

Apostle Dundas Global Equity Fund

ARSN 093 116 771

Financial report

For the year ended 30 June 2023

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This financial report covers Apostle Dundas Global Equity Fund as an individual entity.

The Responsible Entity of Apostle Dundas Global Equity Fund is K2 Asset Management Ltd (ABN 95 085 445 094).

The Responsible Entity's registered office is:
Level 32, 101 Collins Street
Melbourne, Victoria, 3000.

Directors' report

The Directors of K2 Asset Management Ltd (ABN 95 085 445 094), the Responsible Entity of Apostle Dundas Global Equity Fund (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2023 and the auditor's report thereon.

Principal activities

The Fund continues to invest in equity securities of leading global companies from developed and emerging markets in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund has three separate classes of units, Class B, Class C and Class D units. Class D units are listed on Australian Stock Exchange (ASX).

The Fund did not have any employees during the year.

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

The various service providers for the Fund are detailed below:

Service	Provider
Responsible Entity	K2 Asset Management Ltd
Investment Manager	Apostle Funds Management Pty Limited
Sub-Investment Manager	Dundas Partners LLP
Custodian and Administrator	State Street Australia Limited
Statutory Auditor	KPMG
Unit Registry	State Street Australia Limited (Class B and C) and Boardroom Pty Limited (Class D)

Directors

The following persons held office as Directors of K2 Asset Management Ltd during the year or since the end of the year and up to the date of this report:

Campbell W Neal
Hollie A Wight
George Boubouras
Neil Sheather (Appointed on 1 July 2023)

Review and results of operations

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

The Fund's performance was 22.54% (2022: (9.75)%) (gross of fees) for the year ended 30 June 2023. The Fund's benchmark, the MSCI All Country World Index ex Australia returned 20.59% (2022: (8.09)%) for the same period.

Directors' report (continued)

Review and results of operations (continued)

Results

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

	Year ended	
	30 June 2023	30 June 2022
Profit/(loss) before finance costs attributable to unit holders for the year (\$'000)	373,563	(197,276)
Distributions - Class B Units		
Distributions paid and payable (\$'000)	11,764	10,129
Distributions (cents per unit)	2.10	2.00
Distributions - Class C Units		
Distributions paid and payable (\$'000)	269	96
Distributions (cents per unit)	0.64	0.32
Distributions - Class D Units		
Distributions paid and payable (\$'000)	39	35
Distributions (cents per unit)	1.26	1.13

Net Asset Value per unit

NAV per unit (quoted ex-distribution) are shown as follows:

	As at	
	30 June 2023	30 June 2022
	\$	\$
Class B Units	3.54	2.92
Class C Units	2.00	1.65
Class D Units	4.90	4.03

Significant changes in the state of affairs

The residual impacts of COVID-19 and emerging risks such as rising inflation and commodity prices, increasing interest rates and supply chain constraints continue to create uncertainty as businesses navigate a new landscape. At the date of signing the financial statements, uncertainty remains on the likely impact of these factors on the short and long-term performance of the Fund. The Responsible Entity will continue to assess this impact. The Fund continues to fulfil payment on all redemption requests in accordance with the current Product Disclosure Statement.

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

Directors' report (continued)

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Fund in future financial years.

Likely developments and expected results of operations

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

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

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Fund.

Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to the officers of K2 Asset Management Ltd. So long as the officers of K2 Asset Management Ltd act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

Indemnification of auditor

The auditor of the Fund is 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 year are disclosed in Note 14 to the financial statements.

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

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 14 to the financial statements.

Directors' report (continued)

Interests in the Fund

The movement in units on issue in the Fund during the year is set out below. Please refer to Note 7 to the financial statements for further details.

	As at	
	30 June 2023 No.'000	30 June 2022 No.'000
Class B Units		
Units on issue - 1 July	560,925	367,453
Units issued during the year	890	192,415
Units redeemed during the year	(5,737)	(306)
Units issued upon reinvestment of distributions	4,082	1,363
Units on issue - 30 June	560,160	560,925
Class C Units		
Units on issue - 1 July	29,904	30,129
Units issued during the year	20,146	10,843
Units redeemed during the year	(6,184)	(11,074)
Units issued upon reinvestment of distributions	9	6
Units on issue - 30 June	43,875	29,904
Class D Units		
Units on issue - 1 July	3,116	1,601
Units issued during the year	1,599	1,732
Units redeemed during the year	(1,710)	(218)
Units issued upon reinvestment of distributions	2	1
Units on issue - 30 June	3,007	3,116

	As at	
	30 June 2023 \$'000	30 June 2022 \$'000
Value of assets		
Net value of the Fund's assets	2,087,103	1,702,144

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 thousand dollars

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

Directors' report (continued)

Lead auditor's independence declaration

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

This report is made in accordance with a resolution of the Directors of K2 Asset Management Ltd.



Hollie A Wight
Director

Melbourne
31 August 2023



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of K2 Asset Management Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Apostle Dundas Global Equity Fund for the financial year ended 30 June 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Chris Wooden

Partner

Melbourne

31 August 2023

Statement of comprehensive income

	Notes	Year ended	
		30 June 2023 \$'000	30 June 2022 \$'000
Investment income			
Interest income		233	-
Dividend income		24,981	18,963
Net foreign exchange gains		141	264
Net gains/(losses) on financial instruments held at fair value through profit or loss		361,485	(205,410)
Other operating income		<u>12</u>	<u>-</u>
Total investment income/(loss)		<u>386,852</u>	<u>(186,183)</u>
Expenses			
Responsible entity fees	14(g)	521	420
Management fees	14(g)	8,525	6,934
Auditor's remuneration	11	39	38
Custody and administration fees		492	406
Withholding taxes		3,131	2,545
Transaction costs		505	461
Other expenses		<u>76</u>	<u>289</u>
Total operating expenses		<u>13,289</u>	<u>11,093</u>
Profit/(loss) before finance costs attributable to unit holders for the year		<u>373,563</u>	<u>(197,276)</u>
Finance costs attributable to unit holders			
Distributions to unit holders	8	(12,072)	(10,260)
(Increase)/decrease in net assets attributable to unit holders	7	<u>361,491</u>	<u>(207,536)</u>
Profit/(loss) for the year		<u>-</u>	<u>-</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>-</u>	<u>-</u>

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

Statement of financial position

	Notes	As at	
		30 June 2023 \$'000	30 June 2022 \$'000
Assets			
Cash and cash equivalents	9	40,441	22,475
Receivables	12	3,133	2,585
Financial assets at fair value through profit or loss	6	<u>2,052,347</u>	<u>1,686,071</u>
Total assets		<u>2,095,921</u>	<u>1,711,131</u>
Liabilities			
Payables	13	983	782
Distributions payable	8	<u>7,835</u>	<u>8,205</u>
Total liabilities (excluding net assets attributable to unit holders)		<u>8,818</u>	<u>8,987</u>
Net assets attributable to unit holders - liability	7	<u>2,087,103</u>	<u>1,702,144</u>

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

Statement of changes in equity

The Fund's net assets attributable to unit holders are classified as a liability under *AASB 132 Financial Instruments: Presentation*. As the Fund has no equity, the Fund has not presented any items of changes in equity for the current or comparative year.

Statement of cash flows

	Notes	Year ended	
		30 June 2023 \$'000	30 June 2022 \$'000
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		137,873	177,700
Purchase of financial instruments at fair value through profit or loss		(142,664)	(203,706)
Dividends received		21,346	15,731
Interest received		202	-
Other income received		12	-
Responsible Entity fees paid		(514)	(409)
Management fees paid		(8,419)	(6,760)
Custody and administration fees paid		(473)	(381)
Interest paid		-	(63)
Payment of other operating expenses		(626)	(793)
Proceeds from/(payments for) foreign exchange movements		(68)	315
Net cash inflow/(outflow) from operating activities	10(a)	<u>6,669</u>	<u>(18,366)</u>
Cash flows from financing activities			
Proceeds from applications by unit holders		48,511	38,516
Payments for redemptions by unit holders		(37,158)	(22,280)
Distributions paid to unit holders		(265)	(187)
Net cash inflow/(outflow) from financing activities		<u>11,088</u>	<u>16,049</u>
Net increase/(decrease) in cash and cash equivalents		17,757	(2,317)
Cash and cash equivalents at the beginning of the year		22,475	24,843
Effects of foreign currency exchange rate changes on cash and cash equivalents		209	(51)
Cash and cash equivalents at the end of the year	9	<u>40,441</u>	<u>22,475</u>
Non-cash financing activities	10(b)	<u>12,177</u>	<u>629,192</u>

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

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1 General information

These financial statements cover Apostle Dundas Global Equity Fund (the “Fund”) as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 10 December 1996 and will terminate in accordance with the provisions of the Fund’s Constitution or by Law.

Fund has three separate classes of units, Class B, Class C and Class D. Class D units were admitted to trading status on the ASX under the AQUA Rules on 24 February 2021 (ASX code: ADEF).

The Responsible Entity of the Fund is K2 Asset Management Ltd (ABN 95 085 445 094) (the “Responsible Entity”). The Responsible Entity’s registered office is Level 32, 101 Collins Street, Melbourne, Victoria, 3000. The financial statements are presented in the Australian currency unless otherwise noted.

These financial statements were approved by the Board of Directors of the Responsible Entity and authorised for issue by the Directors on 31 August 2023. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

The financial statements of the Fund are for the year ended 30 June 2023.

The Fund invests in equity securities of leading global companies from developed and emerging markets and other investment instruments as permitted by the Product Disclosure Statement and the provisions of the Fund’s Constitution.

2 Summary of significant accounting policies

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

(a) Basis of preparation

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

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

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

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

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

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

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

(ii) New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iii) *New standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2023 and have not been early adopted in preparing these financial statements.

None of these are expected to have a material effect on the financial statements of the Fund.

(b) Financial instruments

(i) *Classification*

- Financial assets

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

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

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

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

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

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

- Financial liabilities

Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

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

(ii) *Recognition and derecognition*

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

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

(iii) *Measurement*

- Financial instruments at fair value through profit or loss

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

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement (continued)

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

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

- Financial instruments at amortised cost

For financial assets and financial liabilities measured at amortised costs, they are initially measured at fair value plus (in case of financial assets) or minus (in case of financial liabilities) any directly attributed transaction costs. They are subsequently measured using the effective interest rate method less any allowance for expected credit losses.

Cash and cash equivalents and receivables are carried at amortised cost.

(iv) Impairment

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

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

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(v) Offsetting financial instruments

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

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

(c) Net assets attributable to unit holders

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

The units are classified as financial liabilities as the Fund is required to distribute its distributable income in accordance with the Fund's Constitution.

2 Summary of significant accounting policies (continued)

(c) Net assets attributable to unit holders (continued)

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

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

(d) Cash and cash equivalents

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

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

(e) Investment income

(i) Interest income

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

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

Interest income on financial assets at fair value through profit or loss is also recognised in the statement of comprehensive income. Changes in fair value of financial instruments at fair value through profit or loss are recorded in accordance with the policies described in Note 2(b) to the financial statements.

(ii) Dividends

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

(f) Expenses

All expenses, including management fees, Responsible Entity fees and custodian fees, are recognised in the statement of comprehensive income on an accruals basis.

(g) Income tax

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

2 Summary of significant accounting policies (continued)

(g) Income tax (continued)

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

(h) Distributions

Distributions are payable as set out in the Fund's Product Disclosure Statement. 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 in the Fund to be offset against any future realised capital gains.

(i) Increase/decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders. As the Fund's units are classified as financial liabilities, movements in net assets attributable to unit holders are recognised in the statement of comprehensive income as finance costs.

(j) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

The Fund does not isolate that portion of unrealised gains or losses on financial instruments at fair value through profit or loss which is due to changes in foreign exchange rates. Such fluctuations are included in the net gains/(losses) on financial instruments at fair value through profit or loss.

(k) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and consequently measured at amortised cost.

2 Summary of significant accounting policies (continued)

(k) Due from/to brokers (continued)

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

(l) Receivables

Receivables may include amounts for dividends and interest income. Dividends are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in Note 2(e) above. Amounts are generally received within 30 days of being recorded as receivables.

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

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(m) Payables

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

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

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

(n) Applications and redemptions

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

2 Summary of significant accounting policies (continued)

(o) Goods and Services Tax (GST)

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

(p) Use of estimates and judgements

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

For 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 Investment Manager.

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 and judgements. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The Fund estimates that the resultant expected credit loss (ECL) derived from using impairment model, has not materially impacted the Fund. Please see Note 3 for more information on credit risk.

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

No impairment loss has been recognised on the financial assets measured at amortised cost under the expected credit loss model. Please see Note 3 for more information on credit risk.

(q) Rounding of amounts

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

(r) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

The Fund is organised into one main segment which operates solely in the business of investment management within Australia.

(s) Comparative disclosures

Where appropriate, comparative disclosures have been reclassified/amended to be consistent with the current year's presentation. Such reclassifications/amendments have not affected total comprehensive income for the year or net assets attributable to unitholders.

3 Financial risk management

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

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

All investments present a risk of loss of capital. The maximum loss of capital on long equity securities is limited to the fair value of those positions.

The investments of the Fund, and associated risks, are managed by a specialist Investment Manager, Apostle Funds Management Pty Limited ("Apostle") under an Investment Management Agreement (the "IMA") approved by the Responsible Entity, and containing the investment strategy and guidelines of the Fund, consistent with those stated in the Product Disclosure Statement. Apostle have appointed a Sub-Investment Manager, Dundas Partners LLP, under a Sub-Investment Management Agreement (Sub-IMA).

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

The Fund does not have any direct exposure to losses from the Russia / Ukraine conflict.

(a) Market risk

(i) Price risk

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

Price risk management is carried out by Dundas Partners LLP. The Sub Investment Manager undertakes daily checks to monitor the Fund's compliance with the current investment guidelines.

The table at Note 3(b) summarises the sensitivities of the Fund's assets and liabilities to price risk. The analysis is based on the reasonably possible shift that the investment portfolio in which the Fund invests moves by +/-10% (2022: +/-10%).

(ii) Foreign exchange risk

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

Investing in derivatives is not considered part of the Fund investment process however, the Investment Manager may hold foreign currency contracts to reduce currency risk with the approval from the Responsible Entity.

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

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

As at 30 June 2023	US Dollars A\$'000	Euro A\$'000	Swiss Franc A\$'000	Swedish Krona A\$'000	All other foreign currencies A\$'000
Cash and cash equivalents	12,056	1,827	412	887	6,112
Receivables	443	509	1,558	-	421
Financial assets at fair value through profit or loss	<u>1,225,813</u>	<u>243,494</u>	<u>190,864</u>	<u>108,573</u>	<u>283,603</u>
Net exposure	<u>1,238,312</u>	<u>245,830</u>	<u>192,834</u>	<u>109,460</u>	<u>290,136</u>

As at 30 June 2022	US Dollars A\$'000	Euro A\$'000	Swiss Franc A\$'000	Swedish Krona A\$'000	All other foreign currencies A\$'000
Cash and cash equivalents	1,279	4,788	2,713	87	6,466
Receivables	965	223	964	-	258
Financial assets at fair value through profit or loss	1,044,836	177,141	118,101	77,644	268,349
Payables	<u>-</u>	<u>(3)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>
Net exposure	<u>1,047,080</u>	<u>182,149</u>	<u>121,775</u>	<u>77,731</u>	<u>275,073</u>

The table in Note 3(b) summarises the sensitivities of the Fund's monetary assets and liabilities to foreign exchange risk. The analysis is based on the reasonably possible shift that the Australian dollar weakened and strengthened by 10% (2022: 10%) against the material foreign currencies to which the Fund is exposed.

(iii) Interest rate risk

The Fund's interest bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

3 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

The table below summarises the Fund's exposure to interest rate risks. It includes the Fund's assets and liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to significant risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short term market interest rates. Interest rate risk management is also undertaken by maintaining as close to a fully invested position as possible, thus limiting the exposure of the Fund to interest rate risk.

As at 30 June 2023	Floating interest rate \$'000	Fixed interest rate \$'000	Non interest bearing \$'000	Total \$'000
Assets				
Cash and cash equivalents	40,441	-	-	40,441
Receivables	-	-	3,133	3,133
Financial assets at fair value through profit and loss	-	-	2,052,347	2,052,347
Total financial assets	40,441	-	2,055,480	2,095,921
Liabilities				
Payables	-	-	(983)	(983)
Distributions payable	-	-	(7,835)	(7,835)
Total financial liabilities (excluding net assets attributable to unit holders)	-	-	(8,818)	(8,818)
Net exposure	40,441	-	2,046,662	2,087,103

As at 30 June 2022	Floating interest rate \$'000	Fixed interest rate \$'000	Non interest bearing \$'000	Total \$'000
Assets				
Cash and cash equivalents	22,475	-	-	22,475
Receivables	-	-	2,585	2,585
Financial assets at fair value through profit and loss	-	-	1,686,071	1,686,071
Total financial assets	22,475	-	1,688,656	1,711,131
Liabilities				
Payables	-	-	(782)	(782)
Distributions payable	-	-	(8,205)	(8,205)
Total financial liabilities (excluding net assets attributable to unit holders)	-	-	(8,987)	(8,987)
Net exposure	22,475	-	1,679,669	1,702,144

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

The table in Note 3(b) summarises the impact of an increase/decrease of interest rates on the Fund's profit/(loss) and net assets attributable to unit holders through changes in fair value or changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 300 basis points (2022: +/- 300 basis points) from the year end rates with all other variables held constant.

3 Financial risk management (continued)

(b) Summarised sensitivity analysis

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

	Price risk		Interest rate risk	
	Impact on profit/(loss)/Net assets attributable to unitholders			
	-10%	+10%	-300bps	+300bps
	\$'000	\$'000	\$'000	\$'000
30 June 2023	(205,235)	205,235	(1,213)	1,213
30 June 2022	(168,607)	168,607	(674)	674

	Foreign exchange risk							
	Impact on profit/(loss)/Net assets attributable to unit holders							
	-10%	10%	-10%	10%	-10%	10%	-10%	10%
	USD	USD	EUR	EUR	CHF	CHF	SEK	SEK
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
30 June 2023	(123,831)	123,831	(24,583)	24,583	(19,283)	19,283	(10,946)	10,946
30 June 2022	(104,708)	104,708	(18,215)	18,215	(12,178)	12,178	(7,773)	7,773

Investing in a managed Fund is not without associated risk. The Fund's ability to produce investment returns is dependent on a wide range of factors, non unusual or unique to this Fund. An investment in the Fund, by itself, generally does not provide a complete investment program but rather is intended to serve as part of an investor's overall investment portfolio. The Fund will be exposed to risks through its direct investment in any given asset, sector or asset class. Investors should refer to the Funds Product Disclosure Document for detail of the risks inherent in investing in the Fund.

The residual impacts of COVID-19 and emerging risks such as rising inflation and commodity prices, increasing interest rates and supply chain constraints continue to create uncertainty as businesses navigate a new landscape. At the date of signing the financial statements, uncertainty remains on the likely impact of these factors on the short and long-term performance of the Fund. The Fund has not made any changes to the methods or assumptions used to determine its sensitivity to the market risk compared to the comparative period. The Responsible Entity will continue to assess this impact. The Fund continues to fulfil payment on all redemption requests in accordance with the current Product Disclosure Statement.

(c) Credit risk

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

The Fund determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2023 and 30 June 2022, all receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of AA/Aa or

3 Financial risk management (continued)

(c) Credit risk (continued)

higher and are either callable on demand or due to be settled within 1 week. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

(d) Liquidity risk

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

Exposure to liquidity risk for the Fund may arise from the requirement to meet daily unit holder redemption requests.

Liquidity risk is managed by investing the majority of its assets in investments that are traded in an active market and can be readily disposed of.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders. The Fund did not reject or withhold any redemptions during 2023 and 2022.

(i) Maturities of non-derivative financial liabilities

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

	Less than 1 month	1-6 months	6-12 months	Over 12 months	No stated maturity	Total
As at 30 June 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	983	-	-	-	-	983
Distributions payable	7,835	-	-	-	-	7,835
Net assets attributable to unitholders	<u>2,087,103</u>	-	-	-	-	<u>2,087,103</u>
Total non-derivative liabilities	<u>2,095,921</u>	-	-	-	-	<u>2,095,921</u>
	Less than 1 month	1-6 months	6-12 months	Over 12 months	No stated maturity	Total
As at 30 June 2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	782	-	-	-	-	782
Distributions payable	8,205	-	-	-	-	8,205
Net assets attributable to unitholders	<u>1,702,144</u>	-	-	-	-	<u>1,702,144</u>
Total non-derivative liabilities	<u>1,711,131</u>	-	-	-	-	<u>1,711,131</u>

4 Fair value measurement

The Fund measures and recognises the following financial assets and liabilities at fair value.

- Financial assets at fair value through profit or loss (see Note 6)

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

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

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

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

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

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

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

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

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

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

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 reporting date. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the reporting date taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the Black Scholes option valuation model.

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. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

4 Fair value measurement (continued)

(c) Recognised fair value measurements

The table below presents the Fund's financial assets and liabilities measured and recognised at fair value as at 30 June 2023 and 30 June 2022.

As at 30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Listed equity securities	<u>2,052,347</u>	-	-	<u>2,052,347</u>
Total	<u>2,052,347</u>	-	-	<u>2,052,347</u>

As at 30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Listed equity securities	<u>1,686,071</u>	-	-	<u>1,686,071</u>
Total	<u>1,686,071</u>	-	-	<u>1,686,071</u>

(d) Transfer between levels

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

There were no transfers between levels in the fair value hierarchy for the year ended 30 June 2023 and year ended 30 June 2022. There were also no changes made to any of the valuation techniques applied as of 30 June 2022.

(e) Fair value measurements using unobservable inputs (Level 3)

There are no level 3 instruments held by the Fund with fair value measurements using unobservable inputs at 30 June 2023 and 30 June 2022.

(f) Financial instruments not carried at fair value

The carrying values of receivables and payables approximate their fair values due to their short-term nature.

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

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

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

	Year ended	
	30 June 2023 \$'000	30 June 2022 \$'000
Financial assets		
Net gains/(losses) on financial assets at fair value through profit and loss	361,888	(204,652)
Financial liabilities		
Net losses on financial liabilities at fair value through profit and loss	<u>(403)</u>	<u>(758)</u>
Total net gains/(losses) from financial instruments at fair value through profit or loss	<u>361,485</u>	<u>(205,410)</u>

6 Financial assets at fair value through profit or loss

	As at	
	30 June 2023 \$'000	30 June 2022 \$'000
Financial assets at fair value through profit or loss		
International listed equity securities	<u>2,052,347</u>	<u>1,686,071</u>
Total financial assets at fair value through profit or loss	<u>2,052,347</u>	<u>1,686,071</u>

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

7 Net assets attributable to unit holders - liability

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

	As at			
	30 June 2023 Units'000	30 June 2022 Units'000	30 June 2023 \$'000	30 June 2022 \$'000
Class B Units				
Opening balance	560,925	367,453	1,640,288	1,204,310
Applications	890	192,415	2,859	631,142
Redemptions	(5,737)	(306)	(18,152)	(999)
Reinvestment of distributions	4,082	1,363	12,156	4,725
Increase/(decrease) in net assets attributable to unit holders	<u>-</u>	<u>-</u>	<u>347,687</u>	<u>(198,890)</u>
Closing balance	<u>560,160</u>	<u>560,925</u>	<u>1,984,838</u>	<u>1,640,288</u>

7 Net assets attributable to unit holders - liability (continued)

	As at			
	30 June 2023 Units'000	30 June 2022 Units'000	30 June 2023 \$'000	30 June 2022 \$'000
Class C Units				
Opening balance	29,904	30,129	49,291	55,627
Applications	20,146	10,843	38,177	20,901
Redemptions	(6,184)	(11,074)	(11,356)	(20,257)
Reinvestment of distributions	9	6	14	12
Increase/(decrease) in net assets attributable to unit holders	-	-	11,421	(6,992)
Closing balance	43,875	29,904	87,547	49,291
Class D Units				
Opening balance	3,116	1,601	12,565	7,230
Applications	1,599	1,732	7,475	7,975
Redemptions	(1,710)	(218)	(7,712)	(989)
Reinvestment of distributions	2	1	7	3
Increase/(decrease) in net assets attributable to unit holders	-	-	2,383	(1,654)
Closing balance	3,007	3,116	14,718	12,565
Closing balance			2,087,103	1,702,144

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

There are three separate classes of units as at 30 June 2023 (30 June 2022 - three classes of units). Each unit has the same voting rights as other units, irrespective of the classes. Each unit class has a different management fee rate. Class D units are listed on ASX.

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

On the Statement of cash flows, proceeds from applications by unitholders incorporate application funding received from unit holders and also the value of units issued upon reinvestment of distributions, while distribution paid includes the cash distribution portion only.

Capital risk management

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

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

8 Distributions to unit holders

The distributions declared during the year were as follows:

	Year ended			
	30 June 2023 \$'000	30 June 2023 CPU	30 June 2022 \$'000	30 June 2022 CPU
Distributions - Class B Units				
December	4,205	0.75	2,055	0.56
June (payable)	<u>7,559</u>	<u>1.35</u>	<u>8,074</u>	<u>1.44</u>
Total distributions - Class B Units	<u>11,764</u>	<u>2.10</u>	<u>10,129</u>	<u>2.00</u>
Distributions - Class C Units				
December	26	0.09	-	-
June (payable)	<u>243</u>	<u>0.55</u>	<u>96</u>	<u>0.32</u>
Total distributions - Class C Units	<u>269</u>	<u>0.64</u>	<u>96</u>	<u>0.32</u>
Distributions - Class D Units				
December	6	0.18	-	-
June (payable)	<u>33</u>	<u>1.08</u>	<u>35</u>	<u>1.13</u>
Total distributions - Class D Units	<u>39</u>	<u>1.26</u>	<u>35</u>	<u>1.13</u>
Total distributions	<u>12,072</u>		<u>10,260</u>	

9 Cash and cash equivalents

	As at	
	30 June 2023 \$'000	30 June 2022 \$'000
Cash at bank	<u>40,441</u>	<u>22,475</u>
Total cash and cash equivalents	<u>40,441</u>	<u>22,475</u>

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

	Year ended	
	30 June 2023 \$'000	30 June 2022 \$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Increase/(decrease) in net assets attributable to unit holders	361,491	(207,536)
Distributions to unit holders	12,072	10,260
Proceeds from sale of financial instruments at fair value through profit or loss	137,873	177,700
Purchase of financial instruments at fair value through profit or loss	(142,664)	(203,706)
Net (gains)/losses on financial instruments at fair value through profit or loss	(361,485)	205,410
Net change in receivables	(548)	(772)
Net change in payables	139	227
Unrealised foreign exchange gains/(losses)	(209)	51
Net cash inflow/(outflow) from operating activities	6,669	(18,366)
(b) Non-cash financing activities		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	12,177	4,740
During the 2022 financial year, 190,445,722 of class B units were issued against non-cash consideration to wholesale investor	-	624,452
Total non-cash financing activities	-	629,192

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

11 Remuneration of auditor

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

	Year ended	
	30 June 2023 \$	30 June 2022 \$
<i>Audit services</i>		
Auditing/reviewing the financial report	23,260	22,370
Compliance plan audit	5,625	5,408
	28,885	27,778
<i>Taxation services</i>		
Tax compliance services	10,490	10,490
	10,490	10,490
Total remuneration paid or payable to KPMG	39,375	38,268

12 Receivables

	As at	
	30 June 2023	30 June 2022
	\$'000	\$'000
Interest receivable	25	-
Dividend receivable	2,914	2,410
GST receivable	194	175
Total receivables	3,133	2,585

13 Payables

	As at	
	30 June 2023	30 June 2022
	\$'000	\$'000
Responsible Entity fees payable	46	39
Management fees payable	696	590
Redemptions payable	75	13
Other payables	166	140
Total payables	983	782

14 Related party transactions

The Responsible Entity of Apostle Dundas Global Equity Fund is K2 Asset Management Ltd (ABN 95 085 445 094). Accordingly, transactions with entities related to K2 Asset Management Ltd are disclosed below.

The Responsible Entity has contracted services to Apostle Funds Management Pty Limited to act as Investment Manager for the Fund and State Street Australia Limited to act as Custodian and Administrator for the Fund. The contracts are on normal commercial terms and conditions.

(a) Key management personnel

(i) Directors

Key management personnel include persons who were directors of K2 Asset Management Ltd at any time during or since the end of the financial year and up to the date of this report.

Campbell W Neal
Hollie A Wight
George Boubouras
Neil Sheather (Appointed on 1 July 2023)

(ii) Responsible Entity

Other than fees paid to the Responsible Entity, there were no other transactions.

14 Related party transactions (continued)

(a) Key management personnel (continued)

(iii) Other key management personnel

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

(b) Transactions with key management personnel

No transactions occurred with key management personnel during the financial year.

(c) Key management personnel unit holdings

No key management personnel held units in the Fund during the financial year.

(d) Key management personnel compensation

Key management personnel are paid by K2 Asset Management Ltd. Payments made from the Fund to K2 Asset Management Ltd do not include any amounts directly attributable to the compensation of key management personnel.

(e) Key management personnel loans

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

(f) Other transactions within the Fund

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

(g) Responsible Entity fees, Investment Manager's fees and other transactions

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

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

	Year ended	
	30 June 2023	30 June 2022
	\$	\$
Management fees for the year	8,524,888	6,934,026
Responsible Entity fees for the year	520,619	420,450
Management fees payable at year end	696,043	589,664
Responsible Entity fees payable at year end	46,308	39,185

The management fees borne by the Fund are paid to the Investment Manager, who in turn provides the on-payment of the fees to the respective service providers. Service provider fees include Responsible Entity fees, Custodian and Administrator fees and other expenses.

14 Related party transactions (continued)

(h) Investments

The Fund did not hold any investments in K2 Asset Management Ltd or its related parties during the year (2022: nil).

15 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period and up to the date of this report which would impact on the financial position of the Fund as disclosed in the statement of financial position as at 30 June 2023 or on the results and cash flows of the Fund for the year ended on that date.

16 Contingent assets and liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 30 June 2023 and 30 June 2022.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 8 to 33 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2023 and of its performance for the financial year ended on that date.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (c) Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors of K2 Asset Management Ltd.



Hollie A Wight
Director

Melbourne
31 August 2023



Independent Auditor's Report

To the unitholders of Apostle Dundas Global Equity Fund

Opinion

We have audited the **Financial Report** of Apostle Dundas Global Equity Fund (the Scheme).

In our opinion, the accompanying Financial Report of the Scheme is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Scheme's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2023
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Scheme in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

The **Key Audit Matters** we identified are:

- Valuation of financial assets at fair value through profit or loss.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our Audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of financial assets at fair value through profit or loss - \$ 2,052,347,000

Refer to Note 2(b), Note 4 and Note 6 to the Financial Report

The key Audit matter	How the matter was addressed in our audit
<p>Financial assets at fair value through profit or loss comprise investments in listed equity securities ("the investments").</p> <p>The Scheme outsources certain processes and controls relevant to:</p> <ul style="list-style-type: none"> Recording and valuing of investments to the Fund Administrator. Maintaining custody and underlying records of investments to the Custodians. Initiating and executing the purchase and sale of investments to the Investment Manager. <p>Valuation of financial assets at fair value through profit or loss is a key audit matter due to the:</p> <ul style="list-style-type: none"> Size of the Scheme's portfolio of listed equity securities. These investments represent 98% of the Scheme's total net assets as at year end; and Importance of the performance of these investments in driving the Scheme's investment income and capital performance, as reported in the financial report. <p>As a result, this was the area with greatest effect on our overall audit strategy and allocation of resources in planning and performing our audit.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> We assessed the appropriateness of the accounting policies applied by the Scheme, including those relevant to the fair value of investments, against the requirements of the accounting standards. We obtained and read the Scheme's Fund Administrator and Custodians' GS007 (<i>Guidance Statement 007 Audit Implications of the Use of Service Organisations for Investment Management Services</i>) assurance reports to understand and assess the controls relevant to the: <ul style="list-style-type: none"> Fund administrator - to record and value the Scheme's investments; and Custodians - to maintain custody and underlying records of the Scheme's investments. We checked the existence of investments being the ownership and quantity held to independent confirmations from the Custodians as at 30 June 2023. We checked the valuation of investments, as recorded in the general ledger, to externally quoted market prices from the relevant stock exchanges as at 30 June 2023. We evaluated the Scheme's disclosures using our understanding obtained from our testing, against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Apostle Dundas Global Equity Fund's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of K2 Asset Management Ltd (the Responsible Entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors of K2 Asset Management Ltd (the Responsible Entity) are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and is appropriate to meet the requirements of the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Scheme's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Scheme or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit[s] of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our Auditor's Report.



KPMG



Chris Wooden

Partner

Melbourne

31 August 2023