

# ANNUAL FINANCIAL REPORT

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Janus Henderson Global Fixed Interest Total Return Fund  
ARSN: 166 791 564

For the year ended 30 June 2021

# **Janus Henderson Global Fixed Interest Total Return Fund**

**ARSN 166 791 564**

## **Final annual report**

### **For the period 1 July 2020 to 29 June 2021**

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This financial report covers Janus Henderson Global Fixed Interest Total Return Fund (ARSN 166 791 564) as an individual entity.

The Responsible Entity of Janus Henderson Global Fixed Interest Total Return Fund is Janus Henderson Investors (Australia) Funds Management Limited (ABN 43 164 177 244).

The Responsible Entity's registered office is:  
Level 36, Grosvenor Place, 225 George Street, Sydney NSW 2000.

## **Directors' report**

The directors of Janus Henderson Investors (Australia) Funds Management Limited, the Responsible Entity of Janus Henderson Global Fixed Interest Total Return Fund (the "Fund"), present their report together with the interim financial report of the Fund, for the period from 1 July 2020 to 29 June 2021.

### **Principal activities**

Until its termination commencing on 20 January 2021, the Fund invested predominantly in interest bearing securities, unlisted unit trusts and derivatives in accordance with the provisions of the Fund's Constitution.

During the period all assets of the Fund were liquidated and returned to unitholders.

The Fund did not have any employees during the period.

The various service providers for the Fund are detailed below:

<b>Service</b>	<b>Provider</b>
Responsible Entity	Janus Henderson Investors (Australia) Funds Management Limited
Investment Manager	Henderson Global Investors Limited
Custodian and Administrator	BNP Paribas Securities Services
Statutory Auditor	PricewaterhouseCoopers

### **Directors**

The following persons held office as directors of Janus Henderson Investors (Australia) Funds Management Limited during or since the end of the period and up to the date of this report:

MJ Gaden  
EYL Cheung  
MJ Kaleel (resigned 30 April 2020)  
GJ Clarke (appointed 9 April 2020)

### **Review and results of operations**

These are the final accounts for the Janus Henderson Global Fixed Interest Total Return Fund, which has terminated. Janus Henderson Investors (Australia) Funds Management Limited had a termination process in place to ensure the orderly sell down and distribution of assets.

### **Significant changes in the state of affairs**

The Fund commenced winding up effective 20 January 2021 and paid out all unitholders' entitlements by 26 February 2021. This was in accordance with the Fund's Constitution.

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

The Fund completed its termination on 29 June 2021. No matter or circumstance has arisen since 29 June 2021.

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

No insurance premiums are paid out of the assets of the Fund in regards to insurance cover provided to either the officers of Janus Henderson Investors (Australia) Funds Management Limited or the auditors of the Fund. So long as the officers of Janus Henderson Investors (Australia) Funds Management Limited act in accordance with the Fund's Constitution and the Law, the officers remain fully indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditors of the Fund are in no way indemnified out of the assets of the Fund.

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

Fees paid to the Responsible Entity and its associates out of Fund property during the period are disclosed in Note 16 to the financial statements.

No fees were paid out of Fund property to the directors of Janus Henderson Investors (Australia) Funds Management Limited during the period.

The number of interests in the Fund held by Janus Henderson Investors (Australia) Funds Management Limited or its associates as at the end of the financial period are disclosed in Note 16 to the financial statements.

## Directors' report (continued)

### Interests in the Fund

The movement in units on issue in the Fund during the period is disclosed in Note 7 to the financial statements.

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

### Environmental regulation

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

### Rounding of amounts to the nearest dollar

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

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the directors of Janus Henderson Investors (Australia) Funds Management Limited.



MJ Gaden  
Director

On behalf of all the directors of Janus Henderson Investors (Australia) Funds Management Limited  
22 September 2021  
Sydney, Australia



## *Auditor's Independence Declaration*

As lead auditor for the audit of Janus Henderson Global Fixed Interest Total Return Fund for the period 1 July 2020 to 29 June 2021, 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  
22 September 2021

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**Janus Henderson Global Fixed Interest Total Return Fund**  
**Statement of comprehensive income**  
**For the period 1 July 2020 to 29 June 2021**

	Notes	1 July 2020 to 29 June 2021 \$	1 July 2019 to 30 June 2020 \$
<b>Investment income</b>			
Interest income		279,687	684,186
Distribution income		327,309	445,022
Net foreign exchange gain		4,058	7,753
Net gains/(losses) on financial instruments at fair value through profit or loss		1,529,556	1,563,788
Other investment income		<u>573</u>	<u>3,016</u>
<b>Total net investment income</b>		<u>2,141,183</u>	<u>2,703,765</u>
<b>Expenses</b>			
Interest expense		-	151,226
Management fees	16	134,045	265,737
Transaction costs		34,098	24,068
Withholding tax		33,603	15,876
Other operating expenses		<u>103</u>	<u>5,233</u>
<b>Total operating expenses</b>		<u>201,849</u>	<u>462,140</u>
<b>Operating profit/(loss) for the period</b>		<b>1,939,334</b>	<b>2,241,625</b>
<b>Finance costs attributable to unitholders</b>			
Distributions to unitholders	8	(1,533,173)	(3,064,797)
(Increase)/decrease in net assets attributable to unitholders	7	<u>(406,161)</u>	<u>823,172</u>
<b>Profit/(loss) for the period</b>		<b>-</b>	<b>-</b>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u><b>-</b></u>	<u><b>-</b></u>

*The above statement of comprehensive income should be read in conjunction with the Notes to the financial statements.*

**Janus Henderson Global Fixed Interest Total Return Fund**  
**Statement of financial position**  
**As at 29 June 2021**

	Notes	As at 29 June 2021 \$	30 June 2020 \$
<b>Assets</b>			
Cash and cash equivalents	9	-	3,298,909
Receivables	14	-	56,274
Margin accounts		-	608,989
Financial assets at fair value through profit or loss	10	-	41,087,991
<b>Total assets</b>		-	45,052,163
<b>Liabilities</b>			
Distribution payable		-	409,675
Due to brokers - payable for securities purchased		-	1,141,841
Payables	15	-	23,254
Financial liabilities at fair value through profit or loss	11	-	269,481
<b>Total liabilities</b>		-	1,844,251
<b>Net assets attributable to unitholders - Liability</b>	7	-	43,207,912

*The above statement of financial position should be read in conjunction with the Notes to the financial statements.*

**Janus Henderson Global Fixed Interest Total Return Fund**  
**Statement of changes in equity**  
**For the period 1 July 2020 to 29 June 2021**

	<b>1 July 2020 to 29 June 2021</b>	<b>1 July 2019 to 30 June 2020</b>
	<b>\$</b>	<b>\$</b>
<b>Total equity at the beginning of the period</b>	-	-
<b>Comprehensive income for the period</b>		
Profit/(loss) for the period	-	-
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	-	-
<b>Total transactions with unitholders</b>	-	-
<b>Total equity at the end of the period</b>	-	-

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

*The above statement of changes in equity should be read in conjunction with the Notes to the financial statements.*



**Janus Henderson Global Fixed Interest Total Return Fund**  
**Statement of cash flows**  
**For the period 1 July 2020 to 29 June 2021**

	Notes	1 July 2020 to 29 June 2021 \$	1 July 2019 to 30 June 2020 \$
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments at fair value through profit or loss		56,317,394	39,969,570
Payments for purchase of financial instruments at fair value through profit or loss		(15,018,998)	(41,613,406)
Net movement in margin accounts		608,989	191,312
Distributions received		282,189	256,891
Interest income received		280,303	688,526
Interest expense paid		-	(151,226)
GST received		4,367	47
Other investment income received		573	3,016
Management fees paid		(156,867)	(262,073)
Withholding tax paid		(33,603)	(15,876)
Transaction costs paid		(34,098)	(24,068)
Payment of other operating expenses		<u>(103)</u>	<u>(6,566)</u>
<b>Net cash inflow/(outflow) from operating activities</b>	17(a)	<u>42,250,146</u>	<u>(963,853)</u>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unitholders		234,600	5,440,600
Payments for redemptions by unitholders		(45,157,982)	(5,446,691)
Distributions paid to unitholders		<u>(629,731)</u>	<u>(251,050)</u>
<b>Net cash inflow/(outflow) from financing activities</b>		<u>(45,553,113)</u>	<u>(257,141)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(3,302,967)</b>	<b>(1,220,994)</b>
Cash and cash equivalents at the beginning of the period		3,298,909	4,512,150
Effect of foreign currency exchange rate changes on cash and cash equivalents		<u>4,058</u>	<u>7,753</u>
<b>Cash and cash equivalents at the end of the period</b>	9	<u>-</u>	<u>3,298,909</u>
Non-cash financing activities	17(b)		

*The above statement of cash flows should be read in conjunction with the Notes to the financial statements.*

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## **1 General information**

These financial statements cover the Janus Henderson Global Fixed Interest Total Return Fund (the "Fund") as an individual entity.

The Responsible Entity of the Fund is Janus Henderson Investors (Australia) Funds Management Limited (ABN 43 164 177 244) (the "Responsible Entity"). The Responsible Entity's registered office is Level 36, Grosvenor Place, 225 George Street, Sydney NSW 2000.

The financial statements are presented in the Australian currency.

The Fund completed its wind up on 29 June 2021. Prior to its termination, the Fund sought to provide a positive total return with moderate volatility through capital appreciation and income.

The financial statements were authorised for issue by the directors of the Responsible Entity on 22 September 2021. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

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

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated in the following text.

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

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

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated. On 28 August 2020, the Responsible Entity resolved to terminate the Fund. The final distribution to unitholders was paid on 26 February 2021. The Fund completed its termination on 29 June 2021. This report contains the final set of financial statements for Janus Henderson Global Fixed Interest Total Return Fund. The directors have determined that the going concern basis of preparation is no longer appropriate, as such, the financial statements have been prepared on a liquidation basis whereby the Fund's assets have been measured at their net realisable values and the liabilities have been recognised at their contractual settlement amounts. Adoption of the liquidation basis of preparation has had no impact on the carrying amounts of assets and liabilities of the Fund.

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

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

#### *(ii) New and amended standards adopted by the Fund*

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the reporting period commencing 1 July 2020 that have a material impact on the amounts recognised in the prior periods or will affect the current period.

#### *(iii) New standards, amendments and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2021, and have not been early adopted in preparing these financial statements. These include the amendments to AASB 9, AASB 139, AASB 7, AASB 4 and AASB 16 'Interest Rate Benchmark Reform - Phase 2'. A full assessment has been undertaken for the Fund and none of these are expected to have a material impact on the financial statements of the Fund for the financial period ended 29 June 2021.

### **(b) Financial instruments**

#### *(i) Classification*

##### *Assets*

The Fund classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Fund's portfolio of financial assets is managed and its performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund uses fair value information to assess performance of the portfolio and to make decisions to rebalance the portfolio or to realise fair value gains or minimise losses through sales or other trading strategies. The Fund's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Equity securities and derivatives are measured at fair value through profit or loss.

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

## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments (continued)

#### (i) Classification (continued)

##### *Liabilities*

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

#### (ii) Recognition/derecognition

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

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

#### (iii) Measurement

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

At initial recognition, the Fund measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within net gains/(losses) on financial instruments at fair value through profit or loss in the period in which they arise.

Further details on how the fair values of financial instruments are determined are disclosed in Note 4 to the financial statements.

#### (iv) Offsetting financial instruments

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

Refer to Note 5 for further information.

### (c) Net assets attributable to unitholders

Units are redeemable at the unitholders' 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 financial liabilities as the Fund is required to distribute its distributable income. The units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the statement of financial position date if unitholders exercised their right to put the units back to the Fund. Changes in the value of this financial liability are recognised in the statement of comprehensive income as they arise.

### (d) Cash and cash equivalents

For the statement of cash flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

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

## 2 Summary of significant accounting policies (continued)

### (e) Investment income

#### *Interest Income*

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents.

Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities.

#### *Distribution Income*

Trust distributions are recognised on an entitlements basis.

Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b) (iii) to the financial statements.

### (f) Expenses

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

### (g) Income tax

Under current legislation, the Fund is not subject to income tax provided they attribute the entirety of their taxable income to the unitholders.

### (h) Distributions

Distributions are payable as set out in the Fund's Constitution. Such distributions are determined by the Responsible Entity of the Fund. Distributable income includes capital gains arising from the disposal of financial assets and liabilities at fair value through profit or loss. Unrealised gains and losses on financial assets and liabilities at fair value through profit or loss that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any realised capital gains.

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

Non-distributable income is included in net assets attributable to unitholders and may consist of unrealised changes in the net fair value of financial instruments at fair value through profit or loss, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, net capital losses and tax free or tax deferred income. Net capital gains on the realisation of any financial instruments (including any adjustments for tax deferred income previously taken directly to net assets attributable to unitholders) and accrued income not yet assessable will be included in the determination of distributable income in the same period in which it becomes assessable for tax. Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

### (j) 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 capital and is regulated. The Australian dollar is also the Fund's presentation currency.

#### *ii) Transactions and balances*

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

The Fund does not isolate that portion of gains or losses on securities 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.

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

### **(k) Due from/to brokers**

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the period. The due from brokers balance is held for collection and consequently measured at amortised cost. Trades are recorded on trade date, and normally settled within three business days. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation and default in payments.

### **(l) Receivables**

Receivables include amounts where settlement has not yet occurred and are measured at their nominal amounts. Amounts are generally received within 30 days of being recorded as receivables. Given the short-term nature of most receivables, the recoverable amount approximates fair value.

### **(m) Margin accounts**

Margin accounts comprise cash held as collateral for derivative transactions. The cash is held by the broker and is only available to meet margin calls.

### **(n) Payables**

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Fund, and are measured at amortised cost. Amounts are generally paid within 30 days of being recorded as payables. Given the short-term nature of most payables, the payable amount approximates fair value.

As the Fund has a contractual obligation to distribute its distributable income, a separate distribution payable is recognised in the statement of financial position as at the end of each reporting period where this amount remains unpaid as at the end of the reporting period.

### **(o) Applications and redemptions**

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed. Investors can apply and redeem from the Fund on a daily basis.

Unit prices are determined by reference to the net assets per the Fund's Constitution divided by the number of units on issue at or immediately prior to the close of each business day.

### **(p) Goods and services tax (GST)**

The Fund qualifies for Reduced Input Tax Credits (RITC); hence the management fee, has been recognised in profit or loss 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.

### **(q) Use of estimates**

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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

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

### **(r) Rounding of amounts**

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

### **(s) 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.

### **(t) Accounting period**

The Fund was terminated on 20 January 2021. The final distribution to unitholders was made on 26 February 2021. The information provided relates to the period ended 29 June 2021.

## **3 Financial risk management**

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, currency risk, and interest rate risk), credit risk and liquidity and cash flow risk.

The Fund's overall risk management program focuses on ensuring compliance with its governing documents and seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects of the Fund's financial performance. As part of its risk management strategy, the Fund may also utilise a range of derivative financial instruments to manage certain risk exposures.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and price risks and ratings analysis for credit risk

The Investment Manager mitigates those financial risks through diversification and a careful selection of securities and other financial instruments within specified limits.

The Fund's performance exceptions to its benchmark are reported to the board on a regular basis.

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

Market risk is the risk that the value of the Fund's investments or the benefits arising thereon will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, foreign exchange risk and interest rate risk.

#### *(i) Price risk*

Price risk is the risk that a change in market price will affect the Fund's income or the fair value of its holding of financial instruments. The objective of price risk management is to manage the control price risk exposures within acceptable parameters while optimising the return.

The Responsible Entity mitigates price risk through a careful selection of securities and other financial instruments within parameters specified within the Fund's Investment Guidelines. Compliance with the Fund's Product Disclosure Statement and Investment Guidelines are monitored daily, with any breaches recorded on a breach register and reported to the Compliance Committee on a quarterly basis.

The table in Note 3(b) summarises the impact of an increase/decrease of the Fund's benchmark index on the Fund's net assets attributable to unitholders. The analysis is based on the assumptions that the index increased/decreased by 5% with all other variables held constant and that the fair value of the Fund's portfolio of futures moved according to the historical correlation with the index.

### 3 Financial risk management (continued)

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

##### (ii) Foreign exchange risk

Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuate due to changes in exchange rates. The Investment Manager monitors the exposure of all foreign currency denominated assets and liabilities.

The Fund held financial instruments denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of instruments denominated in other currencies will fluctuate due to changes in foreign exchange rates.

While the Fund may hold up to 100% of the Fund's net assets in non-Australian dollar denominated securities, the Fund aims to retain a minimum of 70% exposure to the Australian dollar across the Fund's net assets at all times. This is achieved by hedging in part overseas currency exposures in order to reduce the impact on the Fund of adverse movements in overseas currencies relative to the Australian dollar.

The Investment Manager monitored the Fund's foreign exchange risk and exposures on a daily basis.

The table below summarises the Fund's financial assets and liabilities, monetary and non-monetary, which were denominated in a currency other than the Australian dollar. The Fund did not have any assets or liabilities as at 29 June 2021.

30 June 2020	US Dollars A\$	Euro A\$	Canadian Dollars A\$	British pounds A\$	Other Currencies A\$
Cash and cash equivalents	1,883	3,435	(21)	(1,087)	5,477
Receivables	-	-	-	47,049	-
Margin accounts	160,599	203,558	3	2,513	(15,025)
Financial assets at fair value through profit or loss	2,984,858	16,693,436	2,249,247	8,748,040	2,349,570
Due to brokers - payable for securities purchased	-	(1,141,841)	-	-	-
Financial liabilities at fair value through profit or loss	(147,809)	(77,598)	-	-	-
	<u>2,999,531</u>	<u>15,680,990</u>	<u>2,249,229</u>	<u>8,796,515</u>	<u>2,340,022</u>
Net increase/(decrease) in exposure from foreign currency contracts					
- buy foreign currency	537,634	3,141,706	-	868,780	32,589
- sell foreign currency	<u>(4,721,169)</u>	<u>(19,001,057)</u>	<u>(2,250,158)</u>	<u>(9,665,048)</u>	<u>(1,066,327)</u>
	<u>(4,183,535)</u>	<u>(15,859,351)</u>	<u>(2,250,158)</u>	<u>(8,796,268)</u>	<u>(1,033,738)</u>
Net exposure	<u>(1,184,004)</u>	<u>(178,361)</u>	<u>(929)</u>	<u>247</u>	<u>1,306,284</u>

The table in Note 3(b) summarises the sensitivities of the Fund's monetary and non-monetary assets and liabilities to foreign exchange risk. The analysis is based on the assumption that the Australian dollar strengthens/weakens by 10% against each of the other currencies to which the Fund is exposed to.

##### (iii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Fund's financial instruments will fluctuate as a result of changes in market interest rates.

The Responsible Entity establishes interest rate management strategies to manage the risk of the Fund. This includes managing exposures around the benchmark and hedging exposures through the use of derivatives.

The Responsible Entity and the Investment Manager monitored the Fund's interest sensitivity position on a daily basis.

The interest rate risk disclosures have been prepared on the basis of the Fund's direct investment and not on a look-through basis for investments held indirectly through unlisted unit trusts. Consequently, the interest rate risk in the note may not be representative of the true interest rate profile of the Fund where the Fund has significant investments in unlisted unit trusts which also have exposure to the interest rate markets.

The Fund had direct exposure to interest rate changes on the valuation of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Fund invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model. Therefore, the sensitivity analysis within Note 3(b) may not fully indicate the total effect on the Fund's net assets attributable to unitholders of future movements in interest rates.

The table below summarises the Fund's exposure to interest rate risk. The Fund did not have any investment in interest bearing securities at 29 June 2021.



### 3 Financial risk management (continued)

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

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

	Floating interest rate		Fixed interest rate			Non interest bearing	Total
		less than 1 year	1 to 5 years	Over 5 years			
30 June 2020	\$	\$	\$	\$	\$	\$	\$
Assets							
Cash and cash equivalents	3,298,909	-	-	-	-	-	3,298,909
Receivables	-	-	-	-	56,274	56,274	56,274
Margin accounts	-	-	-	-	608,989	608,989	608,989
Financial assets held at fair value through profit or loss	<u>726,275</u>	<u>3,565,072</u>	<u>5,108,246</u>	<u>19,986,465</u>	<u>11,701,933</u>	<u>41,087,991</u>	<u>41,087,991</u>
Total assets	<u>4,025,184</u>	<u>3,565,072</u>	<u>5,108,246</u>	<u>19,986,465</u>	<u>12,367,196</u>	<u>45,052,163</u>	<u>45,052,163</u>
Liabilities							
Distribution payable	-	-	-	-	409,675	409,675	409,675
Due to brokers - payable for securities purchased	-	-	-	-	1,141,841	1,141,841	1,141,841
Payables	-	-	-	-	23,254	23,254	23,254
Financial liabilities at fair value through profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>269,481</u>	<u>269,481</u>	<u>269,481</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,844,251</u>	<u>1,844,251</u>	<u>1,844,251</u>
Net exposure	<u>4,025,184</u>	<u>3,565,072</u>	<u>5,108,246</u>	<u>19,986,465</u>	<u>10,522,945</u>	<u>43,207,912</u>	<u>43,207,912</u>

#### (b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to price risk, interest risk and foreign exchange risk. The reasonably possible movements in the risk variables have been determined based on the Responsible Entity's best estimates, having regard to a number of factors, including historical levels of changes in foreign exchange rates and the relevant benchmark, historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance and/or correlation between the performance of the economics, markets and securities in which the Fund invests. As a result, historical variations in the risk variables are not a definitive indicator of future variations in the risk variables.

The effect on the net assets attributable to unitholders and profit or loss due to reasonably possible change market factors as represented by the market index with all other variables held constant, is indicated in the table below. The Fund did not have any assets or liabilities as at 29 June 2021.

	Impact on operating profit/net assets attributable to unitholders					
	Price risk		Interest rate risk		Foreign exchange risk	
30 June 2020	-5%	+5%	-1%	+1%	-10%	+10%
	\$	\$	\$	\$	\$	\$
	(535,459)	535,459	(2,596,487)	2,596,487	(50,495)	50,495

### 3 Financial risk management (continued)

#### (c) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund.

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

The credit risk disclosures have been prepared on the basis of the Fund's direct investment and not on a look-through basis for investments held indirectly through unlisted unit trusts. Consequently, the credit risk in the note may not be representative of the true credit profile of the Fund where the Fund has significant investments in unlisted unit trusts which also have exposure to the credit markets.

Concentrations of credit risk are minimised primarily by ensuring that transactions are undertaken with a large number of counterparties (either directly or indirectly).

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

As at 29 June 2021 and 30 June 2020, there were no financial assets that are past due or impaired, or would otherwise be past due or impaired.

#### Cash and cash equivalents

The exposure to credit risks for cash and cash equivalents is low as all counterparties have a rating of A-1 (as determined by Standard and Poor's) or higher.

#### Fixed interest securities

The following table details the breakdown by bond rating of the underlying assets held by the Fund. The Fund did not hold any interest bearing securities at 29 June 2021.

Portfolio by rating category		As at 30 June 2020	
	%		\$
Rating			
AAA+ to AA-	38.40		11,283,736
A+ to A-	15.85		4,658,207
BBB+ to CCC	45.75		13,444,115
Total	100.00		29,386,058

#### (d) Liquidity risk

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

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

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
- ensuring that there is no concentration of liquidity risk to a particular counterparty or market.

The Investment Manager monitors the Fund's liquidity on a daily basis and any issues relating to funding constraints or overdrafts are reported to the Responsible Entity.

Financial liabilities of the Fund comprise of distributions payable, other payables, financial liabilities at fair value through profit or loss and net assets attributable to unitholders. Distributions payable are settled on payment date and other payables are typically settled within 30 days. Net assets attributable to unitholders are payable on demand.

### 3 Financial risk management (continued)

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

The table below details the Fund's non-derivative financial liabilities into the relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts in the table are contractual undiscounted cash flows. The Fund did not have any assets or liabilities as at 29 June 2021.

	Less than 1 month	1-6 months	7-12 months	Over 12 months	Total
30 June 2020	\$	\$	\$	\$	\$
Distributions payable	409,675	-	-	-	409,675
Payable for securities purchased	1,141,841	-	-	-	1,141,841
Payables	23,254	-	-	-	23,254
Net assets attributable to unitholders	<u>43,207,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,207,912</u>
	<u>44,782,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,782,682</u>

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

	Less than 1 month	1-6 months	7-12 months	Over 12 months	Total
30 June 2020	\$	\$	\$	\$	\$
Forward foreign exchange contracts					
Inflows	38,908,744	2,426,206	-	-	41,334,950
(Outflows)	(38,415,280)	(2,441,188)	-	-	(40,856,468)
Interest rate futures					
(Outflows)	-	(35,725)	-	-	(35,725)
Interest rate swaps					
Inflows	21,230	144,047	192,225	755,400	1,112,902
(Outflows)	(1,837)	(28,187)	(39,613)	(472,903)	(542,540)
Equity Futures					
Inflows	-	47,960	-	-	47,960
	<u>512,857</u>	<u>113,113</u>	<u>152,612</u>	<u>282,497</u>	<u>1,061,079</u>

### 4 Fair value measurement

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

- Financial assets/liabilities at fair value through profit or loss (FVPL) (see Note 10 and 11)
- Derivative financial instruments (see Note 12)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

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

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

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 at fair value through profit or loss are measured at fair value with changes in fair value recognised in the Statement of comprehensive income.

- Fair value in an active market (level 1)

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

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

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

#### 4 Fair value measurement (continued)

When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

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

- Fair value in an inactive or unquoted market (level 2 and level 3)

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

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

For other pricing models, inputs are based on market data at the end of the reporting period. 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.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

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

The table below sets out the Fund's financial assets and liabilities measured at fair value according to the fair value hierarchy. The Fund did not have any assets or liabilities as at 29 June 2021.

30 June 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss:				
Derivatives	47,960	992,746	-	1,040,706
Interest bearing securities	-	29,386,058	-	29,386,058
Unlisted unit trusts	-	10,661,227	-	10,661,227
Total	47,960	41,040,031	-	41,087,991
Financial liabilities at fair value through profit or loss:				
Derivatives	(35,726)	(233,755)	-	(269,481)
Total	(35,726)	(233,755)	-	(269,481)

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

##### (i) Transfers between levels

There were no transfers between levels in the fair value hierarchy during the period.

##### (ii) Valuation process

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

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values due to their short term nature.

##### (iii) Movement in Level 3 instruments

There were no investments classified as Level 3 within the Fund as at 29 June 2021 and 30 June 2020.

## 5 Offsetting financial assets and financial liabilities

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

The Fund enters into derivative transactions governed by master netting arrangements set out in International Swaps and Derivatives Association (ISDA) agreements between the Fund and market counterparties. In certain circumstances, such as a credit default, all outstanding transactions under the ISDA agreement are terminated, the termination value is determined and only a single net amount is payable to/receivable from a counterparty in settlement of all transactions. The Fund's ISDA agreements do not currently meet the criteria for offsetting in the Statement of financial position. This is because the Fund does not currently have a legally enforceable right to offset recognised amounts, as the right to offset is enforceable only on the occurrence of future events. These amounts have therefore not been offset in the statement of financial position, but have been presented separately in the following table. The table also presents the gross amounts of financial assets and financial liabilities that are offset in the statement of financial position. The column "Net amount" shows the impact on the Fund's statement of financial position if all set-off rights were exercised.

30 June 2020	Effects of offsetting on the Statement of financial position			Related amounts not offset		
	Gross amounts	Gross amounts set off in the Statement of financial position	Net amounts presented in the Statement of financial position	Amounts subject to master netting arrangements	Financial instrument collateral/ margins	Net amount
	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>						
Interest rate swaps	469,217	-	469,217	(124,182)	-	345,035
Forward foreign exchange contracts	523,527	-	523,527	(41,659)	-	481,868
Margin accounts	624,038	(15,049)	608,989	-	-	608,989
<b>Total</b>	<u>1,616,782</u>	<u>(15,049)</u>	<u>1,601,733</u>	<u>(165,841)</u>	<u>-</u>	<u>1,435,892</u>
<b>Financial liabilities</b>						
Interest rate swaps	(189,682)	-	(189,682)	124,182	-	(65,500)
Forward foreign exchange contracts	(44,074)	-	(44,074)	41,659	-	(2,415)
Margin accounts	(15,049)	15,049	-	-	-	-
<b>Total</b>	<u>(248,805)</u>	<u>15,049</u>	<u>(233,756)</u>	<u>165,841</u>	<u>-</u>	<u>(67,915)</u>

## 6 Auditor's remuneration

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

	1 July 2020 to 29 June 2021 \$	1 July 2019 to 30 June 2020 \$
<b>(a) Audit and other assurance services</b>		
<i>Audit services and other assurance services</i>		
Audit services - Audit of the financial statements	13,643	26,000
Other assurance services - Audit of the compliance plan	4,423	3,913
Total remuneration for audit and other assurance services	<u>18,066</u>	<u>29,913</u>
<b>(b) Non-audit services</b>		
<i>Taxation services</i>		
Tax compliance services	5,585	6,200
Total remuneration for non-audit services	<u>5,585</u>	<u>6,200</u>

Auditor's remuneration for the Fund is paid by the Responsible Entity and has not been re-charged to the Fund.

## 7 Net assets attributable to unitholders

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

	<b>1 July 2020 to 29 June 2021</b>		<b>1 July 2019 to 30 June 2020</b>	
	<b>No.</b>	<b>\$</b>	<b>No.</b>	<b>\$</b>
Opening balance	41,916,052	43,207,912	39,651,740	41,619,872
Applications	220,927	230,360	5,096,321	5,444,840
Redemptions	(43,402,952)	(45,157,550)	(5,171,139)	(5,437,700)
Reinvested distributions	1,265,973	1,313,117	2,339,130	2,404,072
Increase/(decrease) in net assets attributable to unitholders	-	406,161	-	(823,172)
Closing balance	-	-	41,916,052	43,207,912

As stipulated in 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 in 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.

## Capital risk management

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

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

## 8 Distributions to unitholders

The distributions were as follows:

	<b>1 July 2020 to 29 June 2021</b>		<b>1 July 2019 to 30 June 2020</b>	
	<b>\$</b>	<b>CPU</b>	<b>\$</b>	<b>CPU</b>
<b>Distributions</b>				
Distribution paid - September	613,220	1.593	-	-
Distribution paid - December	912,047	2.633	51,842	0.121
Distribution paid - February	7,906	0.022	-	-
Distribution paid - March	-	-	1,129,546	2.851
Distributions paid and payable - June	-	-	1,883,409	4.654
<b>Total distributions</b>	<b>1,533,173</b>	<b>4.248</b>	<b>3,064,797</b>	<b>7.626</b>

## 9 Cash and cash equivalents

	<b>As at</b>	
	<b>29 June 2021</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	-	3,298,909
	-	3,298,909

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

	As at	
	29 June 2021	30 June 2020
	Fair value	Fair value
	\$	\$
Derivative financial instruments	-	1,040,706
Interest bearing securities	-	29,386,058
Unlisted unit trusts	-	10,661,227
<b>Total financial assets at fair value through profit or loss</b>	<b>-</b>	<b>41,087,991</b>

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

## 11 Financial liabilities at fair value through profit or loss

	As at	
	29 June 2021	30 June 2020
	Fair value	Fair value
	\$	\$
Derivative financial instruments	-	269,481
<b>Total financial liabilities at fair value through profit or loss</b>	<b>-</b>	<b>269,481</b>

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

## 12 Derivative financial instruments

In the normal course of business, the Fund may enter into transactions in various derivative financial instruments with certain risks. A derivative is a financial instrument or other contract which is settled at a future date whose value changes in response to a change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include futures, options, forward currency contracts and swaps. Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Fund against a fluctuation in market values or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Fund.

The Fund holds the following derivative instruments:

### (a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

### (b) Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of the future securities price. Options held by the Fund are exchange traded. The Fund is exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value. Options are settled on a gross basis.

## 12 Derivative Financial instruments held for trading (continued)

### (c) Forward currency contracts

Forward currency contracts are primarily used by the Fund to hedge against foreign currency exchange rate risks on its non Australian dollar denominated securities. The Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the reporting date. The Fund recognises a gain or loss equal to the change in fair value at the reporting date.

### (d) Swaps

Swaps are derivative instruments in which two counterparties agree to exchange one stream of cash flow against another stream. A credit default index swap is a credit derivative used to hedge credit risk or to take a position on a basket or credit entities (index). It is an agreement between two parties whereby one party pays the other a fixed coupon for the specified term of the agreement. The other party makes no payment unless a specified credit event occurs.

An interest rate swap is a forward agreement in which one stream of future interest payments is exchanged for another based on a specified principal amount.

The Fund's derivative financial instruments at period end are detailed below. The Fund did not have any derivative assets or liabilities as at 29 June 2021.

30 June 2020

	Contract/notional	Fair Values	
	\$	Assets \$	Liabilities \$
Equity futures - Long/(Short)	1,642,980	47,960	-
Interest rate futures - Long/(Short)	(2,879,571)	-	35,725
Interest rate swaps - Long/(Short)	40,148,715	469,217	189,682
Forward foreign exchange contracts - Long/(Short)	41,334,950	523,527	44,074
Over the counter currency options - Long/(Short)	2	2	-
	<u>80,247,076</u>	<u>1,040,706</u>	<u>269,481</u>

Information about the Fund's exposure to credit risk, foreign exchange risk, interest rate risk and about methods and assumptions used in determining the fair value is provided in Note 3 and 4 to the financial statements. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of the derivative financial instruments disclosed above.

## 13 Structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. Depending on the Fund's power over the activities of the entity and its exposure to and ability to influence its own returns, it may control the entity or may have exposure to such an entity but not control it.

An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Fund. Such interests include holdings of units in unlisted trusts. The nature and extent of the Fund's interests in structured entities are titled "unlisted unit trusts" and are summarised in Notes 10 and 16.

The Fund has exposures to unconsolidated structured entities through its investment activities. The Fund's maximum exposure to loss is restricted to the carrying value of the asset. The Fund's overall risk management program focuses on ensuring compliance with its governing documents and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. The risks associated with the investments are referred to in Note 3. During the period, the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support. The Fund's investment strategy entails investments in other funds on a regular basis.

The Fund intends to continue investing in other funds. As at 29 June 2021, there were no capital commitment obligations other than what is in unsettled sales or unsettled purchases in the statement of financial position (2020: nil).



## 14 Receivables

	As at	
	29 June 2021	30 June 2020
	\$	\$
Distributions receivable	-	47,051
Interest receivable	-	616
RITC receivable	-	4,367
Applications receivable	-	4,240
	<u>-</u>	<u>56,274</u>

## 15 Payables

	As at	
	29 June 2021	30 June 2020
	\$	\$
Management fees payable	-	22,822
Redemptions payable	-	432
	<u>-</u>	<u>23,254</u>

## 16 Related party transactions

### Responsible Entity

The Responsible Entity of Janus Henderson Global Fixed Interest Total Return Fund is Janus Henderson Investors (Australia) Funds Management Limited (ABN 43 164 177 244). Transactions with entities related to Janus Henderson Investors (Australia) Funds Management Limited are disclosed below.

### Investment Manager

The Fund implements its investment strategy by investing in interest bearing securities, unlisted unit trusts and derivatives. Janus Henderson Investors (Australia) Funds Management Limited, the Responsible Entity of the Fund, appointed Henderson Global Investors Limited as the Investment Manager.

### Key management personnel

#### Directors

Key management personnel includes persons who were directors of Janus Henderson Investors (Australia) Funds Management Limited at any time during the financial period or since the end of the period and up to the date of this report:

MJ Gaden  
EYL Cheung  
MJ Kaleel (resigned 30 April 2020)  
GJ Clarke (appointed 9 April 2020)

### Key management personnel unitholdings

At 29 June 2021 no key management personnel held units in the Fund (30 June 2020: 936 units were held).

### Key management personnel compensation

Key management personnel were paid by Janus Henderson Investors (Australia) Limited. Payments made from the Fund to the Responsible Entity did not include any amounts directly attributable to the compensation of key management personnel.

### Key management personnel loan disclosures

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

### Other transactions within the Fund

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

## 16 Related party transactions (continued)

### Responsible Entity's fees and other transactions

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

The management fee for the period ending 20 January 2021 and 30 June 2020 for the Fund was 0.60% per annum of the Net Asset Value of the Fund (including GST net of reduced input tax credits). It is calculated and accrued daily and payable monthly in arrears by the Fund.

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

	29 June 2021	30 June 2020
	\$	\$
Management fees for the period	134,045	265,737
Management fees payable at the reporting date	-	22,822

### Investments

The Fund did not hold any investments in Janus Henderson Investors (Australia) Funds Management Limited or its related parties during the period.

	Fair value of investment \$		Interest held %		Distributions received or receivable during period \$	
	29 June 2021	30 June 2020	29 June 2021	30 June 2020	29 June 2021	30 June 2020
Janus Henderson Secured Loans Fund	-	4,015,465	-	1.33	87,971	186,372
Janus Henderson Horizon Emerging Market Corporate Bond Fund	-	6,645,762	-	13.51	239,337	244,616
Janus Henderson Cash Fund - Institutional	-	-	-	-	-	14,033

### Related party's unitholdings

Parties related to the Fund, including the Responsible Entity, key management personnel, its associates and other schemes managed by Responsible Entity, held the following units in the Fund at the end of the period:

29 June 2021	Number of units held	Interest held %	Number of units acquired during period	Number of units disposed of during period	Distributions paid or payable during period \$
Janus Henderson Group PLC	-	-	1,194,516	(30,364,436)	1,251,145
Key Management Personnel	-	-	-	(936)	-
30 June 2020	Number of units held	Interest held %	Number of units acquired during period	Number of units disposed of during period	Distributions paid or payable during period \$
Janus Henderson Group PLC	29,169,920	69.59	2,018,671	-	2,107,318
Key Management Personnel	936	-	936	-	71

## 17 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	1 July 2020 to 29 June 2021 \$	1 July 2019 to 30 June 2020 \$
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Profit/(loss) for the period	-	-
Increase/(decrease) in net assets attributable to unitholders	406,161	(823,172)
Distributions to unitholders	1,533,173	3,064,797
Proceeds from sale of financial instruments at fair value through profit or loss	56,317,394	39,969,570
Payments for purchase of financial instruments at fair value through profit or loss	(15,018,998)	(41,613,406)
Net gains on financial instruments at fair value through profit or loss	(1,529,556)	(1,563,788)
Investment income reinvested	(92,171)	(188,553)
Net foreign exchange (gain)/loss	(4,058)	(7,753)
Net change in margin accounts	608,989	191,312
Net change in receivables	52,034	4,642
Net change in payables	(22,822)	2,498
<b>Net cash inflow/(outflow) from operating activities</b>	<b>42,250,146</b>	<b>(963,853)</b>
<b>(b) Non-cash financing activities</b>		
Non-cash financing and operating activities carried out during the period on normal commercial terms and conditions comprised:		
Reinvested distributions	1,313,117	2,404,072
	<b>1,313,117</b>	<b>2,404,072</b>

## 18 Events occurring after the balance date

No significant events have occurred since the balance date which would impact on the financial position of the Fund disclosed in the statement of financial position as at 29 June 2021 or on the results and cash flows of the Fund for the period ended on that date.

## 19 Contingent assets and liabilities or commitments

There are no outstanding contingent assets or liabilities or commitments as at 29 June 2021 and 30 June 2020.

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The annual financial statements and notes set out on pages 5 - 26 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2021 and of its performance for the financial period ended on that date.
- (b) As disclosed in Note 2(a) to the financial statements, the Fund has been terminated and all debts were paid for at the time; and
- (c) Note 2(a) confirms that the financial statements also 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.



MJ Gaden  
Director

On behalf of all the directors of Janus Henderson Investors (Australia) Funds Management Limited

22 September 2021

Sydney, Australia



## *Independent auditor's report*

To the unitholders of Janus Henderson Global Fixed Interest Total Return Fund

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### *Our opinion*

In our opinion:

The accompanying financial report of Janus Henderson Global Fixed Interest Total Return Fund (the Fund) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Fund's financial position as at 29 June 2021 and of its financial performance for the period 1 July 2020 to 29 June 2021
- (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 29 June 2021
- the statement of comprehensive income for the period 1 July 2020 to 29 June 2021
- the statement of changes in equity for the period 1 July 2020 to 29 June 2021
- the statement of cash flows for the period 1 July 2020 to 29 June 2021
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- 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 Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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.

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### *Emphasis of matter - going concern no longer appropriate*

We draw attention to Note 2(a) in the financial report, which outlines that the directors of the Responsible Entity have completed the wind up of the Fund during the period ended 29 June 2021. As a result, the financial report has been prepared on a liquidation basis and not on a going concern basis. Our opinion is not modified in respect of this matter.

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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 period 1 July 2020 to 29 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 on the other information that we 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 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 determines 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 Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intends to liquidate the Fund 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.

A stylized, handwritten-style signature of the firm PricewaterhouseCoopers.

PricewaterhouseCoopers

A handwritten signature of Simon Cuthbert.

Simon Cuthbert  
Partner

Sydney  
22 September 2021