

eInvest Income Generator Fund (Managed Fund)

ARSN 623 311 419

Interim report

For the half-year ended 31 December 2019

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This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made in respect of eInvest Income Generator Fund (Managed Fund) during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim report covers eInvest Income Generator Fund (Managed Fund) as an individual entity.

The Responsible Entity of eInvest Income Generator Fund (Managed Fund) is Perennial Investment Management Limited (ABN 13 108 747 637) (AFSL 275101).

The Responsible Entity's registered office is:

Level 27, 88 Phillip Street
Sydney NSW 2000.

Directors' report

The Directors of Perennial Investment Management Limited, the Responsible Entity of eInvest Income Generator Fund (Managed Fund) (the "Fund"), present their report together with the interim financial statements of the Fund for the half-year ended 31 December 2019.

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

Principal activities

The Fund was constituted on 12 October 2017, registered with the Australian Securities and Investments Commission on 19 December 2017 and commenced operations on 4 May 2018.

The Fund invests in a diversified portfolio of quality Australian shares listed (or soon to be listed) on the ASX in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund did not have any employees during the half-year.

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

The various service providers for the Fund are detailed below:

Service	Provider
Responsible Entity	Perennial Investment Management Limited
Investment Manager	Perennial Value Management Limited
Custodian	National Australia Bank Limited
Unit Registry	Link Market Services Limited
Administrator	Mainstream Fund Services Pty Limited
Statutory Auditor	KPMG

Directors

The following persons held office as Directors of Perennial Investment Management Limited during the half-year or since the end of the half-year and up to the date of this report:

Name
Anthony Patterson
Camilla Love
Mark Bennett

Review and results of operations

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

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

	Half-year ended 31 December 2019	Half-year ended 31 December 2018
Operating profit/(loss) for the half-year (\$'000)	361	(1,992)
Distributions paid and payable (\$'000)	648	530
Distributions (cents per unit)	10.32	10.02

Directors' report (continued)

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Fund that occurred during the half-year ended 31 December 2019.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may have a significant effect on:

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

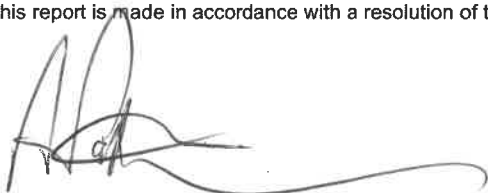
Rounding of amounts to the nearest thousand dollars

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

Auditor's independence declaration

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4 and forms part of this Directors' report.

This report is made in accordance with a resolution of the Directors of Perennial Investment Management Limited.



Anthony Patterson
Director
Perennial Investment Management Limited

Sydney
09 March 2020



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

To the Directors of Perennial Investment Management Limited

I declare that, to the best of my knowledge and belief, in relation to the review of eInvest Income Generator Fund (Managed Fund) for the half-year ended 31 December 2019 there have been:

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

KPMG

Rachel Milum

Partner

Melbourne

9 March 2020

eInvest Income Generator Fund (Managed Fund)
Condensed statement of comprehensive income
For the half-year ended 31 December 2019

Condensed statement of comprehensive income

		Half-year ended 31 December 2019 \$'000	Half-year ended 31 December 2018 \$'000
Investment income			
Interest income		4	6
Dividend and distribution income		727	1,973
Net gains/(losses) on financial instruments at fair value through profit or loss	4	(240)	(3,853)
Total investment income/(loss)		<u>491</u>	<u>(1,874)</u>
Expenses			
Management fees		79	67
Transaction costs		29	32
Other expenses		22	19
Total expenses		<u>130</u>	<u>118</u>
Operating profit/(loss) for the half-year		<u>361</u>	<u>(1,992)</u>
Other comprehensive income		-	-
Total comprehensive income for the half-year		<u>361</u>	<u>(1,992)</u>

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

eInvest Income Generator Fund (Managed Fund)
Condensed statement of financial position
As at 31 December 2019

Condensed statement of financial position

		As at	
		31 December	30 June
	Note	2019	2019
		\$'000	\$'000
Assets			
Cash and cash equivalents		1,572	2,237
Receivables	8	19	152
Financial assets at fair value through profit or loss	5	23,610	19,263
Total assets		25,201	21,652
Liabilities			
Distributions payable	7	112	1,505
Payables	9	32	19
Due to brokers - payable for securities purchased		189	-
Total liabilities		333	1,524
Net assets attributable to unit holders – equity	6	24,868	20,128

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

eInvest Income Generator Fund (Managed Fund)
Condensed statement of changes in equity
For the half-year ended 31 December 2019

Condensed statement of changes in equity

		Half-year ended 31 December 2019 \$'000	Half-year ended 31 December 2018 \$'000
	Note		
Total equity at the beginning of the half-year		20,128	17,627
Comprehensive income for the half-year			
Profit/(loss) for the half-year	6	361	(1,992)
Other comprehensive income		-	-
Total comprehensive income		361	(1,992)
Transactions with unit holders			
Applications	6	6,784	6,217
Redemptions	6	(1,842)	(469)
Reinvestment of distributions	6	85	5
Distributions to unit holders	6	(648)	(530)
Total transactions with unit holders		4,379	5,223
Total equity at the end of the half-year		24,868	20,858

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

eInvest Income Generator Fund (Managed Fund)
Condensed statement of cash flows
For the half-year ended 31 December 2019

Condensed statement of cash flows

	Half-year ended 31 December 2019 \$'000	Half-year ended 31 December 2018 \$'000
Cash flows from operating activities		
Proceeds from sale of financial instruments at fair value through profit or loss	8,865	9,961
Payments for the purchase of financial instruments at fair value through profit or loss	(13,263)	(16,061)
Interest income received	4	6
Dividends and distributions received	849	2,129
Reduced input tax credit received	11	8
Management fees paid	(72)	(72)
Transaction costs paid	(29)	(32)
Other expenses paid	(16)	(20)
Net cash outflow from operating activities	(3,651)	(4,081)
Cash flows from financing activities		
Proceeds from applications by unit holders	6,784	6,217
Payments for redemptions by unit holders	(1,842)	(469)
Distributions to unit holders	(1,956)	(430)
Net cash inflow from financing activities	2,986	5,318
Net increase/(decrease) in cash and cash equivalents	(665)	1,237
Cash and cash equivalents at the beginning of the half-year	2,237	1,253
Cash and cash equivalents at the end of the half-year	1,572	2,490

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

Notes to the condensed financial statements

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1 General information

These interim financial statements cover eInvest Income Generator Fund (Managed Fund) (the "Fund") as an individual entity. The Fund was constituted on 12 October 2017, registered with the Australian Securities and Investments Commission on 19 December 2017 and commenced operations on 4 May 2018 and will terminate in accordance with the provisions of the Fund's Constitution or by Law.

The Responsible Entity of the Fund is Perennial Investment Management Limited (ABN 13 108 747 637) (AFSL 275101) (the "Responsible Entity"). The Responsible Entity's registered office is Level 27, 88 Phillip Street, Sydney NSW 2000. The interim financial statements are presented in the Australian currency unless otherwise noted.

The Responsible Entity is incorporated and domiciled in Australia.

The Fund invests in a diversified portfolio of quality Australian shares listed (or soon to be listed) on the ASX in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The interim financial statements were authorised for issue by the Directors on the date the Directors' declaration was signed. The Directors of the Responsible Entity have the power to amend and reissue the interim financial statements.

2 Basis of preparation

These interim financial statements have been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2019.

(a) Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied to the Fund's financial statements for the year ended 30 June 2019.

New and amended standards adopted by the Fund

The following standards, amendments and interpretations have been applied by the Fund for the first time for the reporting period:

- AASB 16 *Leases*

AASB 16 is effective for reporting period beginning on or after 1 January 2019. The standard affects primarily the accounting by lessees and result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. Adoption of this standard has had no impact on the Fund.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning on or after 1 January 2019 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

3 Fair value measurement

The Fund measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis.

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

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

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

For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

3 Fair value measurement (continued)

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

The fair value of financial assets and liabilities traded in active markets (such as listed equity and property trusts) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Fund is the last traded market price; the quoted market price for financial liabilities is the last traded market price.

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

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

(b) Recognised fair value measurements

The table below presents the Fund's financial assets and liabilities measured and recognised at fair value as at 31 December 2019 and 30 June 2019.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 31 December 2019				
Financial assets				
Listed securities	23,094	-	-	23,094
Listed property trust	485	-	-	485
Listed unit trust	31	-	-	31
Total financial assets	23,610	-	-	23,610
As at 30 June 2019				
Financial assets				
Listed securities	19,263	-	-	19,263
Total financial assets	19,263	-	-	19,263

(c) Transfer between levels

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

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

(d) Financial instruments not carried at fair value

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

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

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

	Half-year ended 31 December 2019 \$'000	Half-year ended 31 December 2018 \$'000
Financial assets		
Net gain/(loss) on financial assets at fair value through profit or loss	(240)	(3,853)
Total net gains/(losses) on financial instruments at fair value through profit or loss	(240)	(3,853)

5 Financial assets at fair value through profit or loss

	As at 31 December 2019 \$'000	30 June 2019 \$'000
Listed securities	23,094	19,263
Listed property trust	485	-
Listed unit trust	31	-
Total financial assets at fair value through profit or loss	23,610	19,263

6 Net assets attributable to unit holders

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

	Half-year ended 31 December 2019	\$'000	Half-year ended 31 December 2018	\$'000
	Units ('000)		Units ('000)	
Opening balance	5,222	20,128	4,283	17,627
Applications	1,759	6,784	1,506	6,217
Redemptions	(485)	(1,842)	(80)	(469)
Reinvestment of distributions	22	85	1	5
Distributions to unit holders	-	(648)	-	(530)
Profit/(loss) for the half-year	-	361	-	(1,992)
Closing balance	6,518	24,868	5,710	20,858

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

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

Units are redeemed on demand at the unit holder's option. However, holders of these instruments typically retain them for the medium to long term.

7 Distributions to unit holders

	Half-year ended 31 December 2019	Half-year ended 31 December 2018
	\$'000 CPU	\$'000 CPU
Distributions		
July	120 1.72	79 1.67
August	101 1.72	83 1.67
September	103 1.72	86 1.67
October	106 1.72	92 1.67
November	106 1.72	95 1.67
December (payable)	112 1.72	95 1.67
Total distributions	648 10.32	530 10.02

8 Receivables

	As at 31 December 2019 \$'000	30 June 2019 \$'000
Interest receivable	1	2
Dividends receivable	14	135
GST receivable	4	15
Total receivables	19	152

9 Payables

	As at 31 December 2019 \$'000	30 June 2019 \$'000
Responsible Entity fees payable	18	11
Recoverable fees payable	14	8
Total payables	32	19

10 Events occurring after the reporting period

No significant events have occurred since the end of the half-year which would impact on the financial position of the Fund as disclosed in the condensed statement of financial position as at 31 December 2019 or on the results and cash flows of the Fund for the half-year ended on that date.

11 Contingent assets and liabilities and commitments

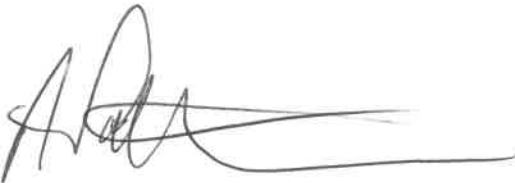
There are no outstanding contingent assets, liabilities or commitments as at 31 December 2019 and 30 June 2019.

Directors' declaration

In the opinion of the Directors of the Responsible Entity:

- (a) The interim financial statements and notes set out on pages 5 to 13 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;
- (c) The financial statement are in accordance with the Fund's Constitution.

This declaration is made in accordance with a resolution of the Directors of Perennial Investment Management Limited.



Anthony Patterson
Director
Perennial Investment Management Limited

Sydney
09 March 2020



Independent Auditor's Review Report

To the unitholders of eInvest Income Generator Fund (Managed Fund)

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of eInvest Income Generator Fund (Managed Fund) (the Scheme).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of eInvest Income Generator Fund (Managed Fund) is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Scheme's financial position as at 31 December 2019 and of its performance for the Interim Period ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Statement of financial position as at 31 December 2019;
- Statement of profit or loss and other comprehensive income for the Interim Period ended on that date;
- Statement of changes in equity and Statement of cash flows for the Interim Period ended on that date;
- Notes 1 to 8 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Interim Period** is the six months ended on 31 December 2019.

Responsibilities of the Directors for the Interim Financial Report

The Directors of Perennial Investment Management Limited (the Responsible Entity) are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Scheme's financial position as at 31 December 2019 and its performance for the interim period ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of eInvest Income Generator Fund (Managed Fund), *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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



KPMG



Rachel Milum

Partner

Melbourne

9 March 2020