

Custom Portfolio Solutions - Global Managers Trust

ARSN 155 638 047

Annual Financial Report - 30 June 2016

Custom Portfolio Solutions - Global Managers Trust

ARSN 155 638 047

Annual Financial Report - 30 June 2016

Contents	Page
Directors' report	2
Auditor's independence declaration	5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	33
Independent auditor's report to the unitholders	34

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 2016 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 Fund's investment strategy is to provide unitholders with a return that aims to provide 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 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.

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)
Howard Atkinson (appointed 2 March 2010, resigned 12 August 2015)
Taeyong Lee (appointed 12 August 2015)
Thomas Park (appointed 12 August 2015)

Significant changes in state of affairs

On 12 May 2016, one of the Fund's investments, namely, its holding of shares in Sands Capital Global Growth Fund, was transferred to a new registered scheme, Custom Portfolio Solutions-Global Growth Fund (CPS-GGF), of which BetaShare Capital Ltd is also the responsible entity. Units in CPS-GGF were issued to the unitholders in the Fund at the time of the transfer, equal to the number of units held by those unitholders in the Fund at that time. The transfer was made with the consent of unitholders. The purpose of the transfer was to provide those unitholders, within CPS-GGF, with greater flexibility in making withdrawals and additional investments, as well as the potential for unitholders to benefit from cost economies.

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.

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 as amended for the changes outlined above.

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.

Directors' report (continued)

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2016 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 governing documents of the Fund and in accordance with 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.

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.

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 16 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
27 September 2016



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

To: the directors of BetaShares Capital Limited, the Responsible Entity for the Scheme:

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016, 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.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that reads 'T. Gilerman'.

Tanya Gilerman
Partner

Sydney

27 September 2016

Custom Portfolio Solutions - Global Managers Trust
Statement of comprehensive income
For the year ended 30 June 2016

Statement of comprehensive income

		Year ended	
		30 June	30 June
		2016	2015
	Notes	\$'000	\$'000
Investment income			
Interest income		26	24
Dividend/distribution income		3,742	4,596
Net gains/(losses) on financial instruments held at fair value through profit or loss	5	(12,123)	62,832
Net foreign exchange gains/(losses)		341	1,203
Other operating income		-	12
Total net investment income/(loss)		(8,014)	68,667
Expenses			
Responsible Entity fees	16	986	841
Management fees		1,283	1,747
Transaction costs		34	19
Other expenses	15	1,113	1,269
Total operating expenses		3,416	3,876
Operating profit/(loss) before finance costs for the year		(11,430)	64,791
Finance costs attributable to unitholders			
Distributions to unitholders	4	(8,890)	(25,475)
Changes in net assets attributable to unitholders (total comprehensive income)	3	(20,320)	39,316

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 2016

Statement of financial position

		As at	
		30 June	30 June
		2016	2015
	Notes	\$'000	\$'000
Assets			
Cash and cash equivalents	8	5,014	9,103
Financial assets held at fair value through profit or loss	6	80,721	334,630
Due from brokers - receivable for securities sold		1,122	16,965
Receivables		369	629
Total assets		87,226	361,327
Liabilities			
Financial liabilities held at fair value through profit or loss	7	5	27
Distributions payable	4	8,890	25,475
Due to brokers - payable for securities purchased		2,231	476
Other payables		1,791	3,190
Total liabilities (excluding net assets attributable to unitholders)		12,917	29,168
Net assets attributable to unitholders - liability	3	74,309	332,159

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 unitholders are classified as a liability under *AASB 132 Financial Instruments: Presentation*. As such, the Fund has no equity and no items of changes in equity have been presented for the current or comparative year.

Custom Portfolio Solutions - Global Managers Trust
Statement of cash flows
For the year ended 30 June 2016

Statement of cash flows

		Year ended	
		30 June	30 June
		2016	2015
	Notes	\$'000	\$'000
Cash flows from operating activities			
Proceeds from sale of investments		314,127	67,453
Purchase of investments		(54,416)	(74,559)
Dividends/distributions received		3,966	4,450
Interest received		26	24
Other income received		-	12
Responsible Entity's fees paid		(1,076)	(994)
Transaction costs paid		(34)	(19)
Management fees paid		(1,766)	(1,343)
Other expenses paid		(1,149)	(1,039)
Net cash inflow/(outflow) from operating activities	9	259,678	(6,015)
Cash flows from financing activities			
Proceeds from applications by unitholders		41,783	67,419
Payments for redemptions by unitholders		(280,067)	(48,397)
Distributions paid		(25,475)	(13,161)
Net cash inflow/(outflow) from financing activities		(263,759)	5,861
Net increase/(decrease) in cash and cash equivalents		(4,081)	(154)
Cash and cash equivalents at the beginning of the financial year		9,103	9,210
Effects of exchange rate changes on cash and cash equivalents		(8)	47
Cash and cash equivalents at the end of the year	8	5,014	9,103

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

Contents of the notes to the financial statements

		Page
1	General information	11
2	Summary of significant accounting policies	11
3	Net assets attributable to unitholders	17
4	Distributions to unitholders	18
5	Net gains/(losses) on financial instruments held at fair value through profit or loss	18
6	Financial assets held at fair value through profit or loss	18
7	Financial liabilities held at fair value through profit or loss	19
8	Cash and cash equivalents	19
9	Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities	20
10	Financial risk management	20
11	Offsetting financial assets and financial liabilities	25
12	Fair value measurements	26
13	Derivative financial instruments	29
14	Auditor's remuneration	30
15	Other expenses	31
16	Related party transactions	31
17	Events occurring after the reporting period	32
18	Contingent assets and liabilities and commitments	32

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 28 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 will terminate in accordance with the provisions of the Fund's Constitution.

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.

The Fund's aims to provide investors 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 on 27 September 2016. 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.

(a) Basis of preparation

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

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 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 as issued by the International Accounting Standards Board.

Use of estimates and judgements

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

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Use of estimates and judgements (continued)

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 applies the investment entity amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interest in Other Entities and IAS 27 Separate Financial Statement. IFRS 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. Although all units attributable to unitholders are recognized as debt rather than equity, unitholders invest for returns from capital appreciation, investment income, or both. Directors of the RE have concluded that the Fund meets the definition of investment entity.

Assessment of the Funds' 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 funds, or whether the contractual agreement with the fund manager is the dominant factor in controlling these funds. The Fund has concluded that the managed investment funds in which it invests are not structured entities.

(b) Changes in accounting policy and transition

There were no changes in the accounting policies of the Fund during the financial year.

(c) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2016 reporting period and have not been early adopted by the Fund. The directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set out below:

2 Summary of significant accounting policies (continued)

(c) New accounting standards and interpretations (continued)

(i) AASB 9 *Financial Instruments* (and applicable amendments) (effective from 1 January 2018)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting. The directors do not expect this to have a significant impact on the recognition and measurement of the Fund's financial instruments. The derecognition rules have not been changed from the previous requirements, and the Fund does not apply hedge accounting. The Fund has not yet decided when to adopt AASB 9.

(ii) AASB 15 *Revenue from Contracts with Customers* (effective from 1 January 2018)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

The Fund's main source of income are interest, dividends and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the directors do not expect the adoption of the new revenue recognition rules to have a significant impact on the Fund's accounting policies or the amounts recognised in the financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

(d) Financial instruments

(i) Classification

The Fund's investments are classified as financial assets or financial liabilities and are recognised at fair value through profit or loss. They comprise:

- Financial instruments held for trading

Derivative financial instruments such as futures, forward contracts and options are included under this classification. The Fund does not designate any derivatives as hedges in a hedging relationship.

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets and financial liabilities such as equity instruments that are classified as not held for trading purposes and which may be sold.

Financial instruments designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

(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.

2 Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

(iii) Measurement

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

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

Subsequent to initial recognition, all financial assets and financial liabilities 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 in the period in which they arise.

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.

Investments in unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such trusts.

- 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.

- 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 Funds use a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used 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.

(e) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and accordingly are therefore classified as financial liabilities. Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the responsible entity if it is in the best interests of the unitholders. The units are classified as financial liabilities as the fund is required to distribute its distributable income. The units can be put back to the Fund on a monthly 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 period if unitholders exercised their right to redeem units in the Fund.

2 Summary of significant accounting policies (continued)

(f) 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.

(g) 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(d).

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.

Trust distributions are recognised on an entitlements basis.

(h) Expenses

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

(i) Income tax

Under current legislation, 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.

(j) Distributions

In accordance with the Fund's Constitution, the Fund distributes income adjusted for amounts determined by the Responsible Entity, to unitholders by cash payment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

(k) Change in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income.

(l) Foreign currency translation

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.

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

2 Summary of significant accounting policies (continued)

(l) Foreign currency translation (continued)

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 held at fair value through profit or loss.

(m) 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.

(n) 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(g) above. Amounts are generally received within 30 days of being recorded as receivables. The carrying amount of receivables approximates fair value.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

(o) Payables

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

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.

(p) 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.

2 Summary of significant accounting policies (continued)

(q) 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.

(r) Rounding of amounts

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

3 Net assets attributable to unitholders

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

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

	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	No. of units '000	No. of units '000	\$'000	\$'000
Opening balance	227,290	218,065	332,159	274,575
Applications	34,102	43,065	41,783	67,419
Redemptions	(150,821)	(33,840)	(279,313)	(49,151)
Change in net assets attributable to unitholders	-	-	(20,320)	39,316
Closing balance	110,571	227,290	74,309	332,159

Capital risk management

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

Monthly applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a monthly 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 paid/payable for the year were as follows:

	30 June 2016 \$'000	30 June 2016 CPU	30 June 2015 \$'000	30 June 2015 CPU
Distributions				
Distributions payable - June	<u>8,890</u>	8.04	<u>25,475</u>	11.21
	8,890		25,475	

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

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

	30 June 2016 \$'000	30 June 2015 \$'000
Net gain/(loss) on financial instruments held for trading	(865)	646
Net gain/(loss) on financial instruments designated at fair value through profit or loss	<u>(11,258)</u>	<u>62,186</u>
Total net gains/(losses) on financial instruments held at fair value through profit or loss	<u>(12,123)</u>	<u>62,832</u>

6 Financial assets held at fair value through profit or loss

	30 June 2016 \$'000	30 June 2015 \$'000
Held for trading		
Foreign currency contracts	<u>7</u>	<u>70</u>
Total held for trading	7	70
Designated at fair value through profit or loss		
Equity securities	80,714	168,644
Unlisted unit trusts	<u>-</u>	<u>165,916</u>
Total designated at fair value through profit or loss	<u>80,714</u>	<u>334,560</u>
Total financial assets held at fair value through profit or loss	<u>80,721</u>	<u>334,630</u>

Equity securities include listed stapled securities. Refer to note 12.

6 Financial assets held at fair value through profit or loss (continued)

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in note 10.

7 Financial liabilities held at fair value through profit or loss

	30 June 2016 \$'000	30 June 2015 \$'000
Held for trading		
Foreign currency contracts	<u>5</u>	<u>27</u>
Total held for trading	<u>5</u>	<u>27</u>
Total financial liabilities held at fair value through profit or loss	<u>5</u>	<u>27</u>

An overview of the risk exposures and fair value measurements relating to financial liabilities at fair value through profit or loss is included in note 10.

8 Cash and cash equivalents

	30 June 2016 \$'000	30 June 2015 \$'000
Cash and cash equivalents	<u>5,014</u>	<u>9,103</u>
Total	<u>5,014</u>	<u>9,103</u>

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

	30 June 2016 \$'000	30 June 2015 \$'000
Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities		
Operating profit/(loss) for the year	(11,430)	64,791
Proceeds from sale of financial instruments held at fair value through profit or loss	314,127	67,453
Purchase of financial instruments held at fair value through profit or loss	(54,416)	(74,559)
Net (gains)/losses on financial instruments held at fair value through profit or loss	12,123	(62,832)
Net foreign exchange (gains)/losses	(341)	(1,203)
Net change in dividends/distributions receivable	218	(100)
Net change in receivables and other assets	42	(69)
Net change in payables and other liabilities	(645)	504
Net cash inflow/(outflow) from operating activities	259,678	(6,015)

10 Financial risk management

The Fund is a managed investment scheme (MIS) that primarily invests directly or indirectly, via pooled funds, 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.

10 Financial risk management (continued)

(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.

(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. Paragraph below sets out how this component of price risk is managed and measured. 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 maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

An increase of 10% at the reporting date of the underlying investments' prices for the Custom Portfolio Solutions - Global Managers Trust would have increased profit/decreased loss from operating activities by \$8,071,420 (2015: \$33,456,029). 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.

(ii) Foreign exchange risk

The Fund holds monetary assets (foreign cash, foreign cash equivalents) denominated in currencies other than the Australian dollar. 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 Funds' monetary assets attributable to unitholders, expressed in Australian dollars, that are exposed to foreign exchange risk sensitivity analysis:

	30 June 2016 \$'000
USD	254
EUR	243
GBP	(798)
Other currencies	568
Net foreign currency exposure	267

	30 June 2015 \$'000
USD	13,545
CAD	1,046
JPY	1,218
Other currencies	3,846
Net foreign currency exposure	19,655

10 Financial risk management (continued)

(a) Market risk (continued)

Sensitivity analysis - foreign exchange risk

A 10% strengthening of the AUD against all foreign currencies based on net exposure at 30 June 2016 would have increased profit from operating activities by \$26,714 (2015: \$1,965,424). The analysis assumes that all other variables, in particular interest rates, remain constant.

(iii) 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.

The Fund is exposed to interest rate risk on its cash holdings. Interest income from cash holdings is earned at variable interest rates. Investments in cash holdings are at call.

	Floating interest rate	Fixed interest rate		
		3 months or less	Up to 1 year	Total
30 June 2016	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	5,014	-	-	5,014
Total	5,014	-	-	5,014

	Floating interest rate	Fixed interest rate		
		3 months or less	Up to 1 year	Total
30 June 2015	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	9,103	-	-	9,103
Total	9,103	-	-	9,103

Sensitivity analysis - Interest rate risk

An increase of 10% in interest rates would have increased the net assets attributable to unitholders and profit or loss by \$2,609 (2015: \$2,439). A decrease of 10% would have had the equal, but opposite effect, on the basis that all other variables remain constant.

10 Financial risk management (continued)

(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.

(i) *Derivative financial instruments*

Derivatives, such as futures, options 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 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 member of a major securities exchange, and at 30 June 2016 had a credit rating of AA- (S&P) and Aa3 (Moody's) (30 June 2015: AA- (S&P) and Aa3 (Moody's)). At 30 June 2016, 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 monthly redemptions of redeemable units. The Responsible Entity has the discretion to accept a redemption intra period.

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.

The table below analyses the Fund's non-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.

10 Financial risk management (continued)

(c) Liquidity risk (continued)

At 30 June 2016	On demand \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Distributions payables	-	8,890	-	-	8,890
Balances due to brokers	-	2,231	-	-	2,231
Payables	-	1,791	-	-	1,791
Net assets attributable to unitholders	74,309	-	-	-	74,309
Contractual cash flows (excluding net settled derivatives)	74,309	12,912	-	-	87,221

Net settled derivatives

Foreign currency contracts	-	5	-	-	5
	-	5	-	-	5

At 30 June 2015	On demand \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Distributions payables	-	25,475	-	-	25,475
Balances due to brokers	-	476	-	-	476
Payables	-	3,190	-	-	3,190
Net assets attributable to unitholders	332,159	-	-	-	332,159
Contractual cash flows (excluding net settled derivatives)	332,159	29,141	-	-	361,300

Net settled derivatives

Foreign currency contracts	-	(27)	-	-	(27)
	-	(27)	-	-	(27)

11 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.

	Effects of offsetting on the statement of financial position			Related amounts not offset in statement of financial position		
	Gross amounts of financial assets	Gross amounts set off in the statement of financial position	Net amount of financial assets 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 2016						
Financial assets						
Foreign currency contracts	7	-	7	(5)	-	2
Total	7	-	7	(5)	-	2

	Effects of offsetting on the statement of financial position			Related amounts not offset in statement of financial position		
	Gross amounts of financial assets	Gross amounts set off in the statement of financial position	Net amount of financial assets 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 2015						
Financial assets						
Foreign currency contracts	70	-	70	(27)	-	43
Total	70	-	70	(27)	-	43

11 Offsetting financial assets and financial liabilities (continued)

	Effects of offsetting on the statement of financial position			Related amounts not offset in the statement of financial position		
		Net amount of financial liabilities presented in the statement of financial position				
	Gross amounts of financial liabilities \$'000	Gross amounts set off in the statement of financial position \$'000		Financial instruments (including non-cash collateral) \$'000	Stock and cash collateral pledged \$'000	Net amounts \$'000
30 June 2016						
Financial liabilities						
Foreign currency contracts	(5)	-	(5)	5	-	-
Total	(5)	-	(5)	5	-	-

	Effects of offsetting on the statement of financial position			Related amounts not offset in the statement of financial position		
		Net amount of financial liabilities presented in the statement of financial position				
	Gross amounts of financial liabilities \$'000	Gross amounts set off in the statement of financial position \$'000		Financial instruments (including non-cash collateral) \$'000	Stock and cash collateral pledged \$'000	Net amounts \$'000
30 June 2015						
Financial liabilities						
Foreign currency contracts	(27)	-	(27)	27	-	-
Total	(27)	-	(27)	27	-	-

12 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.

12 Fair value measurements (continued)

Fair value estimation (continued)

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss 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 its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

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

(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.

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.

12 Fair value measurements (continued)

Fair value estimation (continued)

(iii) Recognised fair value measurements

The tables below set out the Fund's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2016 and 30 June 2015.

As at 30 June 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets held for trading:				
Foreign currency contracts	-	7	-	7
Financial assets designated at fair value through profit or loss:				
Listed equities	80,714	-	-	80,714
Total	80,714	7	-	80,721
Financial liabilities				
Financial liabilities held for trading:				
Foreign currency contracts	-	5	-	5
Total	-	5	-	5

As at 30 June 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets held for trading:				
Foreign currency contracts	-	70	-	70
Financial assets designated at fair value through profit or loss:				
Listed equities	168,644	-	-	168,644
Unlisted unit trusts	-	165,916	-	165,916
Total	168,644	165,986	-	334,630
Financial liabilities				
Financial liabilities held for trading:				
Foreign currency contracts	-	27	-	27
Total	-	27	-	27

12 Fair value measurements (continued)

Fair value estimation (continued)

(iv) Transfers between levels

There were no transfers between levels during the period ended 30 June 2016 and 30 June 2015.

(v) Movement in level 3 instruments

There were no investments classified as level 3 within the Fund as at 30 June 2016 and 30 June 2015.

(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.

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.

13 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, futures and options. 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.

13 Derivative financial instruments (continued)

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

As at 30 June 2016

	Contract / notional \$'000	Fair values	
		Assets \$'000	Liabilities \$'000
Foreign currency contracts	2,971	7	5
	<u>2,971</u>	<u>7</u>	<u>5</u>

As at 30 June 2015

	Contract / notional \$'000	Fair values	
		Assets \$'000	Liabilities \$'000
Foreign currency contracts	10,471	70	27
	<u>10,471</u>	<u>70</u>	<u>27</u>

14 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.

	30 June 2016 \$	30 June 2015 \$
KPMG		
<i>Audit and other assurance service</i>		
Audit and review of financial reports	9,000	11,500
Audit of compliance plan	2,300	2,500
Total remuneration of audit and other assurance services	<u>11,300</u>	<u>14,000</u>

15 Other expenses

	30 June 2016 \$'000	30 June 2015 \$'000
Adviser services	830	911
Legal	10	-
Administration	191	186
Sundry expenses	64	172
Professional fees	3	-
Registry fee	15	-
Total Other expenses	1,113	1,269

16 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:

Howard Atkinson (appointed 2 March 2010, resigned 12 August 2015)

Taeyong Lee (appointed 12 August 2015)

Thomas Park (appointed 12 August 2015)

(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.

16 Related party transactions (continued)

(b) Other key management personnel (continued)

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 (2015: 0.35%) (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.

	Year ended	
	30 June 2016	30 June 2015
	\$	\$
Responsible Entity fees expensed during the year	985,793	841,123
Responsible Entity fees payable as at reporting date	25,173	115,276

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 for the year ended 30 June 2016 and 30 June 2015.

17 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 statement of financial position as at 30 June 2016 or on the results and cash flows of the Fund for the year ended on that date.

18 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2016 (30 June 2015: Nil).

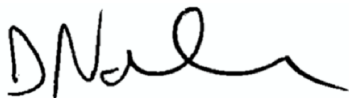
Directors' declaration

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 32 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 2016 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

The directors draw attention to note 2(a) of the financial report which contains a statement of compliance with International Financial Reporting Standards.

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



David Nathanson
Director



Alex Vynokur
Director

Sydney
27 September 2016



Independent auditor's report to the unitholders of Custom Portfolio Solutions - Global Managers Trust

Report on the financial report

We have audited the accompanying financial report of Custom Portfolio Solutions - Global Managers Trust ("the Scheme"), which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 18 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of Betashares Capital Limited ("the Responsible Entity") are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2(a), the directors of the Responsible Entity also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Scheme's financial position, and of its performance.

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



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Custom Portfolio Solutions - Global Managers Trust is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Schemes' financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

KPMG

Tanya Gilerman

Partner

Sydney

27 September 2016