvement and quality management methodology used by many leading companies worldwide.

Kieran Canavan

Executive Director

B Comm, Dip Lending, Dip FP (RG 146), GAICD

Kieran began working in the Financial Services industry in 1992 as a Financial Adviser for premier clients of The Standard Bank. By 1997 he was heading up special projects within Standard Bank, specifically focused on mortgage securities. In 1997 Kieran immigrated to Australia after been "head-hunted" by a major international manufacturing, import and redistribution company based in Sweden; Poseidon AB. Kieran was tasked with starting up the new venture in Australia, Kieran took this company from start up through to eventual successful sale in 2002. In late 2002 Kieran moved back into the Financial Services industry in the field of mortgage origination and setup and managed a boutique mortgage company, this company was acquired by Centric Wealth in late 2003. Kieran joined Centric Wealth in 2003 in the role of Head of Lending, in 2009 Kieran became Head of Treasury Services and subsequently Head of Products and Services. Kieran joined the Findex Group Management Team as a result of its 2014 acquisition. Kieran is now Chief Investment Officer for the Findex Group. Kieran's other responsibilities include:

- Vice Chairman of the Findex Asset Allocation and Investment Committee
- Responsible Manager of the Group Funds Management business and Responsible Entity
- Senior management and administration roles in community based volunteer and not for profit organisations

Review and results of operations

The Fund continued to invest 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.

Results

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

	Year ended	
	30 June 2017	30 June 2016
Operating profit before finance costs attributable to unitholders (\$)	22,164,086	1,091,559
Distribution to unitholders (\$)	4,739,163	2,958,324
Distribution (cents per unit - CPU)	3.79	3.90

Significant changes in the state of affairs

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

Directors' report (continued)

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2017 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.

The future returns are dependent upon the performance of the underlying investments. Accordingly the future returns of the Fund are dependent on the performance of the underlying investments.

Indemnity and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of Specialised Private Capital Limited or the auditors of the Fund. So long as the officers of Specialised Private Capital Limited act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

Indemnity of auditors

The auditors of the Fund are in no way indemnified out of the assets of the Fund.

Proceedings on behalf of the Fund

No person has applied for leave of Court to bring proceedings on behalf of the Fund or intervene in any proceedings to which the Fund is a party for the purpose of taking responsibility on behalf of the Fund for all or any part of those proceedings.

The Fund was not a party to any such proceedings during the year.

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 16 to the financial statements.

No fees were paid out of Fund property to the directors of the Responsible Entity during the year (2016: Nil).

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 16 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 on the statement of financial position and derived using the basis set out in note 2 to the financial statements.

Environmental regulation

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

Directors' report (continued)

Corporate Governance

The Board of the Responsible Entity is comprised of five Executive Directors, Spiro Paule, Michael Wilkins, Anthony Roussos, Matthew Games and Kieran Canavan.

No fees are currently paid to the Directors of the Responsible Entity from the Fund (2016: Nil).

The Fund's policy regarding the Responsible Entity's Directors and employees trading in its securities is set by the Investment Committee. The policy restricts Directors of the Responsible Entity and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

The Board of the Responsible Entity approved the formation of a Compliance Committee to ensure compliance with the Responsible Entity's systems and procedures as outlined in its Compliance Plan. The Compliance Committee comprises three members, two of whom are external to the Responsible Entity.

Rounding of amounts to the nearest dollar

The Fund is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest dollar in accordance with that ASIC Corporations Instrument, 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 7.

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



Kieran Canavan
Director

Sydney
29 September 2017

29 September 2017

The Board of Directors
Specialised Private Capital Ltd
Level 17, 181 William Street
Melbourne VIC 3000

Dear Board Members,

Independence Declaration – Australian Equities Extension 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 Specialised Private Capital Ltd, the Responsible Entity of Australian Equities Extension Fund.

As lead audit partner for the audit of the financial statements of Australian Equities Extension Fund for the financial year ended 30 June 2017, 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 faithfully



DELOITTE TOUCHE TOHMATSU



Mark Stretton
Partner
Chartered Accountants

Statement of comprehensive income

	Notes	Year ended	
		30 June 2017	30 June 2016
		\$	\$
Investment income			
Distribution income		8,557,479	4,997,204
Interest income		1,202	-
Net gains/(losses) on financial instruments held at fair value through profit or loss	5	<u>18,796,004</u>	<u>(1,526,159)</u>
Total investment income		<u>27,354,685</u>	<u>3,471,045</u>
Expenses			
Responsible Entity fees	16	5,023,368	2,250,074
Custody and Administrator fees	16	96,090	81,423
Auditor's remuneration	12	23,292	22,612
Other operating expenses	13	<u>47,849</u>	<u>25,377</u>
Total operating expenses		<u>5,190,599</u>	<u>2,379,486</u>
Operating profit		<u>22,164,086</u>	<u>1,091,559</u>
Finance costs attributable to unitholders			
Distributions to unitholders	9	(4,739,163)	(2,958,324)
(Increase)/decrease in net assets attributable to unitholders	8	<u>(17,424,923)</u>	<u>1,866,765</u>
Profit for the year		<u>-</u>	<u>-</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>-</u>	<u>-</u>

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

Statement of financial position

	Notes	As at	
		30 June 2017	30 June 2016
		\$	\$
Assets			
Cash and cash equivalents	10	1,910,277	267,835
Receivables	14	8,679,780	5,048,755
Financial assets held at fair value through profit or loss	6	<u>141,705,216</u>	<u>72,325,212</u>
Total assets		<u>152,295,273</u>	<u>77,641,802</u>
Liabilities			
Payables	15	1,562,901	253,175
Distributions payable	9	<u>4,739,163</u>	<u>2,958,324</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>6,302,064</u>	<u>3,211,499</u>
Net assets attributable to unitholders - liability	8	<u>145,993,209</u>	<u>74,430,303</u>

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

Statement of changes in equity

	Year ended	
	30 June 2017	30 June 2016
	\$	\$
Total equity at the beginning of the financial year	-	-
Profit for the year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	-
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the financial year	-	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the beginning or end of the year.

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

Statement of cash flows

	Notes	Year ended	
		30 June 2017	30 June 2016
		\$	\$
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		9,487,000	22,272,000
Purchase of financial instruments held at fair value through profit or loss		(60,071,000)	(42,403,000)
Distributions received		4,997,204	4,196,783
Interest received		1,154	-
Other operating income (paid)/received		(70,702)	21,508
Responsible Entity's fees paid		(4,045,838)	(2,216,092)
Custody and Administrator fees paid		(106,152)	(76,332)
Payment of other operating expenses		(64,712)	(47,487)
Net cash outflow from operating activities	11(a)	<u>(49,873,046)</u>	<u>(18,252,620)</u>
Cash flows from financing activities			
Proceeds from applications by unitholders		80,864,698	49,010,192
Payments for redemptions by unitholders		(26,390,886)	(27,536,728)
Distributions paid		(2,958,324)	(3,151,448)
Net cash inflow from financing activities		<u>51,515,488</u>	<u>18,322,016</u>
Net increase in cash and cash equivalents		1,642,442	69,396
Cash and cash equivalents at the beginning of the year		<u>267,835</u>	<u>198,439</u>
Cash and cash equivalents at the end of the year	10	<u>1,910,277</u>	<u>267,835</u>

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

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1 General information

These financial statements cover the Australian Equities Extension Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme, was constituted on 2 September 2014, registered by Australian Securities and Investments Commission (ASIC) as a managed investment scheme on 18 September 2014 and commenced operations on 27 November 2014. The Fund will terminate on 26 November 2094 unless terminated earlier in accordance with the provisions of the Fund's Constitution.

The Responsible Entity of the Fund is Specialised Private Capital Limited (the "Responsible Entity"). The Responsible Entity's registered office is Level 17, 181 William Street, Melbourne VIC 3000. These financial statements are presented in Australian dollars, which is the Fund's functional and presentation currency.

The Fund invests substantially all of its assets in the Vinva Australian Equities Long-Short Fund ("Vinva Fund"), which provides investors with exposure to a portfolio of securities listed on the ASX or derivatives where the underlying securities are listed on the ASX. This is in accordance with the provisions of the Fund's Constitution.

The financial statements were authorised for issue by the directors on 28 September 2017. 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 throughout the period 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 fund 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 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 at fair value through profit or loss and net assets attributable to unitholders.

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 twelve months, however, an estimate of that amount cannot be determined as at reporting date.

In the case of net assets attributable to unitholders, the units are redeemable on demand at the unitholders' 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 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).

(b) Financial instruments

(i) Classification

The Fund's investments are categorised as at fair value through profit or loss. They comprise:

- Financial instruments designated at fair value through profit or loss upon initial recognition

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(i) Classification (continued)

These include financial assets and financial liabilities that are not held for trading purposes and which may be sold. These are investments in unlisted unit trusts.

Financial instruments designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Investment Manager to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

(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 the fair value of the financial assets or financial liabilities from this date.

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

(iii) Measurement

Financial assets and liabilities held 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 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. This also includes dividends expense on short sales of securities, which have been classified at fair value through profit or loss.

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 last traded prices for both financial assets and financial liabilities.

The investments in unlisted unit trusts, fair value is determined based on the redemption value per unit as reported by the investment managers of such funds.

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

For further details on how the fair value of financial instruments are determined, please see note 4 to the financial statements.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position where the Fund currently 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.

At the end of the reporting period, there are no financial assets or liabilities offset or which could be offset in the Statement of financial position.

2 Summary of significant accounting policies (continued)

(c) Net assets attributable to unitholders

Units are redeemable by unitholders that are Qualifying Australian Residents (as defined in the Product Disclosure Statement (PDS)), and use a stockbroker for the redemption. The units are classified as financial liabilities as the Fund is required to distribute its distributable income. The units can be put back to the Fund at any time. The fair value of redeemable units is measured at the redemption amount that is payable (in cash and securities representing each investor's equal undivided, vested, and infeasible interest in the assets as a whole, subject to liabilities, as defined by the Fund's Constitution) at the end of the reporting period if unitholders exercised their right to put the units back to the Fund.

(d) Cash and cash equivalents

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

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

(e) Investment income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest 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 instrument (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.

Other changes in financial instruments held at fair value are recorded in accordance with the policies described in note 2(b).

Trust distributions are recognised on an entitlements 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 as unitholders are presently entitled to the income of the Fund.

The benefits of imputation credits and foreign tax paid are passed on to unitholders.

(h) Distributions

The Fund distributes its distributable income in accordance with the Fund's Constitution to unitholders by cash. The distributions are recognised in the Statement of comprehensive income as finance costs attributable to unitholders.

2 Summary of significant accounting policies (continued)

(i) 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 in the Statement of comprehensive income as finance costs.

(j) Receivables

Receivables may include amounts for trust distributions and interest. Trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables.

(k) Payables

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

The distribution amount payable to unitholders as at the end of the reporting period is recognised separately on the Statement of financial position as unitholders are presently entitled to the distributable income under the Fund's Constitution.

(l) 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.

(m) 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 onto 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). Accounts 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.

(n) Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the 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.

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

(o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2017 reporting period and have not been early adopted by the Fund. The directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set out below:

(i) AASB 9 *Financial Instruments* (and applicable amendments), (effective from 1 January 2018)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption. The directors do not expect this to have a significant impact on the recognition and measurement of the Fund's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not been changed from the previous requirements, and the

2 Summary of significant accounting policies (continued)

(o) New accounting standards and interpretations (continued)

Fund does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Fund's investments are all held at fair value through profit or loss, the change in impairment rules will not impact the Fund. The Fund has not yet decided when to adopt AASB 9.

(i) AASB 15 Revenue from *Contracts with Customers*, (effective from 1 January 2018)

AASB 15 will replace AASB 118 Revenue which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 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 source of income are interest, dividends and distributions and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the directors do not expect the adoption of the new revenue recognition rules to have a significant impact on the Fund's accounting policies or the amounts recognised in the financial statements. The Fund has not yet decided when to adopt AASB 15.

There are no other 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.

(p) Rounding of amounts

The Fund is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest dollar in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

3 Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including price 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 PDS and seeks to maximise the returns derived for the level of risk to which the Fund is exposed.

All securities investments present a risk of loss of capital. The maximum loss of capital on long equity and debt securities is limited to the fair value of those positions. On equities sold short, the maximum loss of capital can be unlimited. The maximum loss of capital on long futures and forward currency contracts is limited to the notional contract values of those positions.

The management of these risks is carried out by the Investment Manager under policies approved by the Board of Directors of the responsible entity. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of non-derivative financial instruments and the investment of excess liquidity.

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 the Vinva Fund at 30 June 2017 which arises from investments held by the Vinva Fund for which prices in the future are uncertain.

The risk is managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits.

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk (continued)

The table in 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 changed by +/- 10% (2016: +/- 10%).

(ii) Interest rate risk

Interest rate risk is the risk that interest rate movements will have a negative impact on investment value or returns. Interest rate risk is managed in accordance with the underlying investment strategy of the Fund.

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

At 30 June 2017	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	1,910,277	-	-	1,910,277
Receivables	-	-	8,679,780	8,679,780
Financial assets held at fair value through profit or loss	-	-	141,705,216	141,705,216
Liabilities				
Payables	-	-	(1,562,901)	(1,562,901)
Distributions payable	-	-	(4,739,163)	(4,739,163)
Net exposure	1,910,277	-	144,082,932	145,993,209

At 30 June 2016	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	267,835	-	-	267,835
Receivables	-	-	5,048,755	5,048,755
Financial assets held at fair value through profit or loss	-	-	72,325,212	72,325,212
Liabilities				
Payables	-	-	(253,175)	(253,175)
Distributions payable	-	-	(2,958,324)	(2,958,324)
Net exposure	267,835	-	74,162,468	74,430,303

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

The table in note 3(b) summarises the impact of an increase/decrease of interest rates on the Fund's operating profit and net assets attributable to unitholders through changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 100 basis points (2016: +/- 100 basis points) from the year end rates with all other variables held constant. The impact mainly arises from changes in the fair value of cash and cash equivalents.

3 Financial risk management (continued)

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to the various 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 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 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.

	Impact on operating profit/ Net assets attributable to unitholders			
	Price risk		Interest rate risk	
	-10%	+10%	-100bps	+100bps
	\$	\$	\$	\$
30 June 2017	(14,170,522)	14,170,522	(19,103)	19,103
30 June 2016	(7,232,521)	7,232,521	(2,678)	2,678

In determining the impact of an increase/decrease in net assets attributable to unitholders arising from market risk, the Responsible Entity has considered the current period and expected future movements of the portfolio based on market information in order to determine a reasonably possible shift in assumptions.

(c) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. None of these assets are impaired nor past due but not impaired.

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or part. Credit risk is managed primarily by:

- Ensuring counterparties, together with the respective credit limits, are approved in accordance with the Investment Manager's criteria; and
- Ensuring that transactions are undertaken with a range of counterparties.

For derivative financial instruments, the Investment Manager has established limits such that, at any time, the maximum exposure of the Fund to derivative instruments shall be limited to 10%.

Compliance with the Fund's mandate is monitored on a daily basis and reported to the Board and Compliance Committee on a regular basis.

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets.

The clearing and depository operations of the Fund's security transactions are mainly concentrated with one counterparty namely State Street Australia Limited. At 30 June 2017, State Street Australia Limited had a credit rating of A (2016: A). As at 30 June 2017, substantially all cash and investments are held in custody by State Street Australia Limited.

(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. The Investment Manager monitors the Fund's cash-flow requirements daily taking into account upcoming income, expenses and investment activities.

3 Financial risk management (continued)

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the year end date. The amounts in the table are contractual undiscounted cash flows.

	Less than 1 month \$	1-6 months \$	6-12 months \$	Over 12 months \$	No stated maturity \$
At 30 June 2017					
Payables	1,562,901	-	-	-	-
Distributions payable	4,739,163	-	-	-	-
Net assets attributable to unitholders	145,993,209	-	-	-	-
Contractual cash flows (excluding net settled derivatives)	<u>152,295,273</u>	-	-	-	-
	Less than 1 month \$	1-6 months \$	6-12 months \$	Over 12 months \$	No stated maturity \$
At 30 June 2016					
Payables	253,175	-	-	-	-
Distributions payable	2,958,324	-	-	-	-
Net assets attributable to unitholders	74,430,303	-	-	-	-
Contractual cash flows (excluding net settled derivatives)	<u>77,641,802</u>	-	-	-	-

4 Fair value measurement

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

- Financial assets / liabilities designated at fair value through profit or loss (FVTPL) (see note 6)

AASB 13 requires disclosure of fair value measurements by level of the following fair value 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)

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

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

The Fund values its investments in accordance with the accounting policies set out in note 2 to the financial statements.

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

4 Fair value measurement (continued)

(i) Fair value in an active market (level 1) (continued)

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 (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.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of value based on considerations such as: the 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.

The Investment Manager uses unit prices communicated by the underlying fund managers to value investments. Where there is a material movement in the unit prices, the Investment Manager communicates with the underlying fund manager to understand the causes of the movement to test its reasonableness. The unit prices are checked against the underlying funds' management accounts/audited financial accounts in line with the Fund's full year reporting dates. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Investments in the Vinva Fund are recorded at the net asset value per unit as reported by the Investment Managers of the underlying fund. 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.

Recognised fair value measurement

The table below sets out the Fund's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2017 and 30 June 2016.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
As at 30 June 2017				
Financial assets				
Financial assets designated at fair value through profit or loss:				
Unit trusts	-	141,705,216	-	141,705,216
Total	-	141,705,216	-	141,705,216
As at 30 June 2016				
Financial assets				
Financial assets designated at fair value through profit or loss:				
Unit trusts	-	72,325,212	-	72,325,212
Total	-	72,325,212	-	72,325,212

4 Fair value measurement (continued)

Recognised fair value measurement (continued)

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

(i) Transfers between levels

There were no transfers between the levels in the fair value hierarchy for the year ended 30 June 2017 and 30 June 2016.

(ii) Valuation processes

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

(iii) Fair values of other financial instruments

The Fund did not hold any financial instruments which were not measured at fair value in the Statement of financial position. Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.

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

Net gains/(losses) recognised in relation to financial instruments held at fair value through profit or loss:

	Year ended	
	30 June 2017	30 June 2016
	\$	\$
Financial assets		
Net gain/(loss) on financial assets designated at fair value through profit or loss	<u>18,796,004</u>	<u>(1,526,159)</u>
Net gain/(loss) on financial assets held at fair value through profit or loss	<u>18,796,004</u>	<u>(1,526,159)</u>
Total net gains/(losses) on financial instruments held at fair value through profit or loss	<u>18,796,004</u>	<u>(1,526,159)</u>

6 Financial assets held at fair value through profit or loss

	As at	
	30 June 2017	30 June 2016
	\$	\$
Designated at fair value through profit or loss		
Unit trusts	<u>141,705,216</u>	<u>72,325,212</u>
Total designated at fair value through profit or loss	<u>141,705,216</u>	<u>72,325,212</u>
Total financial assets held at fair value through profit or loss	<u>141,705,216</u>	<u>72,325,212</u>

6 Financial assets held at fair value through profit or loss (continued)

An overview of the risk exposures and fair value measurements relating to financial assets held at fair value through profit or loss is included in note 3 and 4 to the financial statements.

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 arrangements.

The Fund considers all investment funds to be structured entities. The Fund invests in unrelated managed funds for the purpose of capital appreciation and/or earning investment income.

An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Fund. Such interests include holdings of units in a unit trust.

The exposure to investments in unrelated investment funds are disclosed in the following table:

Name	Fair value of investment		Interest held	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	%	%
Vinva Australian Equities Long-Short Fund	141,705,216	72,325,212	46.7	30

The Fund has exposures to structured entities through its trading activities. The Fund typically has no other involvement with the structured entity other than the securities it holds as part of trading activities and its maximum exposure to loss is restricted to the carrying value of the asset.

8 Net assets attributable to unitholders

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

	Year ended			
	30 June 2017	30 June 2017	30 June 2016	30 June 2016
	No.	\$	No.	\$
Opening balance	75,920,643	74,430,303	55,924,328	54,817,615
Applications	72,538,048	80,864,698	48,084,168	48,981,520
Redemptions	(23,398,302)	(26,726,715)	(28,087,853)	(27,502,067)
Increase/(decrease) in net assets attributable to unitholders	-	17,424,923	-	(1,866,765)
Closing balance	125,060,389	145,993,209	75,920,643	74,430,303

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.

Capital risk management

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

8 Net assets attributable to unitholders (continued)

Capital risk management (continued)

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 a redemption of units if the exercise of such discretion is in the best interests of unitholders.

9 Distributions to unitholders

The distributions for the year were as follows:

	Year ended			
	30 June 2017 \$	30 June 2017 CPU	30 June 2016 \$	30 June 2016 CPU
Distributions payable	4,739,163	3.79	2,958,324	3.90
Total distributions declared	4,739,163	3.79	2,958,324	3.90

10 Cash and cash equivalents

	As at	
	30 June 2017 \$	30 June 2016 \$
Cash at bank	1,910,277	267,835

As at 30 June 2017, these accounts were bearing floating interest rate between 0.01% and 0.15% (2016: between 0.01% and 0.15%).

11 Reconciliation of profit to net cash outflow from operating activities

	Year ended	
	30 June 2017	30 June 2016
	\$	\$
(a) Reconciliation of profit to net cash outflow from operating activities		
Profit for the year	-	-
Increase/(decrease) in net assets attributable to unit holders	17,424,923	(1,866,765)
Distributions to unitholders	4,739,163	2,958,324
Proceeds from sale of financial instruments held at fair value through profit or loss	9,487,000	22,272,000
Purchase of financial instruments held at fair value through profit or loss	(60,071,000)	(42,403,000)
Net (gains)/losses on financial instruments held at fair value through profit or loss	(18,796,004)	1,526,159
Net change in receivables	(3,631,025)	(778,954)
Net change in payables	973,897	39,616
Net cash outflow from operating activities	<u>(49,873,046)</u>	<u>(18,252,620)</u>

12 Remuneration of auditors

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

	Year ended	
	30 June 2017	30 June 2016
	\$	\$
Deloitte Touche Tohmatsu		
Audit and other assurance services		
Audit and review of financial statements	9,105	8,840
Audit of compliance plan	3,749	3,640
Total remuneration for audit and other assurance services	<u>12,854</u>	<u>12,480</u>
Taxation services		
Tax compliance services	10,438	10,132
Total remuneration for taxation services	<u>10,438</u>	<u>10,132</u>
Total remuneration of Deloitte Touche Tohmatsu	<u>23,292</u>	<u>22,612</u>

13 Other operating expenses

	Year ended	
	30 June 2017	30 June 2016
	\$	\$
Other operating expenses	<u>47,849</u>	<u>25,377</u>
	<u>47,849</u>	<u>25,377</u>

14 Receivables

	As at	
	30 June 2017	30 June 2016
	\$	\$
Interest receivable	89	41
Distributions receivable	8,557,479	4,997,204
Other receivables	<u>122,212</u>	<u>51,510</u>
	<u>8,679,780</u>	<u>5,048,755</u>

15 Payables

	As at	
	30 June 2017	30 June 2016
	\$	\$
Redemptions payable	376,407	40,578
Management fees payable	1,134,049	156,519
Other payables	<u>52,445</u>	<u>56,078</u>
	<u>1,562,901</u>	<u>253,175</u>

16 Related party transactions

Responsible Entity

The Responsible Entity of Australian Equities Extension Fund is Specialised Private Capital Limited.

Under the terms of the Fund's Constitution, the Responsible Entity is entitled to receive fee of 0.44% (GST inclusive) of the Net Asset Value, calculated on the last day of each month and payable within 7 days at the end of the month.

Key management personnel

Key management personnel includes persons who were directors of Specialised Private Capital Limited at any time during the reporting year as follows:

Spiro Paule
Michael Wilkins
Anthony Roussos
Matthew Games
Kieran Canavan

Key management personnel unitholdings

At 30 June 2017, no key management personnel held units in the Fund.

Key management personal compensation

Key management personnel are paid by Specialised Private Capital Limited.

16 Related party transactions (continued)

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 period.

Other transactions within the Fund

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

Investment Manager's fees and other fees for transactions provided by related parties

The Investment Manager of Australian Equities Extension Fund is Specialised Private Capital Limited.

The Custodian and Administrator of Australian Equities Extension Fund is State Street Australia Limited. The ultimate holding company of the Custodian is State Street Corporation (incorporated in the United States of America).

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Fund, the Responsible Entity and the Investment Manager were as follows:

	30 June 2017	As at 30 June 2016
	\$	\$
Responsible Entity fees	5,023,368	2,250,074
Custody and Administrator fees	96,090	81,423
Aggregate amounts payable to the Responsible Entity	1,134,049	156,519
Aggregate amounts payable to the Custodian and Administrator	27,425	37,487

The Fund held its bank account with State Street Bank and Trust Company during the year at arm's length commercial rates. As at 30 June 2017, the balance in the account was \$1,910,277 (30 June 2016: \$267,835).

Investments

The Fund did not hold any investments in Specialised Private Capital Limited or its related parties during the year.

17 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the Statement of financial position as at 30 June 2017 or on the results and cash flows of the Fund for the year ended on that date.

18 Contingent assets and liabilities and commitments

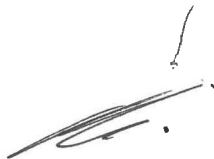
There are no outstanding contingent assets, liabilities or commitments as at 30 June 2017 and 30 June 2016.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 8 to 27 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2017 and of its performance for the reporting period ended on that date; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.
- (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.



Kieran Canavan
Director

Sydney
29 September 2017

Independent Auditor's Report to the Unitholders of Australian Equities Extension Fund

Opinion

We have audited the financial report of Australian Equities Extension Fund (the "Fund") which comprises the statement of financial position as at 30 June 2017, 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 declaration by Directors.

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 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to Directors of the Fund, would be in the same terms if given to 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.

Responsibilities of Directors for the Financial Report

Directors of the Responsible Entity of the Fund 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 Director's 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.

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.



DELOITTE TOUCHE TOHMATSU



Mark Stretton
Partner
Chartered Accountants

Melbourne, 29th September 2017