

# **Platinum Global Fund**

**ARSN 600 630 537**

**Annual Report - 30 June 2018**

**Platinum Global Fund**  
**Contents**  
**30 June 2018**

Responsible Entity Report	2
Auditor's independence declaration	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	25
Independent Audit Report	26

These financial statements cover Platinum Global Fund ('PGF') as an individual entity. The responsible entity of PGF is Platinum Investment Management Ltd. (ABN : ABN 25 063 565 006).The Responsible Entity's registered office is Level 8, 7 Macquarie Place, Sydney NSW 2000

**Platinum Global Fund  
Responsible Entity Report  
30 June 2018**

The Directors of Platinum Investment Management Limited (trading as Platinum Asset Management<sup>®</sup>) ABN 25 063 565 006 AFSL 221935, the responsible entity of the Platinum Global Fund (referred to as the “*registered scheme*”, “*scheme*” or “*Fund*”) present its report, together with the financial statements, on the registered scheme for the year ended 30 June 2018.

**Principal Activities**

Platinum Global Fund is part of the mFund Settlement Service (mFund) offered by the Australian Securities Exchange (ASX). mFunds are unlisted managed funds that investors can access through a broker or directly with Platinum.

The principal activity of the registered scheme during the year was the investment of funds internationally into securities of companies, in accordance with the Product Disclosure Statement (PDS) and the Constitution.

The registered scheme was registered on 22 July 2014 and commenced trading on 5 September 2014.

The registered scheme did not have any employees during the year.

**Directors of the Responsible Entity**

The Directors of Platinum Investment Management Limited (‘PIML’) during the year and up to the date of this report unless otherwise stated were:

Andrew Clifford  
Kerr Neilson (until 23 July 2018)  
Elizabeth Norman  
Andrew Stannard

Kerr Neilson resigned as Managing Director of PIML effective 1 July 2018, and resigned as a Director on 23 July 2018. Andrew Clifford was appointed as the new Managing Director of PIML effective 1 July 2018.

**Significant Changes in the State of Affairs**

There were no significant changes to the state of affairs of the registered scheme during the year.

**Operating and Financial Review (OFR)**

The registered scheme has maintained its investment strategy in listed equities and currency contracts.

The strong returns generated for the 12 months to 30 June 2018 have continued for the twelve months to 30 June 2018 with the return for the twelve months to 30 June 2018 being 16.19%. The benchmark Morgan Stanley Capital International All Country World Net Index (MSCI) in A\$ terms generated a return of 14.95% for the same period. This outperformance of 1.24% for the 12 months period is a solid result.

The performance of the registered scheme, as represented by the results of its operations for the year ended 30 June 2018, was as follows:

	2018	2017
Net operating profit (\$'000)	5,819	5,708
Distribution paid and payable (\$'000)	3,174	877
Distribution (cents per unit)	9.05	3.23
Redemption price – (cum-distribution) (dollar per unit)	1.4499	1.2801

The method of operating the registered scheme is not expected to change in the foreseeable future.

**Reduction in the base fee rate**

From 3 July 2017, Platinum Global Fund adopted a management fee rate of 1.35% per annum. This represents a reduction of 0.05% from the previous management costs rate of 1.4% per annum, which benefits new and existing investor alike.

**Platinum Global Fund  
Responsible Entity Report (continued)  
30 June 2018**

**Change in portfolio management responsibilities from 1 July 2018**

From 1 July 2018, the portfolio management responsibilities for Platinum Global Fund changed. Platinum Global Fund was managed by Kerr Neilson and from 1 July 2018, the responsibility for managing the portfolio was transferred to Clay Smolinski.

Kerr Neilson continues as a full-time executive director of the Platinum Group and member of the Platinum investment team.

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

No matter or circumstance has arisen since 30 June 2018 that has significantly affected or may significantly affect:

- (i) the operations of the registered scheme in future years; or
- (ii) the results of those operations in future years; or
- (iii) the state of affairs of the registered scheme in future years.

**Likely Developments and Expected Results of Operations**

The registered scheme will continue to be managed in accordance with the investment objectives and guidelines as set out in the PDS of the registered scheme and in accordance with the provisions of the registered scheme Constitution.

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

**Indemnification and insurance of officers and auditors**

No insurance premiums are paid for out of the assets of the registered scheme with regard to insurance cover provided to either the Investment Manager, Platinum Investment Management Limited, or the Auditor of the registered scheme. As long as the officers of the responsible entity act in accordance with the scheme's Constitutions and the Law, they remain fully indemnified out of the assets of the registered scheme against any losses incurred while acting on behalf of the registered scheme. The Auditor of the registered scheme is in no way indemnified out of the assets of the registered scheme.

**Fees paid to and interests held in the registered scheme**

Fees paid to the responsible entity out of registered scheme's property during the year are disclosed in Note 12 to the financial statements. No fees were paid out of the registered scheme's property directly to the Directors of the responsible entity during the year.

**Units on issue**

The movements in units on issue in the registered scheme during the year have been disclosed in Note 5 to the financial statements.

**Environmental regulation**

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

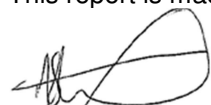
**Rounding of amounts to the nearest thousand dollars**

The registered scheme is of a kind referred to in *ASIC Corporations "Rounding in Financial/Directors' Reports" Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with this Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

**Auditor's independence declaration**

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

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



Andrew Stannard  
Director

Sydney  
31 August 2018



## *Auditor's Independence Declaration*

As lead auditor for the audit of Platinum Global Fund for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read "Simon Cuthbert".

Simon Cuthbert  
Partner  
PricewaterhouseCoopers

Sydney  
31 August 2018

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Liability limited by a scheme approved under Professional Standards Legislation.

**Platinum Global Fund**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2018**

	<b>Note</b>	<b>2018 \$'000</b>	<b>2017 \$'000</b>
<b>Investment income</b>			
Dividends		754	642
Interest		30	32
Net gains on financial assets at fair value through profit or loss		5,697	5,642
Net foreign exchange gains/(losses) on forward currency contracts		145	2
Net foreign exchange gains/(losses) on bank accounts		(47)	(46)
<b>Total net investment income</b>		<b>6,579</b>	<b>6,272</b>
<b>Expenses</b>			
Management fee	12	601	406
Administration fee		-	29
Withholding tax on foreign dividends		70	58
Transaction costs		89	71
<b>Total expenses</b>		<b>760</b>	<b>564</b>
<b>Operating profit</b>		<b>5,819</b>	<b>5,708</b>
<b>Financing costs attributable to unitholders</b>			
Distributions to unitholders	6	-	(877)
Increase in net assets attributable to unitholders	5		
- Arising from operations		-	-
- Arising from differences in valuation inputs used in unit pricing compared to financial statements		-	(4,831)
<b>Profit for the year*</b>		<b>5,819</b>	<b>-</b>
Other comprehensive income		-	-
<b>Total comprehensive income**</b>		<b>5,819</b>	<b>-</b>

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

\*Net profit reflects the unrealised income at 30 June 2018 and is not required to be distributed to unitholders

\*\* Effective from 1 July 2017, the Fund's redeemable units have been reclassified from liability to equity. Under the liability treatment, distributions and changes in the net assets attributable to unitholders were presented as a finance cost in the statement of comprehensive income. Under the equity treatment, distributions and changes in net assets attributable to unitholders are recognised in the statement of changes in equity. Refer to note 2 for further details.

**Platinum Global Fund**  
**Statement of Financial Position**  
**For the year ended 30 June 2018**

	<b>Note</b>	<b>2018 \$'000</b>	<b>2017 \$'000</b>
<b>Assets</b>			
Cash and cash equivalents	13(a)	6,928	4,505
Receivables	7	482	259
Financial assets at fair value through profit or loss	4	43,711	30,385
<b>Total Assets</b>		<u>51,121</u>	<u>35,149</u>
<b>Liabilities</b>			
Unitholders' distribution payable	6	3,174	877
Payables	8	56	247
Financial liabilities at fair value through profit or loss	4	75	67
<b>Total Liabilities (excluding net assets attributable to unitholders)</b>		<u>3,305</u>	<u>1,191</u>
<b>Net Assets Attributable to Unitholders - Liability*</b>	5	-	33,958
<b>Net Assets Attributable to Unitholders - Equity*</b>	5	<u>47,816</u>	<u>-</u>

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

\*Effective from 1 July 2017, the Fund's redeemable units have been reclassified from liability to equity. Refer to note 2 for further detail.

**Platinum Global Fund**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2018**

	<b>Note</b>	<b>2018 \$'000</b>	<b>2017 \$'000</b>
<b>Total equity at the beginning of the year</b>		-	-
Reclassification due to Attribution Managed Investment Trust ("AMIT") tax regime implementation*		33,958	
Profit for the year		5,819	-
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		5,819	-
<b>Transactions with equity holders</b>			
Applications	5	14,002	-
Redemptions	5	(2,789)	
30 June distribution payable	6	(3,174)	-
		8,039	
<b>Total equity at the end of the year*</b>		47,816	-

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

\*Effective from 1 July 2017, the Fund's redeemable units have been reclassified from liability to equity. Refer to note 2 for further detail. As a result, equity transactions, including distributions since 1 July 2017, have been disclosed in the above statement for the year ended 30 June 2018.

**Platinum Global Fund**  
**Statement of Cash Flows**  
**For the year ended 30 June 2018**

	<b>Note</b>	<b>2018 \$'000</b>	<b>2017 \$'000</b>
<b>Cash flows from operating activities</b>			
Purchase of financial assets	6,7	(27,947)	(23,350)
Proceeds from sale of financial assets		20,033	18,701
Interest received		26	32
Dividends received		696	565
Management fees paid		(588)	(422)
Other expenses paid		(90)	(73)
<b>Net cash outflow from operating activities</b>	13(c)	<u>(7,870)</u>	<u>(4,547)</u>
<b>Cash flows from financing activities</b>			
Proceeds from units issued (applications)	12	14,002	8,437
Payment for units redeemed (redemptions)	5	(2,789)	(2,626)
Distribution paid		(877)	(519)
<b>Net cash inflow from financing activities</b>		<u>10,336</u>	<u>5,292</u>
<b>Net increase in cash and cash equivalents</b>		2,466	745
Cash and cash equivalents at beginning of the year		4,505	3,806
Effects of exchange rate changes on cash and cash equivalents		(43)	(46)
<b>Cash and cash equivalents at the end of the year</b>	13(a)	<u>6,928</u>	<u>4,505</u>

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

## **Note 1 General Information**

Platinum Investment Management Limited (ABN 25 063 565 006 AFSL 221935) is the responsible entity of the registered scheme. The registered office is Level 8, 7 Macquarie Place, Sydney, NSW 2000.

The registered scheme may be wound up on the day immediately preceding the 80<sup>th</sup> anniversary of the date of commencement, unless terminated earlier in accordance with the provisions of the Constitution.

The financial report was authorised for issue by the Directors of the responsible entity on 31 August 2018. The Directors have the power to amend the financial report after issue.

Reclassification of units from financial liability to equity

On 5 May 2016, a new tax regime applying to Managed Investment Trusts ("MITs") was established under the Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016. The Attribution Managed Investment Trust ("AMIT") regime allows MITs that meet certain requirements to make an irrevocable choice to be an AMIT. In order to allow the Fund to elect into and operate within the AMIT tax regime, the Fund's Constitution was amended. This allowed the Fund to meet the conditions to adopt the AMIT tax regime effective 1 July 2017. As the AMIT regime allows the Responsible Entity to attribute income to its unitholders, the units in the Fund were reclassified from a financial liability to equity on 1 July 2017.

## **Note 2 Summary of Significant Accounting Policies**

### **(a) Basis of preparation of the financial statements**

The financial statements have been prepared in accordance with the requirements of the registered scheme's Constitution, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The registered scheme is a for-profit entity for the purpose of preparing the financial report.

The financial statements have been prepared on a historical basis, except for financial assets and liabilities measured at fair value.

The Statement of Financial Position is presented on a liquidity basis. Specifically, assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All investment-related balances are expected to be recovered or settled within 12 months, except for financial assets at fair value through profit or loss and net assets attributable to unitholders.

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

In the case of net assets attributable to unitholders, the units are redeemed on demand at the unitholder's discretion. However, it is recommended that holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

#### *Compliance with International Financial Reporting Standards*

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

#### *Critical Accounting Estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates and judgements, which are included in the accounting policies below.

### **(b) Income Tax**

Under current tax legislation, the registered scheme is not subject to income tax as unitholders will have the income of the Fund attributed to them.

The benefits of any offsets for foreign tax paid are passed on to unitholders.

**Note 2 Summary of Significant Accounting Policies (continued)**

**(c) Financial Assets and Liabilities at Fair Value through Profit or Loss**

*Fair value in an active market*

The fair value of financial assets and liabilities traded in active markets uses quoted market prices at reporting date without any deduction for estimated future selling costs. Financial assets are valued using “last-sale” pricing. Gains and losses arising from changes in the fair value of the financial assets/liabilities are included in the Statement of Comprehensive Income in the year they arise.

Forward currency contracts are initially recognised at fair value on the date contracts are entered into and are subsequently remeasured at each reporting date. The fair value is the unrealised profit or loss on the foreign currency position (in Australian dollars).

*Fair value in an inactive market 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, discounted cash flow techniques or any other valuation techniques that provides a reliable estimate of prices obtained in actual market transactions. Options are valued with reference to the quoted price of the underlying index or share. If there is no liquid market available, the options are valued based on the option prices provided by an arm’s length broker. These valuations are based on option pricing models.

*Recognition/derecognition*

The registered scheme recognises financial assets on the date they become party to the purchase contractual agreement (trade date) and recognise changes in fair value of the financial assets from this date.

The registered scheme no longer recognises financial assets on the date they become party to the sale contractual agreement (trade date).

**(d) Transaction costs**

Initial measurement (cost) on acquisition of trading securities shall not include directly attributable transaction costs, such as fees and commissions paid to agents. Incremental transaction costs on financial assets at fair value through profit or loss are expensed immediately.

**(e) Net assets attributable to unitholders**

Units are redeemable at the unitholder’s option, however applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders. The units are classified as equity as the Fund has only one class of units and no contractual obligation to pay distributions.

**(f) Foreign currency translation**

Items included in the registered scheme’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 country that the registered scheme is regulated, funds are raised and distributions are paid. The Australian dollar is also the registered scheme’s presentation currency.

Transactions denominated in foreign currencies are translated into Australian currency at the rates of exchange prevailing on the date of the transaction. Foreign currency assets and liabilities are translated at the closing exchange rates at the date of the Statement of Financial Position. Resulting exchange differences are brought to account in determining profit and loss for the year.

**(g) Investment income**

*Interest Income*

Interest income is recognised in the Statement of Comprehensive Income, using the active interest rate available on the bank accounts held at various locations throughout the world.

*Dividend Income*

Dividend income is brought to account on the applicable ex-dividend date for equities and payment date for Participatory Notes.

## Note 2 Summary of Significant Accounting Policies (continued)

### (h) Distributions

A new tax regime applying to Managed Investment Trusts ("MITs") was established under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016* ("AMIT"). Unitholders will be taxed on the income of the AMIT 'attributed' to them by the Responsible Entity.

The Fund's Constitution has been amended to allow it to elect into the AMIT regime, under which the Responsible Entity would have the discretion to pay (or not to pay) distributions. The Responsible Entity has approved the Fund's election into the AMIT regime in respect of the year ended 30 June 2018, subject to the Fund's satisfaction of the relevant criteria for AMIT election. Taken together, the Constitution's amendments and the Responsible Entities intention to elect into AMIT mean that there is no contractual obligation to pay distributions for the year ending 30 June 2018. Consequently, the units in the Fund have been re-classified as equity rather than as liabilities. As a result of the change in classification, the below accounting policies are applicable from 1 July 2017.

The responsible entity intends to fully distribute any attributable income to unitholders by cash or reinvestment. Attributable income is determined by reference to the taxable income of the registered scheme.

### (i) Receivables

All receivables are recognised when a right to receive payment is established. Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for bad debts. Debts that are known to be uncollectible are written off.

Amounts due from brokers represent receivables for securities sold that have been contracted for, but not yet delivered by the reporting date. Trades are recorded on trade date. Proceeds on sale of investments are usually received between 2 and 5 days after trade date.

### (j) Payables

All payables are recognised as and when the registered scheme becomes liable.

Amounts due to brokers represent payables for securities purchased that have been contracted for, but not yet delivered by the reporting date. Trades are recorded on trade date. Payables on purchase of investments are usually paid between 2 and 5 days after trade date.

### (k) Applications and redemptions

Applications received for units in the registered scheme are recorded net of any entry fees payable prior to the issue of units in the registered scheme. Redemptions from the registered scheme are recorded gross of any exit fees payable after the cancellation of units redeemed. The redemption price is determined by reference to the net assets of the registered scheme divided by the number of units on issue at or immediately prior to close of business each day. Issues and redemptions of units are processed simultaneously.

### (l) Rounding of amounts to the nearest thousand dollars

The registered scheme is of a kind referred to in *ASIC Corporations "Rounding in Financial/Directors' Reports" Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in these financial statements have been rounded off in accordance with this Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

### (m) Goods and Services Tax ("GST")

The GST paid on the costs of various services provided to the registered scheme, such as Investment Management fees, have been passed onto the registered scheme. Investment Management fees have been recognised in the Statement of Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office ("ATO"). GST recoverable from the ATO at reporting date 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) Operating segments

The registered scheme is outside the scope of AASB 8: *Operating Segments* as it does not satisfy the requirement, under AASB 8, of having debt or equity instruments traded in a public market, or file their financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

**Note 2 Summary of Significant Accounting Policies (continued)**

**(o) Cash and cash equivalents**

For the purposes of the Statement of Cash Flows, cash includes deposits held at call with financial institutions, cash held in margin accounts and other short term, highly liquid investments with original maturities of 3 months or less that is readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of financial assets are classified as “cash flows from operating activities” as realised and unrealised gains (and losses) on financial assets represent the registered scheme’s main operating activity.

**(p) Offsetting a financial asset and a financial liability**

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**(q) Unitholders’ funds**

Units are redeemable at the unitholder’s option and are classified as equity as the Fund has only one class of units and no contractual obligation to pay distributions.

A unitholder can redeem units at any time for cash based on the redemption price, which is equal to a proportionate share of the unitholders’ funds.

The units are carried at the redemption amount that is payable at the end of the reporting period if the unitholders exercise the right to redeem the units in the Fund.

**(r) Redeemable units**

The Fund issues redeemable units, which are redeemable at the unitholder’s option and are classified as equity in accordance with AASB 132: *Financial Instruments: Presentation*.

**(s) Increase/(decrease) in unitholders’ funds**

Movements in unitholders’ funds are recognised in the statement of changes in equity.

Apart from the above, the accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period.

**(t) New accounting standards and interpretations**

Australian Accounting Standards and Interpretations that have been issued or amended but are not yet mandatory, have been adopted by the registered scheme for the annual reporting period ended 30 June 2018. The registered scheme’s assessment of the impact of the new or amended Accounting Standards and Interpretations, most relevant to the registered scheme, are set out below.

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

AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities. It also includes revised rules around hedge accounting and impairment. The standard is applicable for annual reporting periods beginning on or after 1 January 2018.

More specifically AASB 9 replaces the classification and measurement model in AASB 139: *Financial Instruments: recognition and measurement* with a new model that classifies financial assets based on a) the business model within which the assets are managed, and b) whether contractual cash flows under the instrument solely represent the payment of principal and interest. The responsible entity has assessed the classification and measurement aspects of AASB 9 on the financial statements. Given the registered scheme reports its investments on a fair value basis, the responsible entity expects on adoption that all financial assets will remain managed and classified at fair value through profit or loss resulting in no impact to the financial performance or position of the registered scheme.

**Note 2 Summary of Significant Accounting Policies (continued)**

**(t) New accounting standards and interpretations (continued)**

The hedging and impairment aspects of the new standard have also been assessed as having no impact as the registered scheme does not enter into hedging arrangements and is not impacted by write-downs because the financial assets and liabilities are carried at fair value through profit or loss.

The registered scheme expects to adopt this standard in the financial year which commenced on 1 July 2018.

*AASB 15: Revenue from contracts with customers and amendments to AASB 15*

The main objective of this standard is to provide a single revenue recognition model based on the transfer of goods and services and the consideration expected to be received in return for that transfer. The standard is applicable for annual reporting period beginning on or after 1 January 2018.

The registered scheme's main source of income is investment income, in the form of gains on equities and derivatives, foreign currency forward contracts and overseas bank accounts, as well as interest and dividend income. All of these income types are outside the scope of the standard. The standard was assessed as not having a material impact on the registered scheme's results in the current or future reporting periods. The registered scheme expects to adopt this standard for annual periods commencing from 1 January 2018.

There are no other standards that are not yet effective that are expected to be relevant to the registered scheme in the current or future reporting periods and on foreseeable future transactions.

**Platinum Global Fund**  
**Notes to the Financial Statements**  
**30 June 2018**

**Note 3 Auditor's Remuneration**

	<b>2018</b> <b>\$</b>	<b>2017</b> <b>\$</b>
Auditing of the financial report	20,600	19,793
Auditing the Compliance Plan	4,635	5,305
Taxation and regulatory services – Compliance	31,650	21,632
Other advisory services - Foreign tax agent	-	834
	<u>56,885</u>	<u>47,564</u>

**Note 4 Financial Assets and Liabilities at Fair Value through Profit or Loss**

	<b>2018</b> <b>\$'000</b>	<b>2017</b> <b>\$'000</b>
<b>Financial assets</b>		
<i>Held for trading</i>		
Forward currency contracts	171	166
Total held for trading	<u>171</u>	<u>166</u>
<i>Designated at fair value through profit or loss</i>		
Equity securities	43,540	30,219
Total designated at fair value through profit or loss	<u>43,540</u>	<u>30,219</u>
Total financial assets held at fair value through profit or loss	<u>43,711</u>	<u>30,385</u>
<b>Financial liabilities</b>		
<i>Held for trading</i>		
Forward currency contracts	75	67
Total held for trading	<u>75</u>	<u>67</u>
Total financial liabilities held at fair value through profit or loss	<u>75</u>	<u>67</u>
Total of financial assets less liabilities	<u>43,636</u>	<u>30,318</u>

**Platinum Global Fund**  
**Notes to the Financial Statements**  
**30 June 2018**

**Note 5 Net Assets Attributable to Unitholders**

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

	<b>30 June 2018 Number</b>	<b>30 June 2017 Number</b>	<b>30 June 2018 \$'000</b>	<b>30 June 2017 \$'000</b>
Opening balance	27,144	22,201	33,958	23,316
Applications	9,911	7,210	14,002	8,437
Redemptions	(1,976)	(2,267)	(2,789)	(2,626)
Increase in net assets attributable to unitholders	-	-	2,645	4,831
Closing balance	<u>35,079</u>	<u>27,144</u>	<u>47,816</u>	<u>33,958</u>

**Note 6 Distributions Payable**

	<b>2018 \$'000</b>	<b>2017 \$'000</b>
The distributions were payable as follows:		
30 June payable	<u>3,174</u>	<u>877</u>

**Note 7 Receivables**

	<b>2018 \$'000</b>	<b>2017 \$'000</b>
Proceeds on sale of financial assets	380	150
GST receivable	6	5
Interest receivable	4	-
Dividends receivable	78	98
Dividend tax refund receivable	14	6
	<u>482</u>	<u>259</u>

Information relating to the ageing of receivables at 30 June 2018 is provided in Note 9.

**Note 8 Payables**

	<b>2018 \$'000</b>	<b>2017 \$'000</b>
Payables on purchase of financial assets/liabilities	-	204
Management (and administration fees)*	56	43
	<u>56</u>	<u>247</u>

\*From 3 July 2017, administration fees no longer applied.

Payables on purchase of investments are usually paid between 2 and 5 days after trade date. Information relating to the registered scheme's exposures of payables to liquidity risk is provided in Note 9.

## Note 9 Financial Risk Management

### (a) Financial Risk Management Objectives, Policies and Processes

The registered scheme's primary risks are related to the investment activities undertaken on its behalf by the responsible entity. The risks that the scheme is exposed to include market risk (including foreign exchange currency risk and price risk), credit risk and liquidity risk.

The responsible entity's investment style:

- adopts a bottom-up stock selection methodology such that long-term capital growth is sought through investing in undervalued securities across the world;
- seeks absolute returns and not returns relative to any index;
- invests excess funds in cash when undervalued stocks cannot be found; and
- actively manages currency.

### (b) Investments at Fair Value

The table below summarises the location of the registered scheme's investments.

	2018 \$'000	2017 \$'000
Japan	7,914	5,709
Other Asia*	16,699	11,733
Australia	466	-
Europe – Euro	3,330	4,526
Europe – Other	6,495	2,365
North America	8,636	5,752
South America	-	134
	<u>43,540</u>	<u>30,219</u>

\*the three Asian (ex Japan) markets with the largest investment exposure in the current year were: China ex PRC \$10,534,912, Korea \$3,020,237 and India \$2,050,540. "China ex PRC" refers to Chinese investments listed outside mainland China.

### (c) Market Risk

#### (i) Foreign Exchange Risk

Foreign exchange risk is the risk the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates.

The registered scheme operates internationally and is exposed to foreign exchange risk arising from buying, selling and holding investments denominated in foreign currency.

Currency hedging is an integral part of the management of currency risk. The Investment Manager positions the registered scheme's portfolio in what it believes will be a stronger currency(ies). At 30 June 2018, the portfolio remains heavily hedged back into US Dollars (44.84%, including 12.94% in Hong Kong Dollars), with 21.53% in various European currencies, including the Norwegian Krone and Swiss Francs. The scheme's exposure to the Japanese Yen remains low (12.51%) and it had 1.47% in the Australian Dollar prior to the 30 June cash distribution. In addition, the scheme had a hedge of 3.98% against the Chinese Yuan.

The Investment Manager may use forward foreign exchange contracts to position the registered scheme's portfolio in the desired currencies. A currency exposure may be positioned using a different currency from which the exposure is maintained (for example, US dollar positions may be used to hedge the currency risk of holding investments in Hong Kong dollars).

**Note 9 Financial Risk Management (continued)**

**(c) Market Risk (continued)**

**(i) Foreign Exchange Risk (continued)**

Where there have been major currency movements, or where currencies are perceived to be over or undervalued, the Investment Manager may look for investments whose operating environment has been distorted by the currency as part of the search for undervalued stocks. There may even be opportunities for stocks impacted by a lower currency (for example, export-oriented stocks).

The table below summarises the registered scheme's exposures to foreign exchange risk:

	2018				2017			
	Physical	Bought	Sold	Net	Physical	Bought	Sold	Net
	\$'000	\$'000	\$'000	Exposure \$'000	\$'000	\$'000	\$'000	Exposure \$'000
Japan	8,388	-	(2,324)	6,064	5,847	299	(3,325)	2,821
Other Asia*	12,681	1,016	-	13,697	8,778	-	(1,335)	7,443
Australia	4,929	-	(4,180)	749	1,606	-	-	1,606
Europe – Euro	4,470	997	-	5,467	4,600	1,064	(269)	5,395
Europe – Other	4,748	1,142	(369)	5,521	2,384	2,095	-	4,479
North America	15,348	6,873	(3,155)	19,066	11,474	4,660	(3,189)	12,945
South America	-	-	-	-	134	-	-	134
	50,564	10,028	(10,028)	50,564	34,823	8,118	(8,118)	34,823

Forward foreign currency contracts are adjusted against the "Physical" column to arrive at a "Net Exposure" for each currency grouping. The registered scheme generally utilises short dated (90 day maturity) currency agreements with high credit rating counterparties. Generally, the existing forward currency maturity dates range from 0 to 82 days.

*Foreign exchange risk sensitivity analysis*

The sensitivity analysis below shows the impact a 10% movement in foreign currency at reporting date would have on the registered scheme's profit on monetary and non-monetary assets and liabilities such as cash, forward contracts and equities.

A sensitivity of 10% has been selected as this is considered reasonably possible given current exchange rates and the volatility observed both on a historic basis and possible future movements. The table presents the foreign currency or currencies with the largest impact on profit for the registered scheme.

	2018 +10% \$'000	2018 -10% \$'000	2017 +10% \$'000	2017 -10% \$'000
United States Dollar	(1,666)	2,032	(1,172)	1,432
Euro	(498)	608	(496)	607
Other	(2,413)	2,947	(1,355)	1,657

The sensitivity analysis shows that the registered scheme is materially affected by exchange rate movements (other things being equal), given the global nature of the investments held.

The above currencies have been used as proxies for the registered scheme's physical exposure in those currencies. A sensitivity of 10% has been selected as this is considered reasonably possible.

## Note 9 Financial Risk Management (continued)

### (c) Market Risk (continued)

#### (ii) Interest Rate Risk

Interest rate risk is the possibility the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The overwhelming majority of the registered scheme's financial assets and liabilities are non-interest bearing. The registered scheme has a policy of not borrowing money, other than for settlement of trades. Cash holdings are directly affected by interest rate movements, but at balance date, interest rates on these cash accounts are very low (and range from -1.75% to 0.25%).

Interest rate risk indirectly affects the registered scheme because interest rate movements will affect forward points used in determining gains or losses on forward contracts.

At 30 June 2018, if interest rates had changed by +/- 100 basis points with all other variables held constant, the direct impact on interest income would not be significant for the registered scheme.

#### (iii) Price Risk

Market prices fluctuate due to a range of factors specific to the individual investments or factors affecting the market in general.

Platinum Asset Management's stock selection process is core to the management of price risk. Moreover, whilst we use the MSCI to measure relative performance, risk in our view is not solely relative performance versus a benchmark - but also the prospect of losing money (i.e. absolute returns). Platinum adopts a thematic stock selection approach and is referred to as an "active manager". Platinum seeks a broad range of investments whose business and growth prospects are being undervalued by the market. Accordingly, holdings in the registered scheme vary considerably from the make-up of the index. Active fund managers such as Platinum seek to outperform the market as represented by an appropriate index.

#### *Price risk sensitivity analysis*

Price risk exposure arises from the registered scheme's investment portfolio that comprises investments in securities. The effect on net assets attributable to unitholders due to a reasonably possible change in market factors, as represented by a +/- 10% movement in the key regional markets affecting the registered scheme's performance and results, with all other variables held constant is indicated as follows:

	2018 +10% \$'000	2018 -10% \$'000	2017 +10% \$'000	2017 -10% \$'000
United States	781	(781)	568	(568)
China*	1,053	(1,053)	609	(609)
Japan	791	(791)	571	(571)
Korea	302	(302)	282	(282)

\* China includes Chinese stocks listed outside mainland China.

If all other markets moved +/- 10% the impact would be \$1,097,000/(\$1,097,000) (2017: \$701,000/(\$701,000)). A sensitivity of 10% has been selected as this is considered reasonably possible. However, given the volatility of investment markets, increases or decreases greater than this are possible.

Note that the above analysis is based on the assumption that the registered scheme's stocks moved in correlation with the respective markets or regions. The markets or regions provided above are a reference point only. Actual movements in stock prices may vary significantly to movements in the markets or regions.

**Note 9 Financial Risk Management (continued)**

**(d) Credit Risk**

Credit risk relates to the risk of a counterparty defaulting on a financial obligation resulting in a loss to the registered scheme (typically "non-equity" financial instruments or cash/deposit holdings).

The exposure to credit risk for forward currency contracts is any unrealised profit, margins and collateral paid on the positions (the money the registered scheme would lose if the counterparty defaulted) at reporting date.

The table below shows the registered scheme's counterparty credit risk exposure by credit rating.

Rating	2018 \$'000	2017 \$'000
AA-	2,446	30
A	4,448	4,499
A-	1,514	929
BBB+	695	485
	<u>9,103</u>	<u>5,943</u>

The Investment Manager regularly monitors the registered scheme's credit risk exposures to counterparties and seeks to manage the risk by spreading exposure over a number of counterparties, by signing standard International Swaps and Derivatives Association (ISDA) master agreements and net settlement contracts, employing two-way symmetrical margining of unrealised profits and losses and by controlling the duration of contracts to be short-term.

Transactions in listed securities and investments are only entered into with approved brokers. Payment is only made once a broker has received securities and delivery of securities sold only occurs once the broker receives payment.

*Ageing analysis of receivables*

The registered scheme's ageing analysis of receivables (disclosed in Note 7) at 30 June 2018 is as follows:

Ageing	2018 \$'000	2017 \$'000
0-30 days	415	177
31-60 days	36	75
61-90 days	10	-
90+ days	21	7
	<u>482</u>	<u>259</u>

The amounts 90 days and over are past due, but no receivables are impaired.

## Note 9 Financial Risk Management (continued)

### (e) Liquidity Risk

The registered scheme is exposed to cash redemptions of redeemable units. It holds equities that are traded on active markets and, if necessary, these can be disposed.

#### *Contractual maturity analysis*

#### (i) Non-financial liabilities

The amounts below represent the contractual maturity of non-financial liabilities.

	2018 \$'000	2017 \$'000
<b>Payable within 3 months</b>		
Payables on purchase of financial assets/liabilities	-	204
Management (and administration fees) payable (Note 8)	56	43
Unitholders' distribution payable (Note 6)	3,174	877
Operating liabilities	3,230	1,124
<b>Net assets realisable in 1 year or less to meet operating liabilities</b>	<b>51,046</b>	<b>35,082</b>

Assets realisable in 1 year or less include equities, foreign currency contracts and cash and cash equivalents.

#### (ii) Financial liabilities

The amounts below represent the maturity of foreign exchange outflows based on the position at 30 June.

	2018 \$'000	2017 \$'000
<b>Payable within 3 months</b>		
Forward currency contracts	75	67
	<u>75</u>	<u>67</u>

At 30 June 2018, there are no other contractual amounts due or payable after 3 months.

The maximum capital risk resulting from financial instruments is determined by the fair value of financial instruments.

The registered scheme is exposed to daily cash redemptions. If necessary, investments may be realised to cover these redemptions as they are generally readily convertible to cash. The risk management guidelines adopted are designed to minimise liquidity risk through:

- ensuring that there is no significant exposure to illiquid or thinly traded financial instruments; and
- applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market.

The registered scheme prepares daily cash forecasts and maintains sufficient cash to meet normal operating requirements. The registered scheme has a policy of not borrowing money, other than on a short-term basis for settlement, trading and like purposes.

### (f) Capital Risk Management

The responsible entity manages the registered scheme's net assets attributable to unitholders as capital. The amount of net assets attributable to unitholders can change on a daily basis as the registered scheme is subject to daily applications and redemptions at the discretion of unitholders.

## **Note 10 Fair Value Hierarchy**

AASB 13: *Fair Value Measurement* requires the registered scheme to classify its assets and liabilities held at fair value based on the following fair value hierarchy model:

- a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- b) 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) (level 2); and
- c) inputs for the assets or liabilities that are not based on observable market data (unobservable inputs) (level 3).

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

- equity securities; and
- forward currency contracts.

The table below analyses within the fair value hierarchy model, the registered scheme's assets and liabilities measured at fair value at 30 June 2018.

<b>30 June 2018</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets</b>			
Equity securities	41,509	2,031	43,540
Forward currency contracts	-	171	171
	<u>41,509</u>	<u>2,202</u>	<u>43,711</u>
<b>Financial liabilities</b>			
Forward currency contracts	-	75	75
	<u>-</u>	<u>75</u>	<u>75</u>
<b>Total of financial assets less liabilities</b>	<u>41,509</u>	<u>2,127</u>	<u>43,636</u>

<b>30 June 2017</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets</b>			
Equity securities	28,938	1,281	30,219
Forward currency contracts	-	166	166
	<u>28,938</u>	<u>1,447</u>	<u>30,385</u>
<b>Financial liabilities</b>			
Forward currency contracts	-	67	67
	<u>-</u>	<u>67</u>	<u>67</u>
<b>Total of financial assets less liabilities</b>	<u>28,938</u>	<u>1,380</u>	<u>30,318</u>

The registered scheme's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting year. There were no transfers between levels 1 and 2 for any assets or liabilities measured at fair value during the year.

### **Valuation techniques used to classify assets and liabilities as level 1**

The majority of the equity securities held by the registered scheme are valued using quoted prices in active markets, and these are classified as Level 1 in the fair-value hierarchy model.

### **Valuation techniques used to classify assets and liabilities as level 2**

There are some financial instruments that have been classified as level 2, because there is a degree of adjustment made to the quoted price i.e., whilst all significant inputs required for fair value measurement are observable and quoted on an active market, there is a degree of estimation or adjustment involved in deriving the fair value. Examples include:

- Foreign exchange contracts are classified as level 2, even though forward points are quoted in an active and liquid market. The forward points themselves are based on interest rate differentials; and
- Certain P-Notes/warrants are classified as level 2, because they are traded over-the counter and are often priced in a different currency to the underlying security.

## **Note 11 Key Management Personnel Disclosures**

AASB 124: *Related Party Disclosures* defines key management personnel as “persons having authority and responsibility for planning, directing and controlling activities of the entity”. The only employees that have this authority and responsibility are the Directors of Platinum Investment Management Limited.

### **Key management personnel**

The following persons were key management personnel of Platinum Investment Management Limited during the financial year up to 30 June 2018:

Andrew Clifford  
Kerr Neilson (until 23 July 2018)  
Elizabeth Norman  
Andrew Stannard

There are no other key management personnel within Platinum Investment Management Limited.

### **Service Agreements**

The Directors do not have service agreements as they are employees of Platinum Investment Management Limited.

### **Related parties**

Disclosures relating to manager’s fees payable to Platinum Investment Management Limited are set out in note 12.

## **Note 12 Related Parties**

### **Responsible Entity**

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935 is the responsible entity of the registered scheme.

### **Directors of the Responsible Entity**

Key management personnel include persons who were Directors of Platinum Investment Management Limited at any time during the financial year as follows:

Andrew Clifford  
Kerr Neilson (until 23 July 2018)  
Elizabeth Norman  
Andrew Stannard

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

### **Transactions with key management personnel**

Key management personnel services are provided by Platinum Investment Management Limited and included in the responsible entity fees below. There was no compensation paid directly by the registered scheme to any of the key management personnel.

**Note 12 Related Parties (continued)**

**Related party unitholdings**

Units held by related parties of the registered scheme are as follows:

Unitholder	No. of Units held opening	No. of Units held closing	Investment (cum- distribution) (\$)	Interest held (%)	No. of Units acquired	No. of Units disposed	Distributions paid/payable by the Fund (\$)
<b>30 June 2018</b>							
Key management personnel	5,000,000	5,000,000	7,249,500	14.06	-	-	452,460
Other related parties	5,542,840	5,578,878	8,088,815	15.69	36,038	-	501,582
	10,542,840	10,542,840	15,338,315	29.75	36,038	-	954,042
<b>30 June 2017</b>							
Key management personnel	5,000,000	5,000,000	6,400,500	18.42	-	-	161,485
Other related parties	5,529,180	5,542,840	7,095,390	20.42	13,661	-	178,576
	10,529,180	10,542,840	13,495,890	38.84	13,661	-	340,061

**Responsible Entity Fees**

Fees paid by the registered scheme include management fees (calculated at 1.35% per annum (2017:1.40%) exclusive of GST of the registered schemes' net asset value and payable monthly). The fees, exclusive of GST, are as follows:

	2018 \$	2017 \$
Fees for the year paid and payable by the registered scheme to the responsible entity	601,148	435,182
Aggregate amounts payable by the registered scheme at reporting date	55,771	42,875

**Note 13 Reconciliation of Net Profit to Net Cash Inflow from Operating Activities**

**(a) Reconciliation of Cash**

For the purposes of the Statements of Cash Flows, cash includes deposits at call, cash at bank and short term investments with maturities of 90 days or less. Cash at the end of the year, as shown in the Statement of Cash Flows, is reconciled to the related items in the Statement of Financial Position as follows:

	2018 \$'000	2017 \$'000
Cash and cash equivalents	6,894	4,505
Cash on deposit held within the portfolio	34	-
	6,928	4,505

The registered scheme maintains bank accounts at various locations throughout the world to enable the settlement of purchases and sales of investments and to conduct other normal banking transactions. All accounts are at call and the majority bears floating interest rates in the range of -1.75% to 0.35%. Information in relation to the registered scheme's exposures to interest rate risk is provided in Note 9.

**(b) Non Cash Financing Activities**

	2018 \$'000	2017 \$'000
During the year, the following distribution payments were reinvested in additional units	644	181

**Note 13 Reconciliation of Net Profit/(Loss) to Net Cash Inflow from Operating Activities (continued)**

**(c) Reconciliation of Net Cash from Operating Activities to Operating Profit**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Net operating profit</b>	5,819	5,708
Increase in investments	(13,318)	(9,948)
Increase in exchange rates	43	46
Decrease in settlements receivable	(230)	(144)
(Increase)/decrease in dividends and tax refund receivable	12	(77)
(Increase)/decrease in interest receivable	(4)	-
Increase in other receivables	(1)	(2)
Decrease in settlements payable	(204)	(143)
Increase in management (and administration fees) payable	13	13
<b>Net Cash Flows from operating activities</b>	<u>(7,870)</u>	<u>(4,547)</u>

**Note 14 Events Occurring after the Statements of Financial Position Date**

No significant events have occurred since Statement of Financial Position date that would impact the financial position of the registered scheme as at 30 June 2018 and the results of the year ended on that date.

**Note 15 Contingent Assets, Liabilities and Commitments**

The registered scheme has no contingent assets, liabilities or commitments as at 30 June 2018.

**Platinum Global Fund  
Directors' Declaration  
As at 30 June 2018**

In the Directors' opinion, the financial statements and notes of Platinum Global Fund:

- (a) 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 financial position of the registered scheme as at 30 June 2018 and of its performance as represented by the results of its operations, changes in equity and its cash flows for the year ended on that date;
- (b) there are reasonable grounds to believe that the registered scheme will be able to pay its debts as and when they become due and payable; and
- (c) Note 2 (a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.



Andrew Stannard  
Director

Sydney  
31 August 2018



## *Independent auditor's report*

To the unitholders of Platinum Global Fund

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### *Our opinion*

In our opinion:

The accompanying financial report of Platinum Global Fund (the Registered Scheme) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Registered Scheme's financial position as at 30 June 2018 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### *What we have audited*

The financial report comprises:

- the statement of financial position as at 30 June 2018
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the Directors' Declaration.

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

### *Independence*

We are independent of the Registered Scheme 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.

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### *Other information*

The Directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the Annual Report for the year ended 30 June 2018, including the Responsible Entity Report, but does not include the financial report and our auditor's report thereon.

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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 identified above 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 on the other information obtained prior to the date of this auditor's report, 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.

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### *Responsibilities of the directors of the Responsible Entity for the financial report*

The directors of the Responsible Entity of the Registered Scheme 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 of the Responsible Entity 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 of the Responsible Entity are responsible for assessing the ability of the Registered Scheme 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 of the Responsible Entity either intend to liquidate the Registered Scheme or to cease operations, or have no realistic alternative but to do so.



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### *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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

The PricewaterhouseCoopers logo, written in a cursive script.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Simon Cuthbert'.

Simon Cuthbert  
Partner

Sydney  
31 August 2018