

# **Winton Global Alpha Fund**

**ARSN 124 282 971**

**Annual report - 30 June 2019**

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ARSN 124 282 971

## Annual report - 30 June 2019

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This financial report covers Winton Global Alpha Fund as an individual entity.

The Responsible Entity of Winton Global Alpha Fund is Macquarie Investment Management Australia Limited (ABN 55 092 552 611). The Responsible Entity's registered office is No. 50 Martin Place, Sydney, NSW 2000.

## Directors' Report

30 June 2019

The directors of Macquarie Investment Management Australia Limited ("MIMAL" or the "Responsible Entity"), a wholly owned subsidiary of Macquarie Group Limited and the Responsible Entity of Winton Global Alpha Fund, present their report together with the financial report of Winton Global Alpha Fund (the "Trust") for the financial year ended 30 June 2019.

### Principal activities

The principal activity of the Trust is to invest in derivatives and cash deposits in accordance with its Constitution.

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

### Directors

The following persons held office as directors of MIMAL during the financial year ended 30 June 2019 or since the end of the financial year and up to the date of this report:

M Aubrey	(resigned 27/06/2019)
C Berger	(appointed 01/07/2019)
A Clubb	(resigned 01/07/2019)
R Gohil	
C Marull	(appointed 01/07/2019)
G Stephens	
B Terry	

### Review and results of operations

During the financial year, the Trust was managed in accordance with the investment objective and strategy set out in the Trust's offer document and in accordance with its Constitution.

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

	2019	2018
Operating (loss)/profit (\$'000)	(51,413)	168,823
Distributions paid or payable (\$'000)	10,000	85,695
Distributions (cents per unit)	0.56	5.06

### Significant changes in state of affairs

There were no significant changes in the state of affairs of the Trust that occurred during the financial year under review.

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

## **Directors' Report**

**30 June 2019**

### **Likely developments and expected results of operations**

The Trust will continue to be managed in accordance with the investment objective and strategy set out in the Trust's offer document and in accordance with the Trust Constitution.

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

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

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

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to either the officers of the Responsible Entity or the auditor of the Trust. Under the Trust Constitution, the Responsible Entity of the Trust is entitled to be indemnified out of the assets of the Trust for any liability incurred by it in properly performing its duties or exercising any of its powers in relation to the Trust.

### **Fees paid to and units held in the Trust by the Responsible Entity or its associates**

Fees paid to the Responsible Entity and its associates out of the Trust property during the financial year are disclosed in note 9 of the financial statements.

No fees were paid out of the Trust property to the directors of the Responsible Entity during the financial year (2018: Nil).

The number of units in the Trust held by the Responsible Entity, its directors or its associates as at the end of the financial year are disclosed in note 9 of the financial statements.

### **Units in the Trust**

The movement in units on issue in the Trust during the financial year is disclosed in note 5 of the financial statements.

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

### **Environmental regulations**

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

### **Rounding of amounts**

In accordance with Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, amounts in the directors' report and the financial report have been rounded off to the nearest thousand Australian dollars, unless otherwise indicated.

## Directors' Report

30 June 2019

### Auditor's independence declaration

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

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



Director: .....

B Terry

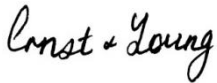
Sydney

5 September 2019

## Auditor's Independence Declaration to the Directors of Macquarie Investment Management Australia Limited

As lead auditor for the audit of Winton Global Alpha Fund for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

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



Ernst & Young



Rita Da Silva  
Partner  
5 September 2019

# Statement of Comprehensive Income

## For the Year Ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
<b>(Loss)/income</b>			
Interest income		30,605	29,588
Net foreign exchange gains		3,413	2,239
Net (losses)/gains on financial instruments held at fair value through profit or loss		(43,417)	180,623
<b>Total (loss)/income</b>		<b>(9,399)</b>	<b>212,450</b>
<b>Expenses</b>			
Responsible Entity fees	9	(37,471)	(36,465)
Performance fees	9	(4,543)	(7,162)
<b>Total expenses</b>		<b>(42,014)</b>	<b>(43,627)</b>
<b>Operating (loss)/profit</b>		<b>(51,413)</b>	<b>168,823</b>
<b>Finance costs attributable to unitholders*</b>			
Distributions to unitholders		-	(85,695)
Increase in net assets attributable to unitholders	5	-	(83,128)
<b>Loss for the year attributable to unitholders</b>	5	<b>(51,413)</b>	<b>-</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive loss for the year attributable to unitholders</b>		<b>(51,413)</b>	<b>-</b>

\*Until 30 June 2018, distributions to unitholders were shown as finance costs as the net assets attributable to unitholders were assessed as financial liability. On 30 June 2018, the Trust met the Attribution Managed Investment Trust ("AMIT") eligibility criteria and as a result, the Trust's units were reclassified from a financial liability to equity. Effective from 1 July 2018, distributions to unitholders are presented as equity transactions, and loss for the year is shown as part of comprehensive income and is disclosed in the statement of changes in equity (see note 1).

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

## Winton Global Alpha Fund

### Statement of Financial Position

As at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
<b>Assets</b>			
Cash and cash equivalents	6	1,864,067	1,983,366
Margin accounts		96,773	80,128
Due from brokers		361	90
Other receivables		636	613
Financial assets held at fair value through profit or loss	7	65,111	57,599
<b>Total assets</b>		<b>2,026,948</b>	<b>2,121,796</b>
<b>Liabilities</b>			
Redemptions payable		7,407	4,155
Distributions payable		-	40,856
Responsible Entity fees payable	9	2,844	3,018
Performance fees payable	9	-	2,431
Withholding tax payable		1	4
Due to brokers		6,595	3,242
Financial liabilities held at fair value through profit or loss	8	31,139	13,277
<b>Total liabilities</b>		<b>47,986</b>	<b>66,983</b>
<b>Net assets attributable to unitholders - equity</b>	5	<b>1,978,962</b>	<b>2,054,813</b>

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



## Winton Global Alpha Fund

### Statement of Changes in Equity

For the Year Ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
<b>Total equity at the beginning of the year</b>		<b>2,054,813</b>	-
<b>Comprehensive loss for the year</b>			
Loss for the year	5	(51,413)	-
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(51,413)</b>	-
<b>Transactions with unitholders</b>			
Applications	5	434,303	-
Redemptions	5	(450,612)	-
Units issued upon reinvestment of distributions	5	1,871	-
Distributions to unitholders	5	(10,000)	-
<b>Total transactions with unitholders</b>		<b>(24,438)</b>	-
<b>Reclassification due to AMIT regime implementation*</b>		-	2,054,813
<b>Total equity at the end of the year*</b>	5	<b>1,978,962</b>	2,054,813

\*On 30 June 2018, upon meeting the AMIT eligibility criteria, the Trust's units were reclassified from a financial liability to equity. Effective from 1 July 2018, all equity transactions, including distributions to unitholders, are disclosed in the above statement of changes in equity (see note 1).

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

# Statement of Cash Flows

For the Year Ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities:</b>			
Net (payments for)/proceeds from financial instruments held at fair value through profit or loss		(31,277)	114,471
Margin (paid)/received		(16,645)	52,730
Interest received		30,605	29,588
Responsible Entity fees paid		(37,668)	(39,863)
Performance fees paid		(6,974)	(4,731)
<b>Net cash (outflow)/inflow from operating activities</b>	10(a)	<b>(61,959)</b>	<b>152,195</b>
<b>Cash flows from financing activities:</b>			
Proceeds from applications by unitholders		434,303	468,789
Payments for redemptions made to unitholders		(447,360)	(476,608)
Distributions paid		(48,983)	(28,774)
Withholding tax paid		(5)	(6)
<b>Net cash outflow from financing activities</b>		<b>(62,045)</b>	<b>(36,599)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(124,004)</b>	<b>115,596</b>
Cash and cash equivalents at the beginning of the year		1,983,366	1,866,139
Effects of foreign currency exchange rate changes on cash and cash equivalents		4,705	1,631
<b>Cash and cash equivalents at the end of the year</b>	6	<b>1,864,067</b>	<b>1,983,366</b>
Non-cash financing activities	10(b)	1,871	16,055

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

## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 1 General information

This financial report covers Winton Global Alpha Fund (the "Trust") as an individual entity. The Trust was constituted on 5 March 2007. The Trust is a registered managed investment scheme domiciled in Australia. The Trust did not have any employees during the financial year. The financial report of the Trust is presented in Australian dollars, which is also the functional currency of the Trust.

The Responsible Entity of the Trust is Macquarie Investment Management Australia Limited ("MIMAL" or the "Responsible Entity"). The Responsible Entity's registered office is No. 50 Martin Place, Sydney, NSW 2000.

The Investment Manager for derivatives held by the Trust is Winton Capital Management Limited, appointed to manage the Trust's futures exposure on a discretionary basis.

The Investment Manager for cash deposits held by the Trust is Macquarie Investment Management Global Limited ("MIMGL"), appointed to manage the cash investments in excess of the margin requirements of the Trust.

On 5 May 2016, a new tax regime applying to Managed Investment Trusts ("MITs") was established under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The AMIT regime allows MITs that meet certain requirements to make an irrevocable election to be an AMIT. The Responsible Entity amended the Trust Constitution to allow the AMIT regime to apply to the Trust.

For the tax year ended 30 June 2018, the Trust met the AMIT eligibility criteria and the Responsible Entity made an irrevocable election that the AMIT regime will apply to the Trust. For each financial year that the Trust meets the AMIT eligibility criteria, the Responsible Entity will attribute the Trust's income to unitholders for that year on a fair and reasonable basis, however, the Responsible Entity will not have a requirement under the Trust Constitution to distribute the Trust income to unitholders. The Trust met the AMIT eligibility criteria for the financial year ended 30 June 2019.

On 30 June 2018, upon adopting the AMIT regime, the Responsible Entity is no longer contractually obligated to pay distributions and the units in the Trust were reclassified from a financial liability to equity. As a result, effective from 1 July 2018, equity transactions, including distributions to unitholders have been disclosed in the statement of changes in equity (see note 2(c), note 2(i), note 2(j) and note 5).

The Trust will continue to be managed in accordance with the investment objective and strategy set out in the Trust's offer document and in accordance with its Constitution.

The financial statements of the Trust were authorised for issue by the directors on 5 September 2019. The directors of the Responsible Entity have the power to amend and reissue the financial report.

### 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 financial years presented, unless otherwise stated in this note.

#### (a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001* in Australia. The Trust is a for-profit trust for the purpose of preparing financial statements.

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

## Notes to the Financial Statements

For the Year Ended 30 June 2019

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

#### (a) Basis of preparation (continued)

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and financial liabilities held at fair value through profit or loss, however an estimate of that amount cannot be determined as at the reporting date.

In the case of net assets attributable to unitholders, the units are redeemed on demand at the unitholder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of each reporting period cannot be reliably determined.

Where necessary, comparative information has been reclassified to be consistent with current period disclosures.

#### *Changes in Australian Accounting Standards*

The Trust has adopted all Australian Accounting Standards and Interpretations mandatorily effective for the financial year beginning on 1 July 2018. The following key Accounting Standard became applicable in the current financial year:

##### *(i) AASB 9 Financial Instruments and consequential amendments*

AASB 9 replaced AASB 139 *Financial Instruments: Recognition and Measurement* and applies to annual reporting periods beginning on or after 1 January 2018. The Trust has applied the requirements of AASB 9 in the current financial year beginning on 1 July 2018. AASB 9 resulted in changes to accounting policies covering the classification and measurement of financial assets and liabilities, impairment of financial assets and the application of hedge accounting.

#### *Transition*

As permitted by AASB 9, the Trust has not restated its comparative financial statements. The application of the Standard has no significant impact on the recognition, classification and measurement of the Trust's financial instruments as explained below.

- *Classification and Measurement*

The Trust continues to carry the financial instruments at fair value through profit or loss as these are managed on a fair value basis, except for financial instruments (previously classified as loans and receivables and measured at amortised cost under AASB 139), which are held at amortised cost under AASB 9.

- *Impairment*

AASB 9 replaced AASB 139's incurred loss model with an expected loss model. There is no impact from the application of the new impairment requirements of AASB 9 on the Trust's financial statements.

## Notes to the Financial Statements

For the Year Ended 30 June 2019

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

#### (a) Basis of preparation (continued)

##### (i) AASB 9 Financial Instruments and consequential amendments (continued)

- *Hedging*

The new hedge accounting requirements under AASB 9 simplify hedge accounting by more closely aligning hedge relationships with risk management activities of the Responsible Entity's risk management department. Hedge effectiveness testing is less prescriptive under the new standard and makes achieving hedge accounting more likely. The Trust does not designate any securities as hedges in a hedging relationship.

Other standards and interpretations that are not expected to have material impact on the Trust have not been included.

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

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

#### (b) Financial instruments

In the current financial year, the Trust has adopted AASB 9. As permitted by AASB 9, the Trust has not restated its comparative financial statements and the summary of significant accounting policies outline both the requirements under AASB 9 (for the current financial year) and under AASB 139 (for the comparative financial year).

##### (i) Classification

The Trust manages its investments on a fair value basis. All other assets and liabilities are carried at amortised cost.

- *Financial assets held at fair value through profit or loss ("FVTPL")*

The Trust classifies its investments based on both the Trust's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Trust is primarily focussed on fair value information and uses that information to assess the assets' performance and to make decisions in accordance with the Trust's documented investment strategy.

In accordance with the AASB 9 framework, for equity securities, units in unlisted unit trusts and derivatives, the contractual cash flows are not solely principal and interest. Consequently, these investments are measured at fair value through profit or loss. For debt securities, the contractual cash flows are solely principal and interest, however they are neither held for collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Trust's business model's objective. Consequently, the debt securities are also measured at fair value through profit or loss.

## Notes to the Financial Statements

For the Year Ended 30 June 2019

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

#### (b) Financial instruments (continued)

##### (i) Classification (continued)

- *Financial assets held at fair value through profit or loss ("FVTPL") (continued)*

The Trust holds investments in derivatives such as futures. A financial asset (or financial liability) is considered to be held for trading if it is a derivative and hence, measured at fair value through profit or loss. The Trust does not designate any securities as hedges in a hedging relationship.

- *Financial assets at amortised cost*

A financial asset is measured at amortised cost, if it is held within a business model whose objective is to hold to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that represent solely payment of principal and interest requirements.

The Trust holds short-term receivables including margins placed on derivative contracts, amounts due from brokers and other receivables, which were previously classified as loans and receivables under AASB 139. On adoption of AASB 9, these financial assets are held at amortised cost.

- *Financial liabilities*

A financial liability is measured at FVTPL if it meets the definition of held for trading. Derivative contracts that have a negative fair value are also included in this category.

Financial liabilities, other than those measured at FVTPL, are measured at amortised cost. These include fees payable and other short-term payables.

##### (ii) Recognition/derecognition

The Trust recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date).

Financial assets are derecognised when the right to receive cash flows from the investments has expired or the Trust has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities is discharged.

##### (iii) Measurement

- *Financial assets and financial liabilities held at FVTPL*

Financial assets and financial liabilities held at FVTPL 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 FVTPL are expensed immediately. Subsequent to initial recognition, all financial instruments held at FVTPL are measured at fair value with changes in their fair value recognised as net gains or losses on financial instruments held at fair value through profit or loss in the statement of comprehensive income.

## Notes to the Financial Statements

For the Year Ended 30 June 2019

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

#### (b) Financial instruments (continued)

##### (iii) Measurement (continued)

- *Financial assets and financial liabilities held at FVTPL (continued)*

##### *Fair value in an active market*

The fair value of financial assets and financial liabilities traded in active markets is based on their quoted market prices as at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current ask prices.

##### *Fair value in an inactive or unquoted market*

The fair value of financial assets and financial 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 reasonable estimate of the market prices.

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

For other pricing models, inputs are based on market data as at the reporting date. Fair values for unquoted equity investments are estimated, if possible, using applicable pricing/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

Details on how the fair value of financial instruments is determined are disclosed in note 3(e).

- *Financial assets and financial liabilities held at amortised cost*

Financial assets and liabilities, other than those classified as FVTPL, are initially measured at fair value adjusted by transaction costs and subsequently amortised using the effective interest rate ("EIR") method.

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

## Notes to the Financial Statements

For the Year Ended 30 June 2019

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

#### (b) Financial instruments (continued)

##### (iii) Measurement (continued)

- *Impairment*

The Expected Credit Losses ("ECL") requirements for the Trust apply to financial assets measured at amortised cost including margins placed on derivative contracts, amounts due from brokers and other receivables, with no financing component and which have maturities of less than twelve months. The Trust applies a three-stage approach (Stage I - 12 month ECL, Stage II - Lifetime ECL not credit impaired and Stage III - Lifetime ECL credit-impaired) to measure ECL based on changes in the financial asset's underlying credit risk and includes forward-looking or macro-economic information. 12 months ECL is the portion of lifetime ECL that result from default events that are possible within the 12 months after the reporting date. ECL is modelled as the product of the probability of default, the loss given default and the exposure at default. The Trust has not recognised any impairment on the balances receivable as at the reporting date as these financial assets are short term in nature or of high quality, with no significant historical loss experience.

In the comparative period, under AASB 139, credit impairment provisions were recognised on an incurred loss basis, to the extent that there was objective evidence that a loss had been incurred.

##### (iv) Offsetting financial instruments

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

#### (c) Net assets attributable to unitholders

On 30 June 2018, upon adopting the AMIT regime, the Trust's units were reclassified from a financial liability to equity as they satisfied the below criteria.

##### *Reclassification of units from financial liability to equity*

Units are classified as equity when they satisfy the criteria under AASB 132 *Financial instruments: Presentation* as below:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Trust's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Trust, and it is not a contract settled in the Trust's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss of the entity over the life of the instrument.



## Notes to the Financial Statements

For the Year Ended 30 June 2019

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

#### (c) Net assets attributable to unitholders (continued)

Units are redeemable at the unitholders' option based on the redemption price, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) as at the reporting date if unitholders exercised their right to redeem their units.

Prior to this, net assets attributable to unitholders were classified as a financial liability as the Responsible Entity was contractually obligated to pay distributions to the unitholders.

#### (d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash includes cash on hand and deposits held at call with financial institutions. Cash equivalents include 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, which are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Bank overdrafts, if any, are shown separately on the statement of financial position.

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 Trust's main income generating activity.

#### (e) Margin accounts

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

#### (f) Income

Interest income is recognised in the statement of comprehensive income using the EIR method for all financial instruments that are not held at fair value through profit or loss.

#### (g) Expenses

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

#### (h) Income tax

Under current legislation, the Trust is not subject to income tax as income of the Trust is attributed to the unitholders.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be attributed to unitholders so that the Trust is not subject to capital gains tax.

Realised capital losses are not attributed to unitholders but are retained in the Trust to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

## Notes to the Financial Statements

For the Year Ended 30 June 2019

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

#### (h) Income tax (continued)

The Trust may incur withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the statement of comprehensive income.

The benefits of imputation credits and tax paid are generally passed on to unitholders.

#### (i) Distributions to unitholders

On 30 June 2018, upon adopting the AMIT regime, the Responsible Entity is no longer contractually obligated to pay distributions. The Responsible Entity attributes the Trust's income to unitholders on a fair and reasonable basis, however, the Responsible Entity does not have a requirement under the Trust Constitution to distribute Trust income to unitholders. Effective from 1 July 2018, distributions to unitholders are recognised in the statement of changes in equity.

Prior to this, in accordance with the Trust Constitution, the Trust fully distributed its distributable income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions to unitholders were recognised in the statement of comprehensive income as finance costs attributable to unitholders.

#### (j) Movement in net assets attributable to unitholders

Until 30 June 2018, net assets attributable to unitholders were assessed as financial liability and movements in net assets attributable to unitholders were recognised in the statement of comprehensive income as finance costs attributable to unitholders. Income and expenses that were not included in distributable income and not attributed to unitholders were included in net assets attributable to unitholders. Unrealised gains and losses on financial instruments were included in net assets attributable to unitholders as they were not distributed to unitholders until realised. Capital losses were not distributed to unitholders but were retained to be offset against any future realised capital gains. Effective from 1 July 2018, upon adopting the AMIT regime, all equity transactions have been disclosed in the statement of changes in equity.

#### (k) Foreign currency translation

##### (i) Functional and presentation currency

Items included in the Trust'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 Trust competes for funds and is regulated. The Australian dollar is also the Trust'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 as at the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

The Trust does not isolate that portion of gains or losses on securities and derivative financial instruments that are measured at FVTPL 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 FVTPL.

## Notes to the Financial Statements

For the Year Ended 30 June 2019

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

**(l) Due from/to brokers**

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not delivered at the end of the financial year.

**(m) Receivables**

Receivables include assets and accrued income owing to the Trust which have not been received as at the reporting date and may include such items as interest and Reduced Input Tax Credits ("RITC").

Interest is accrued as at the reporting date 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.

**(n) Payables**

Payables include liabilities and accrued expenses owing by the Trust which are unpaid as at the reporting date.

The amount payable to unitholders towards redemption of units and distributions as at the reporting date is recognised separately in the statement of financial position.

The withholding tax payable as at the reporting date is recognised separately in the statement of financial position as under certain circumstances tax is withheld from distributions to unitholders in accordance with applicable legislation.

**(o) Applications and redemptions**

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

**(p) Goods and Services Tax ("GST")**

Income, expenses and assets are recognised net of the amount of GST to the extent that the GST is recoverable from the Australian Taxation Office ("ATO"). Where GST is not recoverable, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are recognised inclusive of GST. GST recoverable from or payable to the ATO is recorded as receivables or payables in the statement of financial position.

Cash flows relating to GST, recoverable from, or payable to, the ATO are included as cash flows from operating activities and are disclosed in the statement of cash flows on a gross basis.

**(q) Use of estimates**

The Responsible Entity 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.

## Notes to the Financial Statements

For the Year Ended 30 June 2019

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

#### (q) Use of estimates (continued)

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

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

For certain other financial instruments, including amounts due from/to brokers and accounts payable, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

#### (r) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2019 reporting period. The Responsible Entity's assessment of the impact of new standard (to the extent relevant to the Trust) and interpretation is set out below:

##### *(i) Revised Australian Accounting Standards Board ("AASB") Conceptual Framework*

The AASB's revised Conceptual Framework ("AASB Conceptual Framework"), which is the Australian equivalent of the revised IFRS Conceptual Framework issued by the IASB, is effective for annual reporting periods beginning on or after 1 January 2020 and therefore will apply to the Trust from 1 July 2020.

The main purpose of the AASB Conceptual Framework is to assist the AASB in developing accounting standards and assist financial report preparers to develop consistent accounting policies when there is no specific or similar standard that addresses a particular issue.

The AASB Conceptual Framework amendments include the definition and recognition criteria for assets, liabilities, income and expenses, guidance on measurement and derecognition, and other relevant financial reporting concepts.

The Trust is currently assessing the impact of the AASB Conceptual Framework on its financial statements.

Standards and interpretations that are not expected to have material impact on the Trust have not been included.

#### (s) Rounding of amounts

In accordance with Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, amounts in the directors' report and the financial report have been rounded off to the nearest thousand Australian dollars, unless otherwise indicated.

## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 3 Financial risk management

#### (a) Strategy in using financial instruments

The Trust's activities expose it to a variety of financial risks: market risk (which may include price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Responsible Entity's overall risk management programme focuses on ensuring compliance with the Trust's investment guidelines and seeks to maximise the returns derived for the level of risk to which the Trust is exposed. The Trust uses derivatives and other instruments for trading purposes.

The Trust may use derivative financial instruments:

- to gain or reduce the Trust's exposure to a particular security or index
- to gain or reduce market exposure in the portfolio
- to take currency positions.

Derivatives may be used to gear (leverage) the portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceed the underlying value of the Trust.

Financial risk management is monitored by the Responsible Entity's risk management department under policies approved by the Responsible Entity's senior managers or by the Board of Directors of the Responsible Entity.

The Responsible Entity reviews any identified high and medium severity exceptions to internal risk policies and procedures on a quarterly basis.

#### (b) Market risk

##### (i) Price risk

The Trust trades in financial instruments such as derivatives.

All securities investments present a risk of loss of capital. The Investment Manager manages this risk through a careful selection of securities and other financial instruments within specified limits. The Trust's positions are monitored on a daily basis by the Responsible Entity.

Price risk is managed by seeking to ensure that the Trust is investing in accordance with its stated objectives.

The Trust's investment in derivatives are susceptible to market price risk arising from uncertainties about future prices of the instruments.

At 30 June 2019, the Trust's market risk is affected by changes in market prices. If the exposure to yield curve for fixed income derivatives had increased by 0.25% with all other variables held constant, this would have decreased net assets attributable to unitholders by approximately \$22,583,169 (2018: 0.25%; \$4,481,203). Conversely, if the yield curve for fixed income derivatives had decreased by 0.25% with all other variables held constant, this would have increased net assets attributable to unitholders by approximately \$22,583,169 (2018: 0.25%; \$4,481,203).

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 3 Financial risk management (continued)

##### (b) Market risk (continued)

##### (i) Price risk (continued)

At 30 June 2019, if the exposure to financial instruments other than fixed income derivatives, had increased by 10% with all other variables held constant, this would have decreased net assets attributable to unitholders by approximately \$137,167,639 (2018: 10%; \$61,451,443). Conversely, if the exposure to financial instruments other than fixed income derivatives, had decreased by 10% with all other variables held constant, this would have increased net assets attributable to unitholders by approximately \$137,167,639 (2018: 10%; \$61,451,443).

##### (ii) Foreign exchange risk

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

The Trust uses currency derivatives to generate returns. However, foreign exchange exposure on other monetary assets and liabilities is not hedged, as the Trust's strategy is to remain unhedged.

##### *Concentration and monitoring of currency risk*

Notwithstanding that investments in non-monetary items do not give rise to currency risk under the accounting standards, the Trust monitors its exposure to each currency on both monetary and non-monetary assets and liabilities as a percentage of net assets attributable to unitholders.

The table below summarises the Trust's monetary and non-monetary assets and liabilities denominated in Australian dollars and other currencies as a percentage of net assets attributable to unitholders.

	Monetary assets and liabilities as a % of net assets attributable to unitholders*		Total assets and liabilities as a % of net assets attributable to unitholders*	
	2019	2018	2019	2018
<b>Currency</b>				
AUD	95%	94%	95%	94%
USD	3%	3%	4%	5%
Other currencies	-	-	1%	1%
<b>Total</b>			<b>100%</b>	<b>100%</b>

\*The foreign currency exposure relating to monetary assets and liabilities as a percentage of net assets attributable to unitholders is shown as Nil in the table above where it is individually not material to the Trust (which is considered as less than 1% of net assets attributable to unitholders).

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 3 Financial risk management (continued)

##### (b) Market risk (continued)

##### (ii) Foreign exchange risk (continued)

Foreign exchange risk on monetary assets and monetary liabilities is measured using sensitivity analysis. The following table summarises the sensitivity of the Trust to foreign exchange risk as at 30 June 2019 and 30 June 2018. The sensitivity of profit/(loss) for the financial year and the impact on net assets attributable to unitholders is the effect of a reasonably possible change in foreign exchange rates on monetary assets and liabilities held as at the reporting date. If exchange rates increased or decreased by 15% (2018: 15%), with all other variables remaining constant, the approximate movement in net assets attributable to unitholders would amount to the following.

In practice, the actual results may differ from the below sensitivity analysis and the difference could be significant.

	<b>Foreign exchange risk</b>	
	<b>2019</b>	<b>2018</b>
	<b>USD</b>	<b>USD</b>
	<b>+15%/-15%</b>	<b>+15%/-15%</b>
	<b>A\$'000</b>	<b>A\$'000</b>
<b>Impact on operating profit/net assets attributable to unitholders</b>	<b>9,810/(9,810)</b>	<b>9,781/(9,781)</b>

##### (iii) Interest rate risk

The Trust's financial assets and financial liabilities are non-interest bearing with the exception of cash and cash equivalents. As a result, the Trust is subject to interest rate risk due to fluctuations in the prevailing levels of market interest rates.

Interest rate risk is managed by only allowing investments into certain instrument types.

The table below demonstrates the sensitivity of the Trust's profit/(loss) for the financial year to a reasonably possible change in interest rates, with all other variables held constant. The sensitivity of the profit/(loss) for the financial year is the effect of the assumed changes in interest rates on net interest income for the financial year based on the floating rate financial assets as at the reporting date.

In practice, the actual results may differ from the below sensitivity analysis and the difference could be significant.

	<b>Change in basis points</b>	<b>Sensitivity of interest income</b>
	<b>Increase/(decrease)</b>	<b>Increase/(decrease)</b>
		<b>\$'000</b>
<b>30 June 2019</b>	<b>25/(25)</b>	<b>4,640/(4,640)</b>
<b>30 June 2018</b>	<b>25/(25)</b>	<b>4,934/(4,934)</b>

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 3 Financial risk management (continued)

##### (c) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions, and amounts due from brokers. None of these assets are impaired nor past due but not impaired.

Credit risk is managed by managing the Trust's exposures to deposit taking institutions and brokers.

The maximum exposure to credit risk as at the reporting date is the carrying amount of financial assets.

The counterparties for cash and cash equivalents, deposits with banks and other financial institutions and derivatives have an investment grade credit rating (2018: investment grade credit rating) as determined by Standard and Poor's rating agency.

In accordance with the Trust's policy, the Responsible Entity's risk management department monitors the Trust's credit exposure on a daily basis.

##### (d) Liquidity risk

The Trust is exposed to daily cash redemptions of redeemable units. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The investments of the Trust may become illiquid. As a result, the Trust may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value, or at all, to meet its liquidity requirements. No such investments were held as at the reporting date.

Liquidity risk is managed by restricting the use of borrowing in order to ensure the Trust has no debt obligations which may compromise solvency.

In order to manage the Trust's overall liquidity, the Responsible Entity has the discretion to defer or adjust the redemption of units if the exercise of such discretion is in the best interests of unitholders.

Derivative liabilities are generally settled in less than 3 months at their fair value. Liquidity risk on these items is not managed on the basis of contractual maturity, since they are not held for settlement according to such maturity and will frequently be settled in the short term at fair value. All other liabilities are payable within 30 days (2018: 30 days).

##### (e) Fair value estimation

The carrying amounts of the Trust's financial assets and financial liabilities, which are not fair valued, approximated their fair values as at the reporting date. These are predominantly classified as level 2 in the fair value hierarchy, except for cash and cash equivalents classified as level 1.

The Responsible Entity classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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 (that is, as prices) or indirectly (that is, derived from prices) (level 2).



## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 3 Financial risk management (continued)

##### (e) Fair value estimation (continued)

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

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

The following table presents the Trust's financial assets and financial liabilities (by class) measured at fair value.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>30 June 2019</b>				
<b>Financial assets</b>				
- Derivatives	65,111	-	-	65,111
<b>Total financial assets</b>	<b>65,111</b>	<b>-</b>	<b>-</b>	<b>65,111</b>
<b>Financial liabilities</b>				
- Derivatives	31,139	-	-	31,139
<b>Total financial liabilities</b>	<b>31,139</b>	<b>-</b>	<b>-</b>	<b>31,139</b>
<b>30 June 2018</b>				
<b>Financial assets</b>				
- Derivatives	57,599	-	-	57,599
<b>Total financial assets</b>	<b>57,599</b>	<b>-</b>	<b>-</b>	<b>57,599</b>
<b>Financial liabilities</b>				
- Derivatives	13,277	-	-	13,277
<b>Total financial liabilities</b>	<b>13,277</b>	<b>-</b>	<b>-</b>	<b>13,277</b>

During the financial year, there were no transfers between level 1 and 2 or into/out of level 3 (2018: Nil).

The fair value of publicly traded derivatives is based on quoted market prices or binding dealer price quotations as at the reporting date (bid price for long positions and ask price for short positions) and have therefore been classified as level 1 in the fair value hierarchy.

## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 3 Financial risk management (continued)

#### (f) Offsetting financial instruments

Financial assets and financial liabilities are presented net in the statement of financial position where the Trust currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

The Trust currently does not have a legally enforceable right to set off the recognised financial assets and financial liabilities amounts and there is no intention to settle on a net basis or realise the financial asset and settle the financial liability simultaneously. All financial instruments are currently reported on a gross basis in the statement of financial position.

### 4 Auditor's remuneration

During the financial year, the following fees were paid or payable for services provided by Ernst & Young, the auditor of the Trust:

	2019 \$	2018 \$
<b>Audit services</b>		
Audit of financial reports	8,574	8,406
Other audit work under the <i>Corporations Act 2001</i>	714	700
<b>Non-audit services</b>		
Taxation	929	825
<b>Total remuneration paid/payable</b>	<b>10,217</b>	<b>9,931</b>

Audit fees are paid out of the Responsible Entity's own resources.

### 5 Net assets attributable to unitholders

As stipulated within the Trust Constitution, each unit represents an undivided share in the beneficial interest in the Trust. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Trust.

Under AASB 132 Financial instruments: Presentation, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain criteria are met. The Trust shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions (see note 2(c)).

On 30 June 2018, the Trust met the AMIT eligibility criteria and the Responsible Entity no longer has a contractual obligation to pay distributions. Therefore, the net assets attributable to unitholders of the Trust meet the criteria set out under AASB 132 and are classified as equity. Prior to the reclassification to equity, the Trust classified the net assets attributable to unitholders as a financial liability in accordance with AASB 132.

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 5 Net assets attributable to unitholders (continued)

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

	2019 No. '000	2018 No. '000	2019 \$'000	2018 \$'000
Opening balance	1,709,272	1,695,780	2,054,813	1,954,599
Applications	362,703	391,609	434,303	468,789
Redemptions	(378,952)	(391,397)	(450,612)	(467,758)
Units issued upon reinvestment of distributions	1,587	13,280	1,871	16,055
Increase in net assets attributable to unitholders	-	-	-	83,128
Distributions to unitholders	-	-	(10,000)	-
Loss for the year	-	-	(51,413)	-
<b>Closing balance*</b>	<b>1,694,610</b>	<b>1,709,272</b>	<b>1,978,962</b>	<b>2,054,813</b>

\*On 30 June 2018, upon adopting the AMIT regime, the Trust's units have been reclassified from a financial liability to equity, resulting in reclassification of \$2,054,813,000. As a result, effective from 1 July 2018, distributions to unitholders are disclosed in the above statement (see note 1).

#### Capital risk management

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

The Responsible Entity monitors the impact of applications and redemptions relative to the liquid assets in the Trust.

#### 6 Cash and cash equivalents

	2019 \$'000	2018 \$'000
Cash at bank	7,883	9,813
Deposits at call	1,856,184	1,973,553
<b>Total cash and cash equivalents</b>	<b>1,864,067</b>	<b>1,983,366</b>

#### 7 Financial assets held at fair value through profit or loss

	2019 Fair value \$'000	2018 Fair value \$'000
<b>Derivatives</b>		
Bill futures	21,234	7,452
Bond futures	20,811	3,574
Commodity futures	17,459	41,842
Equity index futures	4,806	215
Foreign exchange futures	801	4,516
<b>Total derivatives</b>	<b>65,111</b>	<b>57,599</b>
<b>Total financial assets held at fair value through profit or loss</b>	<b>65,111</b>	<b>57,599</b>

An overview of the risk exposures relating to financial assets at FVTPL is included in note 3.

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 8 Financial liabilities held at fair value through profit or loss

	2019 Fair value \$'000	2018 Fair value \$'000
<b>Derivatives</b>		
Bill futures	628	172
Bond futures	2,191	1,122
Commodity futures	17,656	9,800
Equity index futures	2,950	2,047
Foreign exchange futures	7,714	136
Total derivatives	31,139	13,277
<b>Total financial liabilities held at fair value through profit or loss</b>	<b>31,139</b>	<b>13,277</b>

An overview of the risk exposures relating to financial liabilities at FVTPL is included in note 3.

#### 9 Related party disclosures

##### (a) Responsible Entity

The Responsible Entity of the Trust is MIMAL, a wholly owned subsidiary of Macquarie Group Limited ("MGL").

##### (b) Investment Manager for cash deposits

The Investment Manager for cash deposits held by the Trust is MIMGL, a wholly owned subsidiary of MGL, appointed to manage the cash investments in excess of the margin requirements of the Trust.

##### (c) Key management personnel

The following persons held office as directors of MIMAL from 1 July 2017 to the date of this report:

M Aubrey	(resigned 27/06/2019)
C Berger	(appointed 01/07/2019)
A Clubb	(appointed 29/05/2018, resigned 01/07/2019)
R Gohil	
B Lewthwaite	(resigned 29/05/2018)
C Marull	(appointed 01/07/2019)
G Stephens	
B Terry	

No amount is paid by the Trust directly to the directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 *Related Party Disclosures* is paid by the Trust to the directors as key management personnel.

# Notes to the Financial Statements

For the Year Ended 30 June 2019

## 9 Related party disclosures (continued)

### (d) Key management personnel unitholdings

Key management personnel and their close family members held units in the Trust as follows:

30 June 2019 Unitholders	Number of units held opening (Units)	Number of units held closing (Units)	Interest held %	Number of units acquired (Units)	Number of units disposed (Units)	Distributions declared by the Trust \$
B Terry and M Terry	484,528	484,528	0.03	-	-	17,117
M Aubrey	34,924	35,089	0.00	165	-	194

30 June 2018 Unitholders	Number of units held opening (Units)	Number of units held closing (Units)	Interest held %	Number of units acquired (Units)	Number of units disposed (Units)	Distributions declared by the Trust \$
B Terry and M Terry	484,528	484,528	0.03	-	-	24,495
M Aubrey	33,509	34,924	0.00	1,415	-	1,711

### (e) Key management personnel loan disclosures

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the financial year (2018: Nil).

### (f) Responsible Entity fees and other transactions

For the financial year ended 30 June 2019, in accordance with the Trust Constitution, the Responsible Entity received a total fee of 1.78% (2018: 1.78%) of net asset value (inclusive of GST, net of RITC available to the Trust) per annum.

A performance fee is also charged up to 16.40% (2018: 16.40%), (inclusive of GST, net of RITC available to the Trust) of the dollar value of net profit (if any) from the futures trading, provided that any carried forward losses from futures trading have been made up. The fee is accrued daily and payable quarterly.

All expenses in connection with the preparation of accounting records and the maintenance of the unit register have been fully borne by the Responsible Entity.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the financial year and amounts payable as at the reporting date between the Trust and the Responsible Entity were as follows:

	2019 \$	2018 \$
Management fees charged to the Trust by the Responsible Entity	(37,470,831)	(36,464,863)
Performance fees charged to the Trust by the Responsible Entity	(4,543,470)	(7,162,354)
Management fees payable by the Trust to the Responsible Entity as at the reporting date	2,844,054	3,017,858
Performance fees payable by the Trust to the Responsible Entity as at the reporting date	-	2,430,959

## Notes to the Financial Statements

For the Year Ended 30 June 2019

## 9 Related party disclosures (continued)

## (g) Related party unitholdings

Parties related to the Trust (including MIMAL, its affiliates and other schemes managed by MIMAL) held units in the Trust as follows:

<b>30 June 2019</b>	<b>Number of units held opening</b>	<b>Number of units held closing</b>	<b>Interest held</b>	<b>Number of units acquired</b>	<b>Number of units disposed</b>	<b>Distributions declared by the Trust</b>
<b>Unitholders</b>	<b>(Units)</b>	<b>(Units)</b>	<b>%</b>	<b>(Units)</b>	<b>(Units)</b>	<b>\$</b>
Macquarie Bank Limited	2,764,487	1,779,392	0.11	-	985,095	15,361
Macquarie Group Services Australia Pty Limited	360,612	1,468,742	0.09	1,128,494	20,364	8,161
Macquarie Life Limited	7,078,169	6,752,927	0.40	157,918	483,160	37,954
Macquarie Professional Series Global Alternatives Fund	1,994,117	3,108,767	0.18	1,382,074	267,424	13,566
<b>30 June 2018</b>	<b>Number of units held opening</b>	<b>Number of units held closing</b>	<b>Interest held</b>	<b>Number of units acquired</b>	<b>Number of units disposed</b>	<b>Distributions declared by the Trust</b>
<b>Unitholders</b>	<b>(Units)</b>	<b>(Units)</b>	<b>%</b>	<b>(Units)</b>	<b>(Units)</b>	<b>\$</b>
Macquarie Bank Limited	2,003,753	2,764,487	0.16	3,673,267	2,912,533	178,534
Macquarie Group Services Australia Pty Limited	293,980	360,612	0.02	70,019	3,387	18,230
Macquarie Life Limited	6,690,648	7,078,169	0.41	410,659	23,138	345,513
Macquarie Professional Series Global Alternatives Fund	-	1,994,117	0.12	2,002,525	8,408	65,444

There are no distributions payable to the above related parties as at 30 June 2019 (2018: \$10,736).

There are no redemptions payable to the above related parties as at 30 June 2019 (2018: Nil).

## (h) Investments

The Trust held no investments in any scheme which is also managed by MIMAL or its related parties (2018: Nil).

## (i) Other transactions within the Trust

From time to time, the Trust may purchase or sell securities from/to other schemes managed by the Responsible Entity or its affiliates at the prevailing market rates.

No directors of the Responsible Entity have entered into a material contract with the Trust in the current or previous financial year and there were no material contracts involving directors' interests subsisting at 30 June 2019 or 30 June 2018.

The Trust holds a bank account with Macquarie Bank Limited ("MBL"), a wholly owned subsidiary of MGL. The Trust may use MBL or other wholly owned subsidiaries of MGL for broking and clearing services respectively. Bond Street Custodians Limited, a wholly owned subsidiary of MGL, ceased to be custodian of the Trust on or around 18 January 2019. Fees and expenses are negotiated on an arm's length basis for all transactions with related parties.

## Notes to the Financial Statements

For the Year Ended 30 June 2019

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

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

	2019 \$'000	2018 \$'000
Operating (loss)/profit	(51,413)	168,823
(Increase)/decrease in margin accounts	(16,645)	52,730
(Increase)/decrease in amounts due from brokers	(271)	1,384
(Increase)/decrease in other receivables	(23)	70
Decrease in Responsible Entity fees payable	(174)	(3,468)
(Decrease)/increase in performance fees payable	(2,431)	2,431
Increase in amounts due to brokers	3,353	3,127
Decrease/(increase) in financial instruments held at fair value through profit or loss	10,350	(71,271)
Effects of foreign currency exchange rate changes on cash and cash equivalents	(4,705)	(1,631)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(61,959)</b>	<b>152,195</b>

#### (b) Non-cash financing activities

	2019 \$'000	2018 \$'000
Reinvestment of unitholder distributions	1,871	16,055

### 11 Events occurring after the reporting date

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

### 12 Contingent assets, contingent liabilities and commitments

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

## **Directors' Declaration**

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes as set out on pages 5 to 29 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards; and
  - (ii) giving a true and fair view of the Trust'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 Trust will be able to pay its debts as and when they become due and payable.

The directors declare that the notes to the financial statements include an explicit and unreserved statement of compliance with the International Financial Reporting Standards (see note 2(a)).

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



Director .....

B Terry

Sydney

5 September 2019



## Independent auditor's report to the unitholders of Winton Global Alpha Fund

### Opinion

We have audited the financial report of Winton Global Alpha Fund ("the Trust"), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Trust is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Trust's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Information Other than the Financial Report and Auditor's Report Thereon

The directors of Macquarie Investment Management Australia Limited ("the Responsible Entity") are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

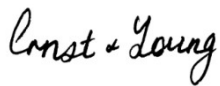
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Ernst & Young



Rita Da Silva  
Partner  
Sydney  
5 September 2019