

Custom Portfolio Solutions - Global Managers Trust

ARSN 155 638 047

Annual Financial Report - 30 June 2019

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Directors' report

The directors of BetaShares Capital Ltd, the Responsible Entity of Custom Portfolio Solutions - Global Managers Trust (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2019 and the auditor's report thereon.

Responsible Entity

The Responsible Entity of Custom Portfolio Solutions - Global Managers Trust is BetaShares Capital Ltd (ABN 78 139 566 868). The Responsible Entity's registered office and principal place of business is Level 11, 50 Margaret Street, Sydney, NSW, 2000.

Principal activities

The Fund is a registered managed investment fund domiciled in Australia.

The principal activity of the Fund is to invest in accordance with the investment objective and guidelines as set out in the Fund's current Product Disclosure Statement and its Constitution.

The Fund did not have any employees during the financial year.

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

Directors

The following persons held office as directors of BetaShares Capital Ltd during the year or since the end of the year and up to the date of this report:

David Nathanson (appointed 21 September 2009)
Alex Vynokur (appointed 21 September 2009)
Taeyong Lee (appointed 12 August 2015, resigned 31 August 2018)
Thomas Park (appointed 12 August 2015)
Jungho Rhee (appointed 1 September 2018)

Review and results of operations

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

The results of operation of the Fund is disclosed in the statement of comprehensive income. The income distributions payable by the Fund are disclosed in the statement of financial position. The income distributions paid and payable by the Fund are disclosed in Note 4 to the financial statements.

Significant changes in state of affairs

On 5 May 2016, a new tax regime applying to Managed Investment Trusts was established under the *Tax Law Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The Attribution Managed Investment Trust ("AMIT") regime allows Fund to make an irrevocable choice to be an AMIT. The Fund's Constitution allows it to operate as AMITs, and the conditions to adopt the AMIT tax regime have been met effective 1 July 2018. Consequently, the units in the Fund has been reclassified from a financial liability to equity on 1 July 2018 (see Note 3 for further information).

In the opinion of the directors, there were no significant changes in the state of affairs of the Funds 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 2019 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 results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

The future returns of the Fund, as measured by the Fund's net asset value per unit plus any distributions, are generally dependent upon the performance of the portfolio of international equity securities, held either directly or indirectly via pooled funds, which are managed by the Fund's selected investment managers. The Fund maintains its investment strategy to provide unitholders with a return that aims to provide long term capital growth and some income (over five years or more) by investing in a diversified portfolio of listed international shares managed directly, or indirectly via pooled funds, by one or more selected investment managers.

Further information on likely developments in the operation of the Fund and the expected results of the 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 and auditors

No insurance premiums are paid for out of the assets of the Fund in regard to insurance cover provided to either the Responsible Entity, its officers or the auditor of the Fund. As long as the officers of the Responsible Entity 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. 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 12 of the financial statements.

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

No interests in the Fund were held by the Responsible Entity or its associates as at the end of the financial year.

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 3 of the financial statements.

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

Environmental regulation

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

Directors' report (continued)

Rounding of amounts to the nearest thousand dollars

The Fund is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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 5.

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



David Nathanson
Director



Alex Vynokur
Director

Sydney
20 September 2019



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

To the Directors of BetaShares Capital Ltd, as Responsible Entity for Custom Portfolio Solutions – Global Managers Trust

I declare that, to the best of my knowledge and belief, in relation to the audit of Scheme for the financial year ended 30 June 2019 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

Nicholas Buchanan

Partner

Sydney

20 September 2019

Custom Portfolio Solutions - Global Managers Trust
Statement of comprehensive income
For the year ended 30 June 2019

Statement of comprehensive income

	Notes	Year ended	
		30 June 2019 \$'000	30 June 2018 \$'000
Investment income			
Interest income		69	24
Dividend/distribution income		6,785	6,862
Net gains/(losses) on financial instruments at fair value through profit or loss		13,916	11,701
Net foreign exchange gains/(losses)		282	53
Other operating income		2	-
Total net investment income/(loss)		21,054	18,640
Expenses			
Management fees		3,225	3,606
Transaction costs		27	45
Other operating expenses		248	291
Total operating expenses		3,500	3,942
Operating profit/(loss)		17,554	14,698
Finance costs attributable to unitholders			
Distributions to unitholders*	4	-	(19,948)
(Increase)/decrease in net assets attributable to unitholders*		-	5,250
Profit/(loss) for the year		17,554	-
Other comprehensive income		-	-
Total comprehensive income for the year		17,554	-

* Net assets attributable to unitholders for the Fund are classified from liability to equity from 1 July 2018. As a result, the Fund's distributions are no longer classified as finance costs in the statement of comprehensive income, but rather as distributions paid and payable in the statement of changes in equity. Refer to Note 1 for further details.

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

Custom Portfolio Solutions - Global Managers Trust
Statement of financial position
As at 30 June 2019

Statement of financial position

		As at	
		30 June	30 June
		2019	2018
	Notes	\$'000	\$'000
Assets			
Cash and cash equivalents		6,942	3,387
Financial assets at fair value through profit or loss	5	244,081	269,633
Due from brokers - receivables for securities sold		-	5
Other receivables		810	4,612
Total assets		251,833	277,637
Liabilities			
Distributions payable	4	11,664	19,948
Other payables		1,467	2,609
Total liabilities (excluding net assets attributable to unitholders)		13,131	22,557
Net assets attributable to unitholders - liability*		-	255,080
Net assets attributable to unitholders - equity*		238,702	-

*Net assets attributable to unitholders are classified as equity at 30 June 2019 and as financial liability at 30 June 2018. Refer to Note 1 for further details.

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

Custom Portfolio Solutions - Global Managers Trust
Statement of changes in equity
For the year ended 30 June 2019

Statement of changes in equity

	Notes	Year ended	
		30 June 2019 \$'000	30 June 2018 \$'000
Total equity at the beginning of the year		-	-
Reclassification as equity due to AMIT tax regime implementation*	3	<u>255,080</u>	-
Comprehensive income for the year			
Profit/(loss) for the year		17,554	-
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>17,554</u>	<u>-</u>
Transactions with unitholders			
Applications	3	41,754	-
Redemptions	3	(64,022)	-
Distributions to unitholders	3	<u>(11,664)</u>	<u>-</u>
Total transactions with unitholders		<u>(33,932)</u>	<u>-</u>
Total equity at the end of the year*		<u>238,702</u>	<u>-</u>

* Effective from 1 July 2018, the Fund's units have been reclassified from financial liability to equity. Refer to Note 1 for further detail. As a result, equity transactions including distributions have been disclosed in the above statement for the financial year ended 30 June 2019. There were no equity transactions for the comparative year.

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

Custom Portfolio Solutions - Global Managers Trust
Statement of cash flows
For the year ended 30 June 2019

Statement of cash flows

		Year ended	
		30 June	30 June
		2019	2018
	Notes	\$'000	\$'000
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		169,856	188,472
Payments for purchase of financial instruments at fair value through profit or loss		(130,056)	(256,321)
Dividends/distributions received		6,804	6,811
Interest income received		69	24
Other operating income received		2	-
Management fees paid		(3,415)	(3,282)
Transaction costs paid		(27)	(45)
Other operating expenses paid		(250)	(311)
Net cash inflow/(outflow) from operating activities	6	42,983	(64,652)
Cash flows from financing activities			
Proceeds from applications by unitholders		45,531	84,176
Payments for redemptions by unitholders		(64,966)	(43,205)
Distributions paid		(19,948)	(2,653)
Net cash inflow/(outflow) from financing activities		(39,383)	38,318
Net increase/(decrease) in cash and cash equivalents			
		3,600	(26,334)
Cash and cash equivalents at the beginning of the financial year		3,387	29,722
Effects of foreign currency exchange rate changes on cash and cash equivalents		(45)	(1)
Cash and cash equivalents at the end of the financial year		6,942	3,387

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 Custom Portfolio Solutions - Global Managers Trust (the "Fund") as an individual entity. The Fund was registered on 22 February 2012 and commenced operations on 27 March 2013. The Responsible Entity cannot issue or redeem any units from the 80th anniversary of the day before the day the Fund commenced, if that issue or redemption would cause a contravention of the rule against perpetuities or any other rule of law or equity. The Fund may be terminated in accordance with the provisions of the Fund's Constitution. The Fund is domiciled in Australia.

The Responsible Entity of the Fund is BetaShares Capital Ltd (the "Responsible Entity"). The Responsible Entity's registered office is Level 11, 50 Margaret Street, Sydney, NSW 2000.

On 5 May 2016, a new tax regime applying to Managed Investment Trusts was established under the *Tax Law Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The Attribution Managed Investment Trust (AMIT) regime allows fund to make an irrevocable choice to be an AMIT. The Fund's Constitution has been amended to allow it to operate as AMITs and the conditions to adopt the AMIT tax regime have been met. The Responsible Entity elected into the AMIT regime for the Fund effective from 1 July 2018. Under the AMIT regime the units in the Fund has been reclassified from financial liability to equity from 1 July 2018.

The Fund's investment strategy is to provide unitholders with long-term capital growth and some income (over 5 years or more) by investing in a diversified portfolio of listed international shares managed directly, or indirectly via pooled funds, by one or more selected investment managers.

The financial statements were authorised for issue by the directors of the Responsible Entity on 20 September 2019. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

The financial statements are presented in Australian dollars, which is the Fund's functional currency.

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.

(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 operated solely in one segment which is the business of investment management within Australia.

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

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets at fair value through profit or loss and net assets attributable to unitholders.

Compliance with International Financial Reporting Standards

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

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Use of estimates and judgements

Management make estimates and assumptions that affect the reported amounts in the financial statements. These estimates and assumptions 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. Actual results may differ from these estimates.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and regularly 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 certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the short-term nature of these financial instruments.

Investment entity exception

The Fund meets the definition of an investment entity and therefore apply the investment entity amendments to AASB 10 *Consolidated Financial Statements* ("AASB 10"), AASB 12 *Disclosure of Interests in Other Entities* and AASB 127 *Separate Financial Statements*. AASB 10 is applicable to all investees; among other things, it requires the consolidation of an investee if the Fund controls the investee on the basis of de facto circumstances. An exception however exists where an entity meets the definition of an investment entity.

The Fund meets the definition of investment entity due to the following factors:

- (a) the Fund obtains funds from one or more unitholders for the purpose of providing the unitholders with investment management services;
- (b) the Fund commits to their unitholders that their business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (c) the Fund measures and evaluates the performance of substantially all of their investments on a fair value basis.

In making the above assessments, the Fund has multiple investments and multiple investors. Their investors are generally unrelated parties of the Fund. Unitholders invest for returns from capital appreciation, investment income, or both. Directors of the Responsible Entity have concluded that the Fund meets the definition of investment entity.

Assessment of the Fund's investments as structured entities

The Fund has assessed whether the securities in which it invests are structured entities. The Fund has considered the voting rights and other similar rights afforded to investors in this fund, including the rights to remove the fund manager or redeem holdings. The Fund has assessed whether these rights are the dominant factor in controlling the fund, or whether the contractual agreement with the fund manager is the dominant factor in controlling the Fund. The Fund has concluded that the managed investment funds in which it invests are not structured entities.

Change in accounting estimate

During the year, the Fund changed the valuation inputs for the fair value of listed financial assets and liabilities recognised in the financial statements from bid prices to last traded prices to be consistent with the inputs used for the calculation of unit prices. Therefore there is no difference between the valuation of Fund's assets for unit pricing and financial reporting purposes from 1 July 2018 onwards. This change does not affect the valuation of investments for unit pricing purposes. The use of last traded price is considered by management to be an appropriate estimate of fair value.

2 Summary of significant accounting policies (continued)

(b) New accounting standards and interpretations

Except as disclosed below, the accounting policies adopted in these financial statements are consistent with those of the previous financial year. On 1 July 2018 the Fund adopted AASB 9 *Financial instruments* and AASB 15 *Revenue from Contracts with Customers*. The impact of these standards and interpretations is set out below:

- AASB 9: *Financial Instruments* (effective 1 July 2018) (AASB 9)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It replaces the multiple classification and measurement models in AASB 139 with a new model that classifies financial instruments based on the business model within which the financial instruments are managed, and whether the contractual cashflows under the instrument solely represent the payment of principal and interest. It also introduces revised rules around hedge accounting and impairment.

Under AASB 9, financial instruments are classified as:

- Amortised cost if the objective of the business model is to hold the financial instruments to collect contractual cash flows only and the contractual cash flows under the instrument represent solely payments of principal and interest (SPPI);
- Fair value through other comprehensive income if the objective of the business model is to hold the financial instruments both to collect contractual cashflows from SPPI and for the purpose of sale; or
- All other financial instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial instrument as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument represent SPPI.

The adoption of AASB 9 did not result in a change to the classification or measurement of financial instruments in either the current or prior years. The Fund's investment portfolio continues to be measured at fair value through profit or loss. The derecognition rules have not been changed from previous requirements and the Fund does not apply hedge accounting. As the Fund's investments are all at fair value through profit or loss, the change in impairment rules will not impact the Fund. The Fund's cash and cash equivalents and receivables continue to be measured at amortised cost under AASB 9 and the impact of any expected credit losses (ECL) is not material.

- AASB 15: *Revenue From Contracts With Customers* (effective 1 July 2018) (AASB 15)

AASB 15 establishes a single revenue recognition using a five-step model based on the transfer of goods and services and the consideration expected to be received in return for that transfer.

The Fund's main source of income is investment income, in the form of gains on financial instruments at fair value as well as interest and dividends income. All these income types are outside the scope of the standard. Accordingly, the adoption of new revenue recognition rules did not have a material impact on the Fund's accounting policies or the amounts recognised in the financial statements.

2 Summary of significant accounting policies (continued)

(c) Financial instruments

(i) Classification

The Fund classifies their investments based on its business model for managing those financial assets and its contractual cash flow characteristics. The Fund's portfolio of financial assets are managed and its performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund evaluates the information about its investments 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 for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model objective. Consequently, the debt securities are measured 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 the financial assets or financial liabilities from this date.

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

(iii) Measurement

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 as incurred.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

- Fair value in an active market

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

2 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

- Fair value in an inactive or unquoted market

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

(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.

(d) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and accordingly are therefore classified as financial liabilities. However, applications and redemptions may be suspended by the responsible entity if it is in the best interest 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 on a daily basis (subject to the *Corporations Act 2001* and the Fund's Constitution) for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting year if unitholders exercised their right to redeem units in the Fund. Prior to 1 July 2018 the Fund has classified its net assets attributable to unitholders as liabilities in accordance with AASB 132. Effective 1 July 2018, the Fund has elected into the AMIT tax regime. The net assets attributable to unitholders of the Fund met the criteria set out under AASB 132 and are classified as equity from 1 July 2018 onwards.

(e) Cash and cash equivalents

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

(f) Investment income

Interest income is recognised in the statement of comprehensive income for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(c).

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. Such income is recorded gross of withholding tax in the statement of comprehensive income.

Trust distributions are recognised on an entitlements basis and stated net of foreign withholding tax.

(g) Expenses

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

2 Summary of significant accounting policies (continued)

(h) Income tax

The Fund is not subject to income tax provided as unitholders are presently entitled to the taxable income (including assessable realised capital gains) of the Fund.

The benefit of foreign tax paid is passed on to unitholders.

(i) Distributions

In accordance with the Fund's Constitution, the Fund distributes income adjusted for amounts determined by the Responsible Entity, to unitholders by cash or reinvestment.

The distributions are recognised in the statement of changes in equity as transactions with 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 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. Translation differences on assets and liabilities carried at fair value are reported in the statement of comprehensive income on a net basis within net gains/(losses) on financial instruments at fair value through profit or loss.

(k) Due from/to brokers

Amounts due from/to brokers (if applicable) 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. Trades are recorded on trade date, and for equities 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 may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in Note 2(f) above. Amounts are generally received within 30 days of being recorded as receivables. The carrying amount of receivables approximates fair value.

2 Summary of significant accounting policies (continued)

(m) Payables

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

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately in the statement of financial position when unitholders are presently entitled to the distributable income.

(n) Applications and redemptions

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

(o) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as investment management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of 55% to 85%; hence investment management fees, custodial fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(p) 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" of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

3 Net assets attributable to unitholders

Under AASB 132 *Financial Instrument: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.

Prior to 1 July 2018 the Fund classified its net assets attributable to unitholders as liabilities in accordance with AASB 132. Effective 1 July 2018, the Fund has elected into the AMIT tax regime. The net assets attributable to unitholders of the Fund meets the criteria set out under AASB 132 and are classified as equity from 1 July 2018 onwards.

As a result of the reclassification of net assets attributable to unitholders from liabilities to equity, the Fund's distributions are no longer classified as finance cost in the statement of comprehensive income, but rather as distributions to unitholders in the statement of changes in equity.

3 Net assets attributable to unitholders (continued)

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

	As at			
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	No. of units '000	No. of units '000	\$'000	\$'000
Net assets attributable to unitholders				
Opening balance*	348,805	289,339	255,080	215,602
Applications	55,349	115,609	41,754	88,248
Redemptions	(84,781)	(56,143)	(64,022)	(43,520)
Change in net assets attributable to unitholders*	-	-	-	(5,250)
Distributions to unitholders	-	-	(11,664)	-
Profit/(loss) for the year	-	-	17,554	-
Closing balance*	319,373	348,805	238,702	255,080

*Net assets attributable to unitholders are classified as equity at 30 June 2019 and as a financial liability at 30 June 2018. Refer to Note 1 for further detail.

Capital risk management

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

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 extend the period allowed for satisfaction of redemption of units or reject or spread redemptions in specified circumstances.

4 Distributions to unitholders

The distributions for the year were as follows:

	Year ended		Year ended	
	30 June 2019	30 June 2019	30 June 2018	30 June 2018
	\$'000	CPU	\$'000	CPU
Distributions payable - June	11,664	3.65	19,948	5.77
Total distributions	11,664		19,948	

5 Financial assets at fair value through profit or loss

	As at	
	30 June 2019	30 June 2018
	\$'000	\$'000
Financial assets at fair value through profit or loss		
Futures	30	-
Listed securities	<u>244,051</u>	<u>269,633</u>
Total financial assets at fair value through profit or loss	<u>244,081</u>	<u>269,633</u>

An overview of the risk exposures relating to financial instruments at fair value through profit or loss is included in Note 7.

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

	Year ended	
	30 June 2019	30 June 2018
	\$'000	\$'000
Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities		
Operating profit/(loss)	17,554	14,698
Proceeds from sale of financial instruments at fair value through profit or loss	169,856	188,472
Payments for purchase of financial instruments at fair value through profit or loss	(130,056)	(256,321)
Net (gains)/losses on financial instruments at fair value through profit or loss	(13,916)	(11,701)
Net change in dividends/distributions receivable	108	13
Net change in receivables and other assets	(83)	(88)
Net foreign exchange (gains)/losses	(282)	(53)
Net change in payables and other liabilities	(198)	328
Net cash inflow/(outflow) from operating activities	<u>42,983</u>	<u>(64,652)</u>

7 Financial risk management

The Fund is a managed investment scheme (MIS) that primarily invests directly in a portfolio of securities listed on international stock exchanges, as well derivative instruments and cash and cash equivalents.

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), counterparty/credit risk and liquidity risk. The Fund uses different methods to measure different types of risk to which it is exposed. Methods include sensitivity analysis in the case of price risk and foreign exchange risk.

The Fund's overall risk management program focuses on ensuring compliance with the Fund's Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. Financial risk management is carried out by appointed investment managers under policies approved by the Board of Directors of the Responsible Entity (the Board).

The Board of Directors of the Responsible Entity has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Fund's overall risk management program focuses on ensuring compliance with the Fund's Product Disclosure Statement (PDS) and Investment Guidelines.

Compliance with the Fund's PDS, Constitution and Investment Guidelines is reported to the Board on a regular basis.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Fund's income or the carrying value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Included in the following analysis are tables that summarise the sensitivity of the operating profit and net assets attributable to unitholders to changes in market prices (e.g. equity prices, foreign exchange rates and interest rates). The analysis is based on reasonably possible movements in the specified risk variable with other variables held constant. Actual movements in the risk variables in any period may be greater or less than indicated. The market price risk information is intended to be a relative estimate of risk rather than a precise and accurate number. It represents a hypothetical outcome and is not intended to be predictive. The analysis is based on historical data and cannot take account of the fact that future market price movements (e.g. in times on market stress) may bear no relation to historical patterns.

(i) Price risk

The Fund is exposed to equity securities and derivative securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Where non monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates which is considered a component of price risk. Investments are classified in the statement of financial position as at fair value through profit or loss. All securities investments present a risk of loss of capital.

The Fund's overall market positions are reported to the Board on a regular basis.

Sensitivity analysis - price risk

An increase of 10% at the reporting date of the underlying investments' prices of the Fund would have increased profit/decreased loss from operating activities by \$24,405,122 (2018: \$26,963,265). A decrease of 10% would have an equal but opposite effect on the operating profit or loss, on the basis that all other variables remain constant.

7 Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is not considered to be significant to the Fund other than its cash holdings.

(iii) Foreign exchange risk

The Fund holds monetary and non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk not foreign exchange risk. Foreign exchange risk arises as the value of these financial assets denominated in other currencies will fluctuate due to changes in exchange rates.

The table below summarises the value of the Fund's assets and liabilities, monetary and non-monetary, that are denominated in a currency other than the Australian dollar (calculated after the affect of associated foreign currency derivatives).

	As at	
	30 June 2019 \$'000	30 June 2018 \$'000
USD	150,486	160,712
JPY	13,845	18,168
EUR	34,187	38,294
Other currencies	<u>47,764</u>	<u>51,420</u>
Net foreign currency exposure	<u>246,282</u>	<u>268,594</u>

Sensitivity analysis - foreign exchange risk

The table below summarises the sensitivities of the Fund's monetary assets and liabilities to foreign exchange risk.

	30 June 2019 \$'000	30 June 2018 \$'000
Impact on profit/(loss) from operating activities and net assets attributable to unitholders		
10% AUD appreciation against foreign currency (2018: 10%)	(513)	(331)

10% AUD depreciation against foreign currency would have an equal, but opposite effect to the amounts shown in the table above.

(b) 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.

7 Financial risk management (continued)

(b) Credit risk (continued)

(i) Derivative financial instruments

Derivatives, such as futures and forward contracts, may be used in the Fund to gain or reduce exposure to assets and markets more efficiently or to manage risk (such as currency hedging). Derivatives may also be used from time to time to increase the market exposure of a portfolio managed by a selected investment manager with the intention that the exposure is in line with, but not greater than, that of the broad international equity market. The Responsible Entity does not otherwise intend to use derivatives or any other instrument to gain additional exposure to the equity market.

(ii) Settlement of securities transactions

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once purchase on the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

(iii) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is considered low as all counterparties have a rating of AA- or higher (as determined by Standard & Poor's or equivalent rating agency).

The custody, clearing and depository operations of the Fund's assets are mainly concentrated with one counterparty, namely RBC Investor Services Trust. RBC Investor Services Trust is a subsidiary of a company listed on a major securities exchange, and at 30 June 2019 had a credit rating of AA-/A-1+ (Stable) by Standards & Poor's (S&P) (30 June 2018 AA- (S&P) and A1 (Moody's)). At 30 June 2019, substantially all cash and cash equivalents, balances due from brokers and investments were held in custody by RBC Investor Services Trust.

In accordance with the Fund's policy, the Responsible Entity monitors the Fund's credit position on a regular basis.

(iv) Other

The Fund is not materially exposed to credit risk on other financial assets.

(c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities.

The Fund is exposed to daily redemptions of redeemable units.

The Fund may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Fund may not be able to quickly liquidate its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty.

7 Financial risk management (continued)

(c) Liquidity risk (continued)

The table below analyses the Fund's non-derivative and derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	On demand \$'000	Less than 6 months \$'000	Greater than 6 months \$'000	Total \$'000
30 June 2019				
Distributions payable	-	11,664	-	11,664
Other payables	-	1,467	-	1,467
Contractual cash flows (excluding net settled derivatives)	-	13,131	-	13,131
	On demand \$'000	Less than 6 months \$'000	Greater than 6 months \$'000	Total \$'000
30 June 2018				
Distributions payable	-	19,948	-	19,948
Other payables	-	2,609	-	2,609
Net assets attributable to unitholders - liability*	255,080	-	-	255,080
Contractual cash flows (excluding net settled derivatives)	255,080	22,557	-	277,637

* Net assets attributable to unitholders are classified as equity at 30 June 2019 and as financial liability at 30 June 2018. Refer to Note 1 for further detail.

8 Offsetting financial assets and financial liabilities

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. The gross and net positions of financial assets and liabilities that have been offset in the statement of financial position are disclosed in the first three columns of the tables below.

	Effects of offsetting on the statement of financial position			Related amounts not offset in statement of financial position		
	Gross amounts of financial assets/ (liabilities)	Gross amounts set off in the statement of financial position	Net amount of financial assets/ (liabilities) presented in the statement of financial position	Financial instruments (including non-cash collateral)	Stock and cash collateral pledged	Net amounts
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2019						
Financial assets						
Futures	30	-	30	-	-	30
Total	30	-	30	-	-	30

8 Offsetting financial assets and financial liabilities (continued)

There were no offsetting financial assets for the comparative year.

9 Fair value measurements

AASB 13 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).

Fair value estimation

The carrying amounts of the Fund's assets and liabilities at the end of each reporting period approximate their fair values.

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 their fair value recognised in the statement of comprehensive income.

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

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

The Fund values its investments in accordance with the accounting policies set out in Note 2. For the majority of their investments, the Fund relies on information provided by independent pricing services for the valuation of their investments.

The quoted market price used for financial assets and liabilities is the last traded price. Where the last traded price does not fall within the bid-ask spread, an assessment is performed by the management to determine the appropriate valuation price to use that is most representative of fair value.

In the prior year, the current bid or asking price was used for the quoted market price. There has been no material impact on the valuation of assets and liabilities from this change in valuation method.

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

(ii) Fair value in an inactive or unquoted market (Level 2 and Level 3)

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

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.

9 Fair value measurements (continued)

Fair value estimation (continued)

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

(iii) Recognised fair value measurements

The tables below set out the Fund's financial assets and liabilities (by class) at fair value according to the fair value hierarchy at 30 June 2019 and 30 June 2018.

30 June 2019	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Financial assets at fair value through profit or loss:				
Futures	30	-	-	30
Listed securities	<u>244,051</u>	-	-	<u>244,051</u>
Total	<u>244,081</u>	-	-	<u>244,081</u>

30 June 2018	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Financial assets at fair value through profit or loss:				
Listed securities	<u>269,633</u>	-	-	<u>269,633</u>
Total	<u>269,633</u>	-	-	<u>269,633</u>

(iv) Transfers between levels

There were no transfers between levels during the year ended 30 June 2019 and 30 June 2018.

(v) Movement in level 3 instruments

There were no investments classified as level 3 within the Fund as at 30 June 2019 and 30 June 2018.

(vi) Fair value of financial instruments not carried at fair value

The carrying value of trade receivables and trade payables are assumed to approximate their fair values.

10 Derivative financial instruments

In the normal course of business the Fund may enter into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the 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 many different instruments such as forwards and futures. Derivatives are considered to be part of the investment process and 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 may include:

- 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.

The Fund holds the following derivative instruments:

Foreign currency contracts

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

The Fund's derivative financial instruments at year end are detailed below:

As at 30 June 2019

	Contract / notional \$'000	Fair values	
		Assets \$'000	Liabilities \$'000
Futures	<u>2,096</u>	<u>30</u>	<u>-</u>
	<u>2,096</u>	<u>30</u>	<u>-</u>

There were no derivative financial instruments for the comparative year.

11 Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Fund. Audit fees were borne by the Responsible Entity.

	Year ended	
	30 June 2019	30 June 2018
	\$	\$
KPMG		
<i>Audit and other assurance service</i>		
Audit and review of financial reports	9,225	9,000
Audit of compliance plan	2,358	2,300
Total remuneration of audit and other assurance services	11,583	11,300

12 Related party transactions

Responsible Entity

The Responsible Entity of Custom Portfolio Solutions - Global Managers Trust is BetaShares Capital Ltd.

Key management personnel

The Fund does not employ personnel in its own right. However, the Fund is required to have an incorporated Responsible Entity to manage the activities and this is considered to be key management personnel. The directors of the Responsible Entity, which are key management personnel of the Responsible Entity, during or since the end of the financial year are:

(a) Directors

Executive Directors:

David Nathanson (appointed 21 September 2009)
Alex Vynokur (appointed 21 September 2009)

Non-Executive Directors:

Taeyong Lee (appointed 12 August 2015, resigned 31 August 2018)
Thomas Park (appointed 12 August 2015)
Jungho Rhee (appointed 1 September 2018)

(b) Other key management personnel

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

Responsible Entity's management fees and other transactions

The Responsible Entity's fees are calculated in accordance with the Fund's Constitution. The Responsible Entity fee is 0.36% p.a (2018: 0.36%) (after taking account of GST and reduced input tax credits), which is calculated as a percentage of the net asset value of the Fund and is disclosed in the statement of comprehensive income.

12 Related party transactions (continued)

(b) Other key management personnel (continued)

	Year ended	
	30 June 2019	30 June 2018
	\$	\$
Responsible Entity fees expensed during the year	954,101	424,205
Responsible Entity fees payable as at reporting date	74,175	170,578

Related party unitholdings

Parties related to the Fund (including BetaShares Capital Ltd, its related parties and other schemes managed by BetaShares Capital Ltd), did not hold any units in the Fund during the financial year.

13 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the statements of financial position as at 30 June 2019 or on the results and cash flows of the Fund for the period ended on that date.

14 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2019 and 30 June 2018.

Directors' declaration

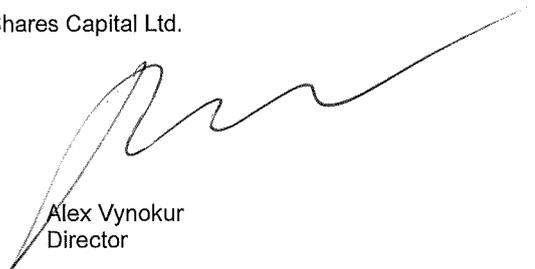
In the opinion of the directors of BetaShares Capital Ltd, the Responsible Entity of Custom Portfolio Solutions - Global Managers Trust

- (a) the financial statements and notes set out on pages 6 to 28 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (c) note 2(a) confirms that the financial statements comply with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board.

Signed in accordance with a resolution of the directors of BetaShares Capital Ltd.



David Nathanson
Director



Alex Vynokur
Director

Sydney
20 September 2019

Independent Auditor's Report

To the unitholders of Custom Portfolio Solutions – Global Managers Trust

Opinion

We have audited the **Financial Report** of the Custom Portfolio Solutions – Global Managers Trust (the Scheme).

In our opinion, the accompanying **Financial Report** of the Custom Portfolio Solutions – Global Managers Trust 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 2019 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 2019;
- Statement of comprehensive income for the year;
- Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration made by the Directors of BetaShares Capital Limited (the Responsible Entity).

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 and the Responsible Entity 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* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in the respective Scheme's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of 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 the Responsible Entity are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and 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; and
- 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 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: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.



KPMG



Nicholas Buchanan

Partner

Sydney

20 September 2019