

# **EGP CONCENTRATED VALUE FUND**

**ARSN 619 879 631**

## **GENERAL PURPOSE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2023**

**Directors' Report**

The directors of Fundhost Limited, the Responsible Entity of the EGP Concentrated Value Fund (the "Fund"), present their report together with the financial report of the Fund for the year ended 30 June 2023.

**Responsible Entity**

The registered office and principal place of business of the Responsible Entity is:

Suite 15.01, Level 15  
10 Spring Street  
Sydney NSW 2000

**Directors**

The names of the directors of the Responsible Entity in office at any time during or since the end of the financial year are:

Valerie Anne Monge  
Drew Wilson  
Robert H Nagel  
Paul Ernest Dortkamp (Appointed: 9 March 2023)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

**Review and results of operations**

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

The results of the operations of the Fund are disclosed in the Statement of Comprehensive Income of this financial report.

	<b>Year ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Net profit / (loss)	6,569	(22,505)
Distributions	1,023	1,717
Distributions payable	1,023	1,717

**Significant changes in state of affairs**

No significant changes in the Fund's state of affairs during the financial year ended 30 June 2023.

**Principal activities**

The principal activity of the Fund during the financial year was the investment and management of securities in accordance with its investment objectives and guidelines as set out in the Product Disclosure Statement (PDS) and in accordance with the provisions of the Constitution.

The Fund did not have any employees during the financial year (2022: nil).

No significant change in the nature of these activities occurred during the financial year (2022: nil).

**Events subsequent to the balance date**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future years other than those items disclosed throughout the financial report.

**Likely developments**

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.

**Directors' Report (cont'd)**

**Likely developments (cont'd)**

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.

Likely developments in the operations of the Fund and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Fund.

**Interests in the Fund**

The movement in units on issue in the Fund during the year and the number of units in the Fund as at the end of the financial year are disclosed in Note 3 of the financial report.

The value of the Fund's assets and liabilities is disclosed in the Statement of Financial Position in accordance with the accounting policies set out in Note 1 of the financial report.

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

Fees paid to the Responsible Entity out of Fund property during the year are disclosed in Note 9(a) of the financial report.

The number of interests in the Fund held by the Responsible Entity as at the end of the year are disclosed in note 9(c) of the financial report.

No fees were paid out of Fund property to the directors of the Responsible Entity during the year (2022: nil).

**Environmental regulation**

The Fund's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

**Options**

No options over issued units or interests in the Fund were granted during or since the end of the financial year and there were no options granted to the Responsible Entity.

**Indemnities and insurance premiums for officers or auditors**

No indemnities have been given or insurance premiums paid by the Fund, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Fund.

To the extent permitted by law, the Responsible Entity has agreed to indemnify its auditors, Ernst & Young, as part of terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

**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 financial year.

**Rounding**

The Fund is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument class order 2016/191 applies. Accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars, 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 3.

Signed in accordance with a resolution of the Board of Directors:



Drew Wilson  
Director

Dated this 20th day of September 2023



**Building a better  
working world**

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## **Auditor's Independence Declaration to the Directors of Fundhost Limited**

As lead auditor for the audit of the financial report of EGP Concentrated Value Fund for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

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

*Ernst & Young*

Ernst & Young

Stacey Hooper  
Partner  
20 September 2023

**Statement of Comprehensive Income**  
**For the year ended 30 June 2023**

	Notes	2023 \$'000	2022 \$'000
<b>Investment income / (loss)</b>			
Dividend and distribution income		964	1,428
Interest income		188	45
Net gains / (losses) on financial assets at fair value through profit or loss		5,548	(23,726)
Other income		11	46
<b>Total net investment income / (loss)</b>		<u>6,711</u>	<u>(22,207)</u>
<b>Expenses</b>			
Responsible Entity's fees	2	97	149
Performance fees		-	53
Transaction costs		28	46
Other expenses		17	50
<b>Total expenses</b>		<u>142</u>	<u>298</u>
<b>Net profit / (loss)</b>		<u>6,569</u>	<u>(22,505)</u>
Other comprehensive income		-	-
<b>Total comprehensive income / (loss) for the year</b>		<u>6,569</u>	<u>(22,505)</u>

*The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.*

EGP Concentrated Value Fund - ARSN 619 879 631

**Statement of Financial Position**  
**As at 30 June 2023**

	Notes	2023 \$'000	2022 \$'000
<b>Assets</b>			
Cash and cash equivalents	8(a)	2,247	4,991
Receivables	5	17	65
Financial assets at fair value through profit or loss	7	39,375	44,071
<b>Total assets</b>		<u>41,639</u>	<u>49,127</u>
<b>Liabilities</b>			
Payables	6	664	388
Distribution payable	4	1,023	1,717
<b>Total liabilities</b>		<u>1,687</u>	<u>2,105</u>
<b>Net assets</b>		<u>39,952</u>	<u>47,022</u>
<b>Total equity</b>		<u>39,952</u>	<u>47,022</u>

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

**Statement of Changes in Equity**  
**For the year ended 30 June 2023**

	Notes	2023 \$'000	2022 \$'000
<b>Opening balance</b>		47,022	79,961
<b>Comprehensive income for the year</b>			
Net profit / (loss)		6,569	(22,505)
Other comprehensive income		-	-
<b>Total comprehensive income / (loss) for the year</b>		<u>6,569</u>	<u>(22,505)</u>
<b>Transactions with unitholders</b>			
Applications		-	3,850
Redemptions		(13,574)	(15,521)
Distributions to unitholders	4	(1,023)	(1,717)
Distributions reinvested		957	2,954
		<u>(13,640)</u>	<u>(10,434)</u>
<b>Closing balance</b>	3	<u>39,952</u>	<u>47,022</u>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes to the financial statements.*

**Statement of Cash Flows**  
**For the year ended 30 June 2023**

	Notes	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>			
Dividends and distributions received		964	1,428
Interest received		177	45
Other income received		11	45
Responsible Entity's fees paid		(94)	(157)
Performance fees paid		-	(53)
Other expenses paid		(59)	(120)
Net cash inflow from operating activities	8(b)	999	1,188
<b>Cash flows from investing activities</b>			
Proceeds from sale of financial assets at fair value through profit or loss		14,541	22,006
Payment for purchase of financial assets at fair value through profit or loss		(4,355)	(7,839)
Net cash inflow from investing activities		10,186	14,167
<b>Cash flows from financing activities</b>			
Proceeds from issue of units		-	3,985
Payments for redemption of units		(13,169)	(16,498)
Distribution paid		(760)	(2,792)
Net cash outflow from financing activities		(13,929)	(15,305)
Net (decrease) / increase in cash held		(2,744)	50
Cash and cash equivalents at the beginning of the year		4,991	4,941
<b>Cash and cash equivalents at the end of the year</b>	8(a)	2,247	4,991
<b>Non-cash investing and financing activities:</b>		<b>2023 \$'000</b>	<b>2022 \$'000</b>
Re-investment of distributions		957	2,954

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes to the financial statements.*



**Notes to the Financial Statements  
For the year ended 30 June 2023**

**Note 1. Statement of Significant Accounting Policies**

This financial report covers the EGP Concentrated Value Fund (the "Fund") as an individual entity.

The Fund is a registered investment scheme under the Corporations Act 2001. The financial report of the Fund is for the year ended 30 June 2023. The Fund was constituted as a registered scheme on 4 July 2017 with Australian Securities and Investments Commission ("ASIC") and commenced operations on 15 August 2017.

The financial report was approved by the Board of Directors of Fundhost Limited as the Responsible Entity on 20 September 2023. The Directors have the power to amend and reissue the financial report.

**Basis of preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"), Australian Accounting Interpretations, and the Corporations Act 2001.

The principal accounting policies applied in the preparation of these financial reports are set out below.

On the face of the Statement of Financial Position all assets and liabilities are presented in decreasing order of liquidity and not distinguished between current and non-current. All of the Fund's assets and liabilities are held for the purpose of being traded or are expected to be realised within 12 months.

The Fund is a for-profit unit trust for the purpose of preparing the financial report.

The Fund is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument class order 2016/191 applies. Accordingly, amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise indicated.

*(i) Compliance with International Financial Reporting Standards (IFRS)*

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

*(ii) Use of estimates and judgements*

The making of judgments, estimates and assumptions is a necessary part of the financial reporting process and these judgments, estimates or assumptions can have a significant effect on the reported amounts of the financial report. Estimates and assumptions are determined based on information available at the time of reporting the financial report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the financial report. Significant accounting estimates, judgments and assumptions are re-evaluated at each balance date in light of historical experience and changes to reasonable expectations of future events. Revisions to accounting estimates are recognised in the period which estimate is revised in future period affected. Significant accounting judgments, estimates and assumptions include but are not limited to:

*Fair value measurement of investments in financial instruments*

The majority of the Fund's investments are listed equities measured at fair value through profit or loss. Where available, quoted market prices for the same or similar instrument are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Judgment is applied in selecting valuation techniques and setting valuation assumptions and inputs. Further details on the determination of fair value of financial assets and derivative financial instruments set out in Note 1.

**a. Financial Instruments**

*(i) Recognition/derecognition*

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date. Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

**Notes to the Financial Statements  
For the year ended 30 June 2023**

**Note 1. Statement of Significant Accounting Policies (cont'd)**

**a. Financial Instruments (cont'd)**

(ii) Classification

In accordance with AASB 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets discussed below.

**Financial Assets**

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

**Financial assets measured at fair value through profit or loss (FVPL)**

*A financial asset is measured at fair value through profit or loss if:*

- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding;
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The equity securities are mandatorily classified as fair value through profit or loss.

*In applying that classification, a financial asset or financial liability is considered to be held for trading if it is:*

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

**Financial liabilities measured at FVPL**

A financial liability is measured at FVPL if it meets the definition of held for trading. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Fund that are not designated as hedging instruments in hedge relationships as defined.

The derivatives are mandatorily classified as fair value through profit or loss.

(iii) Measurement

- *Financial assets and liabilities at fair value through profit or loss*

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

**Notes to the Financial Statements  
For the year ended 30 June 2023**

**Note 1. Statement of Significant Accounting Policies (cont'd)**

(iii) Measurement (cont'd)

• *Fair value in an active market*

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the Statement of Financial Position date without any deduction for estimated future selling costs. Financial assets are priced at bid prices, while financial liabilities are priced at current asking prices. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

• *Fair value in an inactive or unquoted market*

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

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

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

**b. Impairment of assets**

AASB 9 requires the Fund to record an allowance for expected credit losses (ECLs) for all loans and other financial assets not held at fair value through profit and loss.

The Fund holds trade receivables with no significant financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply the simplified approach for expected credit losses (ECLs) under AASB 9 to all its trade receivables. Therefore the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

**c. Investment income and expenses**

Unrealised gains and losses on revaluation of investments to fair value, are recognised in the Statement of Comprehensive Income.

Dividend income is recognised on a receivable basis on the date the shares are quoted ex-dividend. Distributions from property trusts and unit trusts are recognised as income in the Statement of Comprehensive Income when declared.

Interest income and expenses are recognised in the Statement of Comprehensive Income for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Interest income on assets held at fair value through profit or loss also recognised in the Statement of Comprehensive Income.

All expenses including management fees and performance fees are recognised on an accrual basis in the Statement of Comprehensive Income.

**d. Foreign currency translation**

(i) Functional and presentation currency

Items 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. Monetary assets and liabilities denominated in foreign currencies are translated into Australian dollars at the exchange rate at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined. The foreign exchange gains and losses resulting from these translations are recognised in the Statement of Comprehensive Income.

**Notes to the Financial Statements  
For the year ended 30 June 2023**

**Note 1. Statement of Significant Accounting Policies (cont'd)**

**d. Foreign currency translation (cont'd)**

(ii) Transactions and balances (cont'd)

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

**e. Responsible Entity's fees**

In accordance with the Constitution, the Responsible Entity is entitled to a management fee of 0.26% per annum of the value of the Fund payable on a monthly basis for managing the assets of the Fund. There is also an expense recovery of up to 0.035% per annum of the value of the Fund.

**f. Performance fees**

The Fund's managers are also entitled to a performance fee when the investment performance of the Fund has exceeded the hurdle, being the performance of the S&P/ASX 200 Total Return Index. This is provided the "high watermark" has been exceeded. The method of calculating the fee is detailed in the Constitution and summarised in the current PDS.

The Fund has not achieved the performance hurdles during the year and hence has not accrued for performance fees.

**g. Income tax**

Under current legislation, the Fund is not subject to income tax since the Fund elected into the AMIT tax regime and unitholders will be attributed the taxable income of the Fund.

**h. Distributions**

Distributions are at the discretion of the Fund. A distribution to the Fund's unitholders is accounted for as a deduction from equity and presented in the Statement of Changes in Equity.

Distributions to unitholders comprise the net distributable income of the Fund. The distributions (if any) are payable or attributable at the end of June each year. A distribution payable is recognised in the Statement of Financial Position where the distribution has been declared but remains unpaid at balance date.

**i. Goods and services tax (GST)**

The GST incurred on the costs of various services provided to the Fund by third parties such as audit fees, custodial services and investment management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of 75% (55% on Responsible Entity fees) hence investment management fees, administration fees, custodial fees and other expenses have been recognised in the Statement of Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of Financial Position. Cash flows relating to GST are included in the Statement of Cash Flows on a gross basis.

**j. Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, at call deposits with banks or financial institutions and investments in money market instruments with original maturities of less than three months and net of bank overdrafts. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

**k. Receivables**

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

**l. Payables**

Trade payables and other accounts payable are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services. The distribution amount payable to unitholders as at the reporting date is recognised separately on the Statement of Financial Position when declared by the Fund and remain unpaid as at year end.

**m. Due from/to brokers**

Amounts due from/to brokers represent payables for securities purchased and receivables for securities sold that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and normally settled within three business days.

**Notes to the Financial Statements  
For the year ended 30 June 2023**

**Note 1. Statement of Significant Accounting Policies (cont'd)**

**n. Equity**

Quantitative information about the Fund's capital is provided in the Statement of Changes in Equity. The units are entitled to distributions when declared and to payment of a proportionate share of the Fund's net asset value on the redemption date or upon winding up of the Fund. A reconciliation of the number of units outstanding at the beginning and the end of each reporting period is provided in Note 3.

**o. Exit price**

The unit exit price is calculated in accordance with the Constitution of the Fund and is determined by the value of the assets of the Fund less its liabilities adjusted for estimated transaction costs, divided by the number of units on issue.

**p. 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. No exit fees are charged. Unit redemption prices are determined by reference to the net assets of the Fund divided by the number of units on issue at or immediately prior to close of business each month.

**q. New standards and interpretations adopted**

Since 1 July 2022, the Fund has adopted all mandatory standards and amendments of Australian Accounting Standards. Adoption of these standards and amendments did not have a material impact on the Fund's financial results or reporting.

**r. New standards and interpretations not yet adopted**

*Australian Accounting Standards issued but not yet effective*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2023 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

**Notes to the Financial Statements**  
**For the year ended 30 June 2023**

**Note 2. Expenses**

The amounts paid or due and payable to the Responsible Entity in accordance with the Constitution were:

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Responsible Entity's fees	97	149
	<u>97</u>	<u>149</u>

**Note 3. Equity**

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. As the Fund met all the criteria, the Fund's units have been classified as equity.

Movements in the number of units and equity during the year were as follows:

	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>Units '000</b>	<b>Units '000</b>	<b>\$'000</b>	<b>\$'000</b>
Opening balance at 1 July	62,503	71,821	47,022	79,961
Units issued during the year	-	3,260	-	3,850
Units redeemed during the year	(16,502)	(15,231)	(13,574)	(15,521)
Distribution reinvested	1,273	2,653	957	2,954
Distributions to unitholders	-	-	(1,023)	(1,717)
Total comprehensive income / (loss) for the year	-	-	6,569	(22,505)
Closing balance at 30 June	<u>47,273</u>	<u>62,503</u>	<u>39,952</u>	<u>47,022</u>

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

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

**Note 4. Distributions to unitholders**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Distribution payable	1,023	1,717
	<b>CPU</b>	<b>CPU</b>
Final distribution cents per unit	2.1631	2.7478

**Note 5. Receivables**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest receivable	11	1
Reduced input tax credits receivable	2	6
Amounts due from brokers	4	58
	<u>17</u>	<u>65</u>

**Note 6. Payables**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Management fees payable	7	8
Recoverable expenses payable	(9)	6
Amounts due to brokers	-	113
Redemptions payable	666	261
	<u>664</u>	<u>388</u>

**Notes to the Financial Statements**  
**For the year ended 30 June 2023**

**Note 7. Financial assets at fair value through profit or loss**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Listed equities and managed investment schemes	34,268	38,491
Loan securities	650	700
Unlisted equities securities	3,841	3,754
Convertible notes	613	656
Derivatives	4	470
	<u>39,375</u>	<u>44,071</u>

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in note 11.

**Note 8. Cash flow information**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>a. Reconciliation of cash and cash equivalents</b>		
Cash balance comprises:		
Cash at bank	2,247	4,991
Total cash and cash equivalents	<u>2,247</u>	<u>4,991</u>
<b>b. Reconciliation of net operating income to cash flows from operating activities</b>		
Net profit / (loss)	6,569	(22,505)
Net (gains) / losses on financial assets at fair value through profit or loss	(5,548)	23,726
Changes in assets and liabilities:		
Decrease in payables	(16)	(29)
Increase in receivables	(6)	(3)
Net cash inflow from operating activities	<u>999</u>	<u>1,188</u>

Non-cash items relating to reinvestment of distributions paid are included in Note 3. There were no other non-cash items.

**Note 9. Related Party Disclosures****a. Fundhost Limited - fees**

Fundhost Limited (ACN 092 517 087) as Responsible Entity of the EGP Concentrated Value Fund provides services to the Fund in accordance with the Fund's Constitution. Transactions with the Responsible Entity have taken place on normal commercial terms and conditions.

During the year the following amounts were incurred to the Responsible Entity:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Responsible Entity's fees	<u>97,488</u>	<u>148,555</u>

The amounts due and payable at 30 June to the Responsible Entity in accordance with the Constitution were:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Responsible Entity's fees	<u>7,071</u>	<u>8,323</u>

**Notes to the Financial Statements**  
**For the year ended 30 June 2023**

**Note 9. Related Party Disclosures (cont'd)****b. EGP Capital Pty Ltd - fees**

EGP Capital Pty Ltd (ABN 32 145 120 681), as Investment Manager of the EGP Concentrated Value Fund, provides services to the Fund in accordance with the Fund's Constitution. Transactions with the Investment Manager have taken place on normal commercial terms and conditions.

During the year, no management fees were paid to the Investment Manager. There were no amounts due and payable at 30 June to the Investment Manager in accordance with the Constitution.

During the year the following amounts were paid to the Investment Manager:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Performance fees	(14)	53,157

**c. Fundhost Limited - Key Management Personnel**

Fundhost Limited as Responsible Entity and EGP Capital Pty Ltd as Investment Manager are considered key management personnel. The Fund does not employ personnel in its own right.

The Directors of Fundhost Limited, the Responsible Entity, during the year were:

Valerie Anne Monge  
Drew Wilson  
Robert H Nagel  
Paul Ernest Dortkamp (Appointed: 9 March 2023)

There were no other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the year (2022: nil).

Units held in the EGP Concentrated Value Fund by the Responsible Entity and by Directors and their respective related parties in aggregate were:

Unitholder	Number of units held (Units)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund (\$)
<b>2023</b>					
Fundhost Ltd	122	0.00	4	-	3
Ridgway Super Fund	57,701	0.12	2,033	-	1,248
<b>2022</b>					
Fundhost Ltd	118	0.00	8	-	3
Ridgway Super Fund	55,668	0.09	3,732	-	1,530

Key management personnel are paid by Fundhost Limited. Payments made from the Fund to Fundhost Limited do not include any amounts attributable to the compensation of key management personnel.

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting year (2022: nil).

There are no post-employment benefits paid to a director or key management personnel of the Responsible Entity (2022: nil).

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



**Notes to the Financial Statements**  
**For the year ended 30 June 2023**

**Note 9. Related Party Disclosures (cont'd)****d. EGP Capital Pty Ltd - Key Management Personnel**

The Directors of EGP Capital Pty Ltd during the year were:

Erik Anthony Hansen  
 Susan Jane Hansen  
 Adam Matthew Shaw

Units held in the EGP Concentrated Value Fund by EGP Capital Pty Ltd, its Directors and their respective related parties in aggregate were:

Unitholder	Number of units held (Units)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund (\$)
<b>2023</b>					
EGP Capital Pty Ltd	75,000	0.16	-	-	1,622
Wilding Superannuation Fund	236,375	0.50	8,329	-	5,113
Hansen Family Super and Retirement Fund	2,195,001	4.64	77,348	-	47,479
Eric Anthony Hansen	142,371	0.30	-	-	3,080
<b>2022</b>					
EGP Capital Pty Ltd	75,000	0.12	-	-	2,061
Wilding Superannuation Fund	228,045	0.36	15,289	-	6,266
Hansen Family Super and Retirement Fund	2,117,653	3.39	141,978	-	58,189
Eric Anthony Hansen	142,371	0.23	-	-	3,912

**Note 10. Auditor's remuneration**

	2023 \$	2022 \$
<b>Amounts received or due and receivable by EY for:</b>		
Audit and review of the financial reports of the Fund	26,808	23,613
Tax services	4,510	4,295
Compliance plan audit	4,693	4,386
	<u>36,011</u>	<u>32,294</u>

**Note 11. Financial risk management**

The Fund's activities expose it to a variety of financial risks: market risk (including 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 PDS and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. Financial risk management is carried out by the investment management team at EGP Capital Pty Ltd.

The Fund uses different methods to measure different types of risks to which it is exposed. These methods include sensitivity analysis in the case of price risks, interest rate and foreign exchange risks, and ratings analysis for credit risks. Compliance with the Fund's PDS is reported to the Fundhost Limited Board on a monthly basis.

**a. Market risk****(i) Price risk**

The Fund is exposed to equity securities and derivative securities price risk. This 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. Investments are classified on the Statement of Financial Position as financial assets held at fair value through profit or loss. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Investment Manager mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the PDS.

The Fund is exposed, particularly through its equity portfolio, to market risks influencing investment valuations. These market risks include changes in a company's internal operations or management, economic factors and also relate to changes in taxation policy, monetary policy, interest rates and statutory requirements.

**Notes to the Financial Statements**  
**For the year ended 30 June 2023**

**Note 11. Financial risk management (cont'd)****a. Market risk (cont'd)****(i) Price risk (cont'd)**

The table below summarises the impact of an increase/decrease in the market value of the share portfolio on the Fund's net assets attributable to unitholders at 30 June and profit from operating activities. The analysis is based on the assumptions that the security prices increased/decreased by 10% with all other variables held constant and that the fair value of the Fund's portfolio moved according to this.

	Impact on net profit		Equity	
	Higher/(Lower)		Higher/(Lower)	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Market value changes</b>				
Share portfolio value +10%	3,427	3,849	3,427	3,849
Share portfolio value -10%	(3,427)	(3,849)	(3,427)	(3,849)

**(ii) Interest rate risk**

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows.

The Fund's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets, is as follows:

	Impact on net profit		Equity	
	Higher/(Lower)		Higher/(Lower)	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Interest rate increase +1%	13	30	13	30
Interest rate decrease -1%	-	-	-	-

	Weighted Average		Floating		Fixed		Non Interest		Total	
	Effective Interest		Interest Rate		Interest Rate		Bearing			
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets:</b>										
Cash and cash equivalents	2.48	0.03	2,247	4,991	-	-	-	-	2,247	4,991
Receivables			-	-	-	-	17	65	17	65
Financial assets at fair value through profit or loss			-	-	1,263	1,313	38,112	42,758	39,375	44,071
<b>Total Financial Assets</b>			<b>2,247</b>	<b>4,991</b>	<b>1,263</b>	<b>1,313</b>	<b>38,129</b>	<b>42,823</b>	<b>41,639</b>	<b>49,127</b>
<b>Financial Liabilities (excluding unitholder funds):</b>										
Payables			-	-	-	-	665	388	665	388
Distribution payable			-	-	-	-	1,023	1,717	1,023	1,717
<b>Total Financial Liabilities</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,687</b>	<b>2,105</b>	<b>1,687</b>	<b>2,105</b>
<b>Net exposure</b>			<b>2,247</b>	<b>4,991</b>	<b>1,263</b>	<b>1,313</b>	<b>36,442</b>	<b>40,718</b>	<b>39,952</b>	<b>47,022</b>

**(iii) Foreign exchange risk**

The Fund holds monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. These amounts are not significant nor material to the Fund.

**Notes to the Financial Statements  
For the year ended 30 June 2023**

**Note 11. Financial risk management (cont'd)**

**b. Liquidity risk**

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemption of its redeemable units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's Constitution.

All financial liabilities have maturity terms within a month, other than net assets attributable to unitholders described below.

The liquidity risks associated with the need to satisfy unitholders' requests for redemptions are mitigated by maintaining a constant pool of cash to satisfy usual levels of demand.

Normally once Fundhost Limited decides the unitholder can withdraw their money, it takes 5 business days to process the request (although the Constitution for the Fund allows a reasonable period, which could be longer), and funds are then paid to the unitholder in accordance with instructions.

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

The Fund monitors the level of monthly applications and redemptions relative to the liquid assets in the Fund. Liquid assets include cash and cash equivalents and listed equities.

The Fund invests mostly in Australian listed companies and some cash.

**c. Credit risk**

Credit risk primarily arises from investments in debt securities and from trading derivative products. The Fund's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets. Other credit risk arises from cash and cash equivalents, deposits with banks and amounts due from brokers. At 30 June 2023 and 30 June 2022, all receivables, amounts due from brokers, cash and cash equivalents are either callable on demand or due to be settled within 6 months. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

The carrying amount of financial assets approximates fair value as at the reporting date.

The Fund trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Fund's policy to securitise its trade and other receivables.

**Note 12. Fair value of financial instruments**

Financial instruments carried at fair value are categorised under a three level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels are:

Level 1: Valued using quoted prices in active markets for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: Valued using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), including quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities, and other inputs that are not quoted prices but are observable for the asset or liability. The prices for the Fund are based on redemption unit prices quoted by the investment or trustee.

Level 3: Valued in whole or in part using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Unobservable inputs are determined based on the best information available, which might include the Fund's own data, reflecting the Fund's own assumptions about the assumptions that market participants would use in pricing the asset or liability. Valuation techniques are used to the extent that observable inputs are not available.

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

**Notes to the Financial Statements**  
**For the year ended 30 June 2023**

**Note 12. Fair value of financial instruments (cont'd)**

The following table shows an analysis of financial instruments at the balance sheet date, recorded at fair value by level of the fair value hierarchy:

<b>30 June 2023</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
Listed equity securities and managed investment schemes	34,268	-	-	34,268
Loan securities	-	-	650	650
Unlisted equity securities	-	-	3,841	3,841
Convertible notes	-	-	613	613
Derivatives	-	-	4	4
<b>Total</b>	<b>34,268</b>	<b>-</b>	<b>5,108</b>	<b>39,375</b>

  

<b>30 June 2022</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
Listed equity securities and managed investment schemes	38,491	-	-	38,491
Loan securities	-	-	700	700
Unlisted equity securities	-	-	3,754	3,754
Convertible note	-	-	656	656
Derivatives	-	192	278	470
<b>Total</b>	<b>38,491</b>	<b>192</b>	<b>5,388</b>	<b>44,071</b>

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within level 3 between the beginning and the end of the reporting period.

	<b>Loan Securities</b>		<b>Unlisted equity securities</b>		<b>Convertible Notes</b>		<b>Derivatives</b>		<b>Total</b>	
	<b>2023 \$'000</b>	<b>2022 \$'000</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
<b>Opening Balance</b>	700	-	3,754	6,520	656	1,106	278	133	5,388	7,759
Acquisition	400	700	-	349	-	350	-	-	400	1,399
Disposal	(452)	-	-	(808)	-	-	-	-	(452)	(808)
Conversion	-	-	-	-	-	(488)	-	-	-	(488)
Transfer to Level 1	-	-	-	(2,501)	-	-	-	-	-	(2,501)
Unrealised gains/ (losses)	2	-	87	194	(43)	(312)	(274)	145	(228)	27
<b>Closing Balance</b>	<b>650</b>	<b>700</b>	<b>3,841</b>	<b>3,754</b>	<b>613</b>	<b>656</b>	<b>4</b>	<b>278</b>	<b>5,108</b>	<b>5,388</b>

*Level 3 investments comprise:*

- Loan Securities: Spectur Limited Loan valued at \$650k as at year end.
- Unlisted Equity Securities: Year end holdings comprise; Tellus Holdings Ltd valued at \$2,700k; Ubidy valued at \$357k; Verency Holdings Limited valued at \$123k; White Graphine Limited valued at \$600k; and PPK Mining Equipment Pty Ltd valued at \$61k.
- Convertible Notes: Scout Security Ltd 15/07/2022 note valued at \$613k as at year end.
- Derivatives: SCT Options valued at \$4k as at year end.

*Valuation process for Level 3 valuations and sensitivity analysis of the significant unobservable inputs*

Valuation of level 3 securities is performed monthly. The convertible note was initially valued at cost with changes in the market value for the convertible notes made based on the interest component of the notes. Unlisted equity securities are initially valued at cost, with adjustments to the market value of the unlisted equity securities made through valuation techniques adopted by the Investment Manager. Fixed interest securities are initially valued at cost, with adjustments to the market value based on interest accrued.

The Valuation Committee considers the valuations and valuation methodologies applied to the relevant securities, and reviews available security-specific and general market information in order to make a fair value determination.

Securities which are fair-valued are monitored and reviewed to ensure their value remains in line with the statement of valuation principles as set out in the fair value policy of the Investment Manager. Any stale prices are monitored monthly to assess whether a fair value re-measurement is required.

Valuation techniques are set out in the pricing policy of the Investment Manager and can include liquidity discounting.

**Notes to the Financial Statements**  
**For the year ended 30 June 2023**

**Note 12. Fair value of financial instruments (cont'd)**

The inherent uncertainty in the valuation of such investments may result to a significant difference between the Fund's estimates of fair value and the fair values had observable inputs been available.

The table below discloses the valuation technique used in the valuation for Level 3 investments and quantifies the effect of significant unobservable inputs used to value investments that fall in this category. Securities valued at nil have not been included in the following table.

	<b>Fair Value as at 30 June 2023 \$'000</b>	<b>Valuation technique</b>	<b>Unobservable input</b>	<b>Range of input</b>	<b>Sensitivity used</b>	<b>Effect on fair value +/-(-) \$'000</b>
Unlisted equity securities	3,841	Comparable trading multiples	Revenue multiple	2.5x	+/-10%	270/(270)
			Recent transaction price	\$0.00063 - \$24.25	+/-10%	114/(114)
Convertible note	613	Par value	Par value	1	5% +/-10%	60/(60)
Loan	650	Par value	Par value	1	13% +/-10%	65/(65)
Options	4	Black Scholes Model	Annualised Volatility	49.01%	+/-1%	Nil

	<b>Fair Value as at 30 June 2022 \$'000</b>	<b>Valuation technique</b>	<b>Unobservable input</b>	<b>Range of input</b>	<b>Sensitivity used</b>	<b>Effect on fair value +/-(-) \$'000</b>
Unlisted equity securities	3,754	Comparable trading multiples	Revenue multiple	2.5x	+/-10%	38/(38)
			Recent transaction price	\$0.00063 - \$24.25	+/-10%	297/(297)
		Par value	Par value	1	+/-10%	40/(40)
Convertible note	656	Par value	Par value	5%	+/-10%	66/(66)
Loan	700	Par value	Par value	9%	+/-10%	70/(70)
Options	278	Black Scholes Model	Annualised Volatility Annual Risk Free Rate	93.79% 1.00%	+/-1%	145/(145)

**Note 13. Commitments and contingencies**

There were no commitments nor contingent assets and liabilities at 30 June 2023 (2022: nil).

**Note 14. Events subsequent to balance date**

Other than the items disclosed throughout this financial report, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operation of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

**Directors' Declaration**

In accordance with a resolution of the Directors of the Responsible Entity of the EGP Concentrated Value Fund (the "Fund"), I state that:

In the opinion of the Directors:

- (a) The financial statements and notes are prepared in accordance with the *Corporations Act 2001*, including:
  - i) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
  - ii) giving a true and fair view of the Fund's financial position as at 30 June 2023 and of its performance for the year ended on that date;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1;
- (c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in blue ink, appearing to read 'Drew K. Wilson', with a stylized flourish at the end.

Drew Wilson  
Director  
Sydney  
Dated this 20th day of September 2023

## Independent Auditor's Report to the unitholders of EGP Concentrated Value Fund

### Opinion

We have audited the financial report of EGP Concentrated Value Fund (the "Fund"), which comprises the statement of financial position as at 30 June 2023, 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 EGP Concentrated Value 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 2023 and of its financial performance for the year ended on that date; and
- b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for Opinion

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

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

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

The directors of Fundhost Limited as the Responsible Entity of the Fund (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 judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- ▶ Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund 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.

*Ernst & Young*

Ernst & Young

A handwritten signature in black ink, appearing to read 'S. Hooper', is shown within a light gray rectangular box.

Stacey Hooper  
Partner  
Sydney  
20 September 2023