

Annual financial report - 30 June 2022

IFP Global Franchise Fund (Hedged)

ARSN 138 878 092

Macquarie Global Equities Fund

ARSN 091 486 707

Macquarie Hedged Index International Equities Fund

ARSN 114 635 415

Macquarie International Infrastructure Securities Fund (Hedged)

ARSN 115 990 611

Walter Scott Global Equity Fund (Hedged)

ARSN 129 574 447

Macquarie Public Investment - Hedged Funds Booklet - Equities

Annual financial report - 30 June 2022

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This financial report covers IFP Global Franchise Fund (Hedged), Macquarie Global Equities Fund, Macquarie Hedged Index International Equities Fund, Macquarie International Infrastructure Securities Fund (Hedged) and Walter Scott Global Equity Fund (Hedged) as individual entities.

The Responsible Entity of IFP Global Franchise Fund (Hedged), Macquarie Global Equities Fund, Macquarie Hedged Index International Equities Fund, Macquarie International Infrastructure Securities Fund (Hedged) and Walter Scott Global Equity Fund (Hedged) 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 2022

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 IFP Global Franchise Fund (Hedged), Macquarie Global Equities Fund, Macquarie Hedged Index International Equities Fund, Macquarie International Infrastructure Securities Fund (Hedged) and Walter Scott Global Equity Fund (Hedged), present their report together with the financial report of IFP Global Franchise Fund (Hedged), Macquarie Global Equities Fund, Macquarie Hedged Index International Equities Fund, Macquarie International Infrastructure Securities Fund (Hedged) and Walter Scott Global Equity Fund (Hedged) (individually the "Trust", collectively the "Trusts") for the financial year ended 30 June 2022.

Principal activities

- ***IFP Global Franchise Fund (Hedged)***

The principal activity of the Trust is to invest in unlisted unit trusts and derivatives in accordance with its Constitution.

- ***Macquarie Global Equities Fund***

The principal activity of the Trust is to invest in unlisted unit trusts and derivatives in accordance with its Constitution.

- ***Macquarie Hedged Index International Equities Fund***

The principal activity of the Trust is to invest in unlisted unit trusts and derivatives in accordance with its Constitution.

- ***Macquarie International Infrastructure Securities Fund (Hedged)***

The principal activity of the Trust is to invest in unlisted unit trusts and derivatives in accordance with its Constitution.

- ***Walter Scott Global Equity Fund (Hedged)***

The principal activity of the Trust is to invest in unlisted unit trusts and derivatives in accordance with its Constitution.

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

Directors

The following persons held office as directors of MIMAL during the financial year ended 30 June 2022 or since the end of the financial year and up to the date of this report:

M Aubrey (appointed 01/10/2021)

C Berger

R Gohil (resigned 01/10/2021)

C Marull

G Stephens

B Terry

Directors' Report

30 June 2022

Review and results of operations

During the financial year, the Trusts were managed in accordance with the investment objective and strategy set out in the respective Trust's offer document and in accordance with their respective Constitution.

The performance of the Trusts, as represented by the results of their operations, was as follows:

	IFP Global Franchise Fund (Hedged)		Macquarie Global Equities Fund	
	2022	2021	2022	2021
Profit/(loss) for the year attributable to unitholders (\$'000)	(14,828)	51,370	(94,527)	425,384
Distributions paid or payable (\$'000)	24,604	17,933	70,427	299,606
Distribution per unit (in cents)	16.20	14.97	10.18	56.45

	Macquarie Hedged Index International Equities Fund		Macquarie International Infrastructure Securities Fund (Hedged)	
	2022	2021	2022	2021
Profit/(loss) for the year attributable to unitholders (\$'000)	(19,634)	12,813	22,882	40,738
Distributions paid or payable (\$'000)	13,709	3,171	44,785	23,650
Distribution per unit (in cents)	13.59	6.03	22.12	10.97

	Walter Scott Global Equity Fund (Hedged)	
	2022	2021
Profit/(loss) for the year attributable to unitholders (\$'000)	(153,744)	244,695
Distributions paid or payable (\$'000)	22,095	96,509
Distribution per unit (in cents)	2.31	12.00

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Trusts 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 2022 that has significantly affected, or may significantly affect:

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

Directors' Report

30 June 2022

Likely developments and expected results of operations

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

The results of the Trusts' operations will be affected by a number of factors, including the performance of investment markets in which the Trusts invest. 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.

Indemnification and insurance of officers and auditors

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

Fees paid to and units held in the Trusts by the Responsible Entity or its associates

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

No fees were paid out of the Trusts' property to the directors of the Responsible Entity during the financial year (2021: Nil).

The number of units in the Trusts 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 Trusts

The movement in units of the Trusts during the financial year is disclosed in note 5 of the financial statements.

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

Environmental regulations

The operations of the Trusts 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 to the nearest thousand Australian dollars, unless otherwise indicated.

Multi-fund booklet

The relief available in *Australian Securities and Investments Commission Corporations (Related Scheme Reports) Instrument 2015/839* has been applied in the directors' report and the financial report, combining information related to multiple Trusts. In accordance with that, information related to each included Trust has been readily identified and amounts for each included Trust are presented in the adjacent columns in this report.

Directors' Report

30 June 2022

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5 following this report.

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

Director:
B Terry

Sydney

26 September 2022

Auditor's independence declaration to the directors of Macquarie Investment Management Australia Limited as Responsible Entity of

- IFP Global Franchise Fund (Hedged)
- Macquarie Global Equities Fund
- Macquarie Hedged Index International Equities Fund
- Macquarie International Infrastructure Securities Fund (Hedged)
- Walter Scott Global Equity Fund (Hedged)

referred to collectively as the Trusts.

As lead auditor for the audit of the financial report of the Trusts for the financial year ended 30 June 2022, 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;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.



Ernst & Young



Rita Da Silva
Partner
26 September 2022

Statements of Comprehensive Income

For the Year Ended 30 June 2022

	Notes	IFP Global Franchise Fund (Hedged)		Macquarie Global Equities Fund	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Income/(loss)					
Distribution income	9	27,179	11,157	60,284	177,772
Net gains/(losses) on financial instruments held at fair value through profit or loss		(42,010)	40,257	(168,705)	233,765
Fee rebates	9	2,898	2,737	13,894	13,847
Total income/(loss)		(11,933)	54,151	(94,527)	425,384
Expenses					
Responsible Entity fees	9	(2,895)	(2,781)	–	–
Total expenses		(2,895)	(2,781)	–	–
Profit/(loss) for the year attributable to unitholders					
	5	(14,828)	51,370	(94,527)	425,384
Other comprehensive income for the year		–	–	–	–
Total comprehensive income/(loss) for the year attributable to unitholders		(14,828)	51,370	(94,527)	425,384

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

Statements of Comprehensive Income

For the Year Ended 30 June 2022

	Notes	Macquarie Hedged Index International Equities Fund		Macquarie International Infrastructure Securities Fund (Hedged)	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Income/(loss)					
Distribution income	9	8,341	2,949	28,670	7,372
Net gains/(losses) on financial instruments held at fair value through profit or loss		(27,975)	9,864	(5,755)	33,386
Fee rebates	9	–	–	2,507	2,560
Other operating income	9	–	–	–	29
Total income/(loss)		(19,634)	12,813	25,422	43,347
Expenses					
Responsible Entity fees	9	–	–	(2,540)	(2,609)
Total expenses		–	–	(2,540)	(2,609)
Profit/(loss) for the year attributable to unitholders	5	(19,634)	12,813	22,882	40,738
Other comprehensive income for the year		–	–	–	–
Total comprehensive income/(loss) for the year attributable to unitholders		(19,634)	12,813	22,882	40,738

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

Statements of Comprehensive Income

For the Year Ended 30 June 2022

		Walter Scott Global Equity Fund (Hedged)	
		2022	2021
	Notes	\$'000	\$'000
Income/(loss)			
Distribution income	9	32,649	7,324
Net gains/(losses) on financial instruments held at fair value through profit or loss		(186,299)	237,536
Fee rebates	9	12,534	11,404
Other operating income	9	—	31
Total income/(loss)		(141,116)	256,295
Expenses			
Responsible Entity fees	9	(12,628)	(11,600)
Total expenses		(12,628)	(11,600)
Profit/(loss) for the year attributable to unitholders	5	(153,744)	244,695
Other comprehensive income for the year		—	—
Total comprehensive income/(loss) for the year attributable to unitholders		(153,744)	244,695

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

Statements of Financial Position

As at 30 June 2022

	Notes	IFP Global Franchise Fund (Hedged)		Macquarie Global Equities Fund	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Assets					
Cash and cash equivalents	6	13	192	3	3
Due from underlying unit trusts	9	26,039	17,766	33,935	135,127
Fee rebates receivable	9	767	373	3,298	3,885
Financial assets held at fair value through profit or loss	7	222,663	205,856	999,593	1,130,211
Total assets		249,482	224,187	1,036,829	1,269,226
Liabilities					
Redemptions payable		133	170	33,935	135,127
Distributions payable		22,398	17,464	—	—
Withholding tax payable		4	—	—	—
Responsible Entity fees payable	9	254	226	—	—
Other payables		13	23	308	268
Financial liabilities held at fair value through profit or loss	8	8,451	4,850	32,768	30,309
Total liabilities		31,253	22,733	67,011	165,704
Net assets attributable to unitholders - equity	5	218,229	201,454	969,818	1,103,522

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

Statements of Financial Position

As at 30 June 2022

	Notes	Macquarie Hedged Index International Equities Fund		Macquarie International Infrastructure Securities Fund (Hedged)	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Assets					
Cash and cash equivalents	6	221	278	477	750
Due from underlying unit trusts	9	10,816	3,068	34,033	16,457
Fee rebates receivable	9	–	–	640	666
Other receivables		–	4	–	3
Financial assets held at fair value through profit or loss	7	121,075	79,308	216,334	250,667
Total assets		132,112	82,658	251,484	268,543
Liabilities					
Redemptions payable		179	44	402	678
Distributions payable		8,111	1,566	38,907	17,996
Withholding tax payable		–	–	11	–
Responsible Entity fees payable	9	–	–	654	634
Other payables		–	–	12	–
Financial liabilities held at fair value through profit or loss	8	5,103	1,796	2,735	6,233
Total liabilities		13,393	3,406	42,721	25,541
Net assets attributable to unitholders - equity	5	118,719	79,252	208,763	243,002

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

Statements of Financial Position

As at 30 June 2022

		Walter Scott Global Equity Fund (Hedged)	
		2022	2021
	Notes	\$'000	\$'000
Assets			
Cash and cash equivalents	6	755	942
Due from underlying unit trusts	9	24,814	67,763
Fee rebates receivable	9	3,094	3,078
Other receivables		–	13
Financial assets held at fair value through profit or loss	7	923,973	948,190
Total assets		952,636	1,019,986
Liabilities			
Redemptions payable		872	431
Distributions payable		19,788	86,291
Responsible Entity fees payable	9	989	1,003
Other payables		67	–
Financial liabilities held at fair value through profit or loss	8	31,554	21,478
Total liabilities		53,270	109,203
Net assets attributable to unitholders - equity	5	899,366	910,783

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

Statements of Changes in Equity

For the Year Ended 30 June 2022

	Notes	IFP Global Franchise Fund (Hedged)		Macquarie Global Equities Fund	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Total equity at the beginning of the year		201,454	168,629	1,103,522	874,342
Comprehensive income/(loss) for the year					
Profit/(loss) for the year	5	(14,828)	51,370	(94,527)	425,384
Other comprehensive income		—	—	—	—
Total comprehensive income/(loss) for the year		(14,828)	51,370	(94,527)	425,384
Transactions with unitholders in their capacity as owners					
Applications	5	94,919	55,523	327,117	231,093
Redemptions	5	(40,914)	(56,604)	(366,294)	(427,297)
Units issued upon reinvestment of distributions	5	2,202	469	70,427	299,606
Distributions	5	(24,604)	(17,933)	(70,427)	(299,606)
Total transactions with unitholders in their capacity as owners		31,603	(18,545)	(39,177)	(196,204)
Total equity at the end of the year	5	218,229	201,454	969,818	1,103,522

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

Statements of Changes in Equity

For the Year Ended 30 June 2022

	Notes	Macquarie Hedged Index International Equities Fund		Macquarie International Infrastructure Securities Fund (Hedged)	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Total equity at the beginning of the year		79,252	25,990	243,002	255,954
Comprehensive income/(loss) for the year					
Profit/(loss) for the year	5	(19,634)	12,813	22,882	40,738
Other comprehensive income		—	—	—	—
Total comprehensive income/(loss) for the year		(19,634)	12,813	22,882	40,738
Transactions with unitholders in their capacity as owners					
Applications	5	108,351	46,417	35,027	26,533
Redemptions	5	(40,635)	(4,371)	(48,539)	(57,348)
Units issued upon reinvestment of distributions	5	5,094	1,574	1,176	775
Distributions	5	(13,709)	(3,171)	(44,785)	(23,650)
Total transactions with unitholders in their capacity as owners		59,101	40,449	(57,121)	(53,690)
Total equity at the end of the year	5	118,719	79,252	208,763	243,002

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

Statements of Changes in Equity

For the Year Ended 30 June 2022

		Walter Scott Global Equity Fund (Hedged)	
		2022	2021
	Notes	\$'000	\$'000
Total equity at the beginning of the year		910,783	744,605
Comprehensive income/(loss) for the year			
Profit/(loss) for the year	5	(153,744)	244,695
Other comprehensive income		—	—
Total comprehensive income/(loss) for the year		(153,744)	244,695
Transactions with unitholders in their capacity as owners			
Applications	5	314,041	286,048
Redemptions	5	(151,926)	(278,274)
Units issued upon reinvestment of distributions	5	2,307	10,218
Distributions	5	(22,095)	(96,509)
Total transactions with unitholders in their capacity as owners		142,327	(78,517)
Total equity at the end of the year	5	899,366	910,783

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

Statements of Cash Flows

For the Year Ended 30 June 2022

	Notes	IFP Global Franchise Fund (Hedged)		Macquarie Global Equities Fund	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash flows from operating activities:					
Proceeds related to financial instruments held at fair value through profit or loss		58,357	85,686	512,958	426,745
Payments related to financial instruments held at fair value through profit or loss		(94,667)	(81,161)	(387,110)	(372,158)
Fee rebates received		2,494	2,888	14,521	12,637
Responsible Entity fees paid		(2,867)	(2,748)	—	—
Net cash inflow/(outflow) from operating activities	10(a)	(36,683)	4,665	140,369	67,224
Cash flows from financing activities:					
Proceeds from applications by unitholders		94,919	55,523	327,117	231,093
Payments for redemptions made to unitholders		(40,951)	(56,553)	(467,486)	(298,316)
Distributions paid to unitholders		(17,464)	(7,926)	—	—
Net cash inflow/(outflow) from financing activities		36,504	(8,956)	(140,369)	(67,223)
Net increase/(decrease) in cash and cash equivalents		(179)	(4,291)	—	1
Cash and cash equivalents at the beginning of the year		192	4,483	3	2
Cash and cash equivalents at the end of the year	6	13	192	3	3
Non-cash financing activities	10(b)	2,202	469	70,427	299,606

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

Statements of Cash Flows

For the Year Ended 30 June 2022

	Notes	Macquarie Hedged Index International Equities Fund		Macquarie International Infrastructure Securities Fund (Hedged)	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash flows from operating activities:					
Proceeds related to financial instruments held at fair value through profit or loss		52,994	13,687	71,084	121,871
Payments related to financial instruments held at fair value through profit or loss		(118,832)	(55,477)	(34,910)	(63,962)
Fee rebates received		–	–	2,545	2,588
Responsible Entity fees paid		–	–	(2,517)	(2,641)
Net cash inflow/(outflow) from operating activities	10(a)	(65,838)	(41,790)	36,202	57,856
Cash flows from financing activities:					
Proceeds from applications by unitholders		108,351	46,417	35,027	26,533
Payments for redemptions made to unitholders		(40,500)	(4,327)	(48,815)	(58,234)
Distributions paid to unitholders		(2,070)	(31)	(22,687)	(28,147)
Net cash inflow/(outflow) from financing activities		65,781	42,059	(36,475)	(59,848)
Net increase/(decrease) in cash and cash equivalents		(57)	269	(273)	(1,992)
Cash and cash equivalents at the beginning of the year		278	9	750	2,742
Cash and cash equivalents at the end of the year	6	221	278	477	750
Non-cash financing activities	10(b)	5,094	1,574	1,176	775

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

Statements of Cash Flows

For the Year Ended 30 June 2022

		Walter Scott Global Equity Fund (Hedged)	
		2022	2021
Notes		\$'000	\$'000
Cash flows from operating activities:			
	Proceeds related to financial instruments held at fair value through profit or loss	228,010	404,701
	Payments related to financial instruments held at fair value through profit or loss	(337,067)	(359,720)
	Distributions received	32,649	—
	Fee rebates received	12,585	10,640
	Responsible Entity fees paid	(12,629)	(11,413)
	Net cash inflow/(outflow) from operating activities	10(a) (76,452)	44,208
Cash flows from financing activities:			
	Proceeds from applications by unitholders	314,041	286,048
	Payments for redemptions made to unitholders	(151,485)	(287,316)
	Distributions paid to unitholders	(86,291)	(51,477)
	Net cash inflow/(outflow) from financing activities	76,265	(52,745)
	Net increase/(decrease) in cash and cash equivalents	(187)	(8,537)
	Cash and cash equivalents at the beginning of the year	942	9,479
	Cash and cash equivalents at the end of the year	6 755	942
	Non-cash financing activities	10(b) 2,307	10,218

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

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 General information

This financial report covers IFP Global Franchise Fund (Hedged), Macquarie Global Equities Fund, Macquarie Hedged Index International Equities Fund, Macquarie International Infrastructure Securities Fund (Hedged) and Walter Scott Global Equity Fund (Hedged) (individually the "Trust", collectively the "Trusts") as individual entities. The Trusts are registered managed investment scheme domiciled in Australia. The Trusts did not have any employees during the financial years ended 30 June 2022 and 30 June 2021. The financial report of the Trusts is presented in Australian dollars, which is also the functional currency of the Trusts. The respective Trust's Constitution dates are as follows:

- IFP Global Franchise Fund (Hedged) - 4 August 2009;
- Macquarie Global Equities Fund - 15 February 1988;
- Macquarie Hedged Index International Equities Fund - 20 June 2005;
- Macquarie International Infrastructure Securities Fund (Hedged) - 26 August 2005; and
- Walter Scott Global Equity Fund (Hedged) - 30 January 2008.

The Responsible Entity of the Trusts 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 of the Trusts is Macquarie Investment Management Global Limited ("MIMGL" or the "Investment Manager").

The respective Trust's Constitution allows the Attribution Managed Investment Trust ("AMIT") tax regime to apply to the Trusts. The Trusts met the AMIT eligibility criteria for the tax years ended 30 June 2022 and 30 June 2021. Consequently, the Responsible Entity is not contractually obligated to pay distributions to the unitholders and the units in the Trusts are classified as equity (see note 2(c), note 2(i) and note 5).

In addition, disclosures applicable to certain Trusts are as below:

- ***IFP Global Franchise Fund (Hedged)***

During the prior financial years, MIMGL delegated certain investment functions to Macquarie Investment Management Europe Limited ("MIMEL").

- ***Macquarie Global Equities Fund***

During the prior financial years, MIMGL delegated certain investment functions to MIMEL.

The parent and the ultimate parent of the Trust is Arrowstreet Global Equity Fund (Hedged).

- ***Macquarie International Infrastructure Securities Fund (Hedged)***

The Trust is classified as an investment entity as it meets the definition of an investment entity and has the typical characteristics of an investment entity. Hence, there is no requirement to prepare consolidated financial statements for the Trust, in accordance with the Australian Accounting Standards Board ("AASB") framework. These financial statements are the only financial statements prepared for the Trust (see note 2(e) and note 9(b)).

- ***Walter Scott Global Equity Fund (Hedged)***

During the prior financial years, MIMGL delegated certain investment functions to MIMEL.

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

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 General information (continued)

The financial statements of the Trusts were authorised for issue by the directors on 26 September 2022. 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 Trusts are for-profit trusts 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.

The statements of financial position are 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.

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

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

Coronavirus (COVID-19) impact

The Novel Coronavirus (COVID-19) has had significant impacts on global economies and equity, debt and commodity markets, led to several changes in the economy and resulted in several support actions by financial markets, governments and regulators. The impact of COVID-19 continues to evolve and, where applicable, has been incorporated into the determination of the Trusts' results of operations and measurement of their assets and liabilities as at the reporting date.

The Trusts' processes to determine the impact of COVID-19 for these financial statements is consistent with the processes disclosed and applied in their prior period financial statements. There has been no impact on the going concern ability of the Trusts.

Considering the financial and economic impact of COVID-19 continues post the reporting date, it may impact future estimates and outcomes applied to the measuring of the Trusts' assets and liabilities. Other than adjusting events, if any, that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Changes to accounting standards and interpretations

There are no new accounting standards, amendments or interpretations that are effective for annual periods beginning on 1 July 2021 that have a material impact on the financial statements of the Trusts. In addition, there are no other standards, amendments or interpretations issued but not yet effective as at 30 June 2022 that are expected to have a material impact on the Trusts' financial statements.

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

(i) Classification

The Trusts manage their investments on a fair value basis. All other assets and liabilities are carried at amortised cost. These are classified as below:

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

The Trusts classify their investments based on both their respective 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 Trusts are primarily focussed on fair value information, and use that information to assess the assets' performance and to make decisions in accordance with the Trusts' documented investment strategy.

The Trusts hold investment in unlisted unit trusts which are measured at fair value through profit or loss.

In addition, the Trusts may hold derivatives such as foreign currency forward contracts, which are measured at fair value through profit or loss. The Trusts designate all foreign currency forward contracts as hedges in a hedging relationship (see note 2(b)(v) and note 3(f)).

- *Financial assets held 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.

The Trusts may hold short-term receivables, such as amounts due from underlying unit trusts, fee rebates receivable and other receivables, 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 may include fees payable and other short-term payables.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Recognition/derecognition

The Trusts recognise financial assets and financial liabilities on the date they become party to the contractual agreement (trade date).

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

(iii) Measurement

- *Financial instruments 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 instruments held at FVTPL are expensed immediately in the statements of comprehensive income.

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 statements of comprehensive income.

Fair value in an active market

The fair value of financial instruments 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 instruments 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.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Trusts would receive or pay to terminate the contract as at the reporting date taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties.

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement (continued)

- *Financial instruments 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 the statements of comprehensive income over the life of a financial asset or a financial liability. 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.

- *Impairment*

The Expected Credit Loss ("ECL") requirements for the Trusts apply to financial assets measured at amortised cost, such as amounts due from underlying unit trusts, fee rebates receivable and other receivables. The Trusts apply 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 and macro-economic information. The 12 month ECL is the portion of lifetime ECL that results 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.

(iv) Offsetting financial instruments

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

(v) Hedge accounting

The Trusts use foreign currency forward contracts ("hedging instruments") to mitigate the foreign exchange risk on its indirect investments held through underlying unit trusts ("hedged items"). The objective of currency hedging is to reduce foreign currency risk.

Designation and documentation

At inception of hedge relationship, the Trusts document the hedge relationship between hedging instruments and hedged items, as well as its risk management objectives and strategies. The Trusts also document their assessment, both at hedge inception and on an ongoing basis, the hedge risk and how the hedge relationship will meet the hedge effectiveness requirements. Any gain or loss on the foreign currency forward contracts is recognised as net gains or losses on financial instruments held at fair value through profit or loss in the statements of comprehensive income immediately, together with the gain or loss arising on the hedged item. Foreign currency forward contracts are designated and accounted for under fair value hedge accounting relationships.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(v) Hedge accounting (continued)

Hedge effectiveness method

All hedge relationships are required to be assessed for hedge effectiveness both at the inception and throughout the hedge relationship by demonstrating that:

- an economic relationship exists between the hedged item and the hedging instrument;
- credit risk does not dominate the changes in value of either the hedged item or the hedging instrument; and
- the hedge ratio is reflective of the Trusts' risk management approach.

The hedge effectiveness assessment is performed by a combination of qualitative and, where applicable, quantitative assessments. Changes in the hedge ratio, or rebalancing, may be required to adjust the hedged item or the hedging instrument.

(c) Net assets attributable to unitholders

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.

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments are classified as equity where certain criteria are met. The Trusts classify the net assets attributable to unitholders as equity as they satisfy all of the following criteria:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Trusts' 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 Trusts, and it is not a contract settled in the Trusts' 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 Trusts over the life of the instrument.

(d) Cash and cash equivalents

For the purpose of presentation in the statements 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 considered as cash and cash equivalents. However, these are disclosed under liabilities on the statements of financial position.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of significant accounting policies (continued)

(d) Cash and cash equivalents (continued)

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 Trusts' main income generating activity.

(e) Investment entity and subsidiary

Subsidiaries are all those entities over which the Trusts have control evidenced by the power to direct the relevant activities of the entity, exposure or rights to significant variable returns and the ability to utilise power to affect the Trusts' own returns. The determination of control is based on current facts and circumstances and is continuously assessed.

The Trusts have power over an entity when they have existing substantive rights that give it the current ability to direct the entity's relevant activities. Relevant activities are those activities that significantly affect the entity's returns. The Trusts evaluate whether they have the power to direct the relevant activities. The Trusts also consider the entity's purpose and design. If the Trusts determine that they have power over an entity, the Trusts then evaluate whether they have exposure or rights to variable returns that, in aggregate, are significant. All variable returns are considered including, but not limited to, debt or equity investments, guarantees, liquidity arrangements, variable fees and certain derivative contracts.

The Trusts hold an investment in an unlisted unit trust which is classified as an investment in a subsidiary. The Responsible Entity of the Trusts has determined that the Trusts qualify as an investment entity due to following factors:

- The Trusts obtain and manage funds for the purpose of providing investors of the Trusts with investment management services;
- The Trusts' business purpose is to gain from appreciation in the value of its investments; and
- The Trusts' investments are managed and performance is evaluated on a fair value basis.

The Trusts also meet all the typical characteristics of an investment entity. Hence, there is no requirement to prepare consolidated financial statements for the Trusts, in accordance with the AASB framework. These financial statements are the only financial statements prepared for the Trusts (see note 9(b)).

Investments in subsidiaries are accounted for at fair value through profit or loss in the financial statements of the Trusts.

(f) Income

Distribution income is received from the underlying unit trusts. This is recognised when the right to receive payment is established.

Fee rebates from the Responsible Entity are recognised in the statements of comprehensive income on an accruals basis.

Gains or losses arising from changes in fair value of financial instruments held at fair value through profit or loss are recorded in accordance with the policies described in note 2(b).

(g) Expenses

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

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of significant accounting policies (continued)

(h) Income tax

Under current legislation, the Trusts are not subject to income tax as income of the Trusts 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 Trusts are not subject to capital gains tax.

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

The Trusts may incur withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax, and withholding tax is recognised as an expense in the statements of comprehensive income.

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

(i) Distributions to unitholders

In accordance with the respective Trust's Constitution, distributions to unitholders are determined by the Responsible Entity of the Trusts. The Responsible Entity attributes the Trusts' income to unitholders on a fair and reasonable basis, however, the Responsible Entity does not have a requirement under the respective Trust's Constitution to distribute the Trusts' income to unitholders. Distributions to unitholders in the form of cash or reinvestments, are recognised in the statements of changes in equity.

(j) Foreign currency translation

(i) Functional and presentation currency

Items included in the Trusts' 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 Trusts compete for funds and are regulated. The Australian dollar is also the Trusts' 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 statements of comprehensive income.

The Trusts do 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.

(k) Due from underlying unit trusts

Amounts due from underlying unit trusts may include outstanding redemption proceeds receivable from the underlying unit trusts. The amounts are recognised as receivable once the redemption notice has been made by the Trusts to the underlying unit trusts and is recognised at the fair value of the underlying unit trusts at the date of redemption.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of significant accounting policies (continued)

(l) Receivables

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

Distribution income is accrued when the right to receive payment is established. Fee rebates receivable from the Responsible Entity is recognised in the statements of financial position on an accruals basis. Amounts are generally received within 30 days of being recorded as receivables.

(m) Payables

Payables include liabilities, accrued expenses and Goods and Services Tax ("GST") owing by the Trusts 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 statements of financial position.

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

(n) Applications and redemptions

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

(o) 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 statements 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 statements of cash flows on a gross basis.

(p) 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.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of significant accounting policies (continued)

(p) Use of estimates (continued)

For certain other financial instruments, including short-term receivables and payables, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

(q) 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 to the nearest thousand Australian dollars, unless otherwise indicated.

(r) Multi-fund booklet

The relief available in *Australian Securities and Investments Commission Corporations (Related Scheme Reports) Instrument 2015/839* has been applied in the directors' report and the financial report, combining information related to multiple Trusts. In accordance with that, information related to each included Trust has been readily identified and amounts for each included Trust are presented in the adjacent columns in this report.

3 Financial risk management

(a) Strategy in using financial instruments

The Trusts' activities expose them to a variety of financial risks: market risk, credit risk and liquidity risk.

The Responsible Entity's overall risk management programme focuses on ensuring compliance with the Trusts' investment guidelines and seeks to maximise the returns derived for the level of risk to which the Trusts are exposed. The Trusts use derivatives and other instruments in connection with their risk management activities.

The Trusts use derivative financial instruments for currency hedging.

Derivatives are not 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 Trusts.

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

Market risk is the risk of changes in the value of the Trusts' financial instruments from changes in market prices or volatility arising from price risk, foreign exchange risk and interest rate risk.

(i) Price risk

Price risk is the risk of changes in the value of the Trusts' financial instruments from changes in market prices.

The Trusts trade in financial instruments such as unlisted unit trusts and over-the-counter 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 Trusts' positions are monitored on a daily basis by the Responsible Entity.

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Financial risk management (continued)

(b) Market risk (continued)

(i) Price risk (continued)

In addition, disclosures applicable to certain Trusts are as below:

- ***IFP Global Franchise Fund (Hedged)***

Price risk is managed by:

- managing the cash levels within the Trust;
- seeking to ensure that the Trust is investing in accordance with its stated objectives;
- ensuring the Trust is fully invested in underlying unit trusts as per the Trust's offer document; and
- ensuring the Trust is investing in permitted investments as per the Trust's offer document.

- ***Macquarie Global Equities Fund***

Price risk is managed by:

- seeking to ensure that the Trust is investing in accordance with its stated objectives; and
- ensuring the Trust is investing in permitted investments as per the Trust's offer document.

- ***Macquarie Hedged Index International Equities Fund***

Price risk is managed by:

- seeking to ensure that the Trust is investing in accordance with its stated objectives;
- ensuring the Trust is fully invested in underlying unit trusts as per the Trust's offer document; and
- ensuring the Trust is investing in permitted investments as per the Trust's offer document.

- ***Macquarie International Infrastructure Securities Fund (Hedged)***

Price risk is managed by:

- managing cash levels within the Trust;
- seeking to ensure that the Trust is investing in accordance with its stated objectives;
- ensuring the Trust is fully invested in underlying unit trusts as per the Trust's offer document; and
- ensuring the Trust is investing in permitted investments as per the Trust's offer document.

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Financial risk management (continued)

(b) Market risk (continued)

(i) Price risk (continued)

• *Walter Scott Global Equity Fund (Hedged)*

Price risk is managed by:

- managing the cash levels within the Trust;
- seeking to ensure that the Trust is investing in accordance with its stated objectives;
- ensuring the Trust is fully invested in underlying unit trusts as per the Trust's offer document; and
- ensuring the Trust is investing in permitted investments as per the Trust's offer document.

The Trusts' unlisted unit trusts and derivatives are susceptible to market price risk arising from uncertainties about future prices of the instruments.

The Trusts' market risk is affected by changes in market prices. The impact on profit/net assets attributable to unitholders owing to a 10% (2021: 10%) market price movement, with all other variables held constant, would amount to the following.

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

	2022		2021	
	Effect on profit/(loss) and net assets attributable to unitholders			
	10%	10%	10%	10%
	increase	decrease	increase	decrease
	\$'000	\$'000	\$'000	\$'000
IFP Global Franchise Fund (Hedged)	21,421	(21,421)	20,101	(20,101)
Macquarie Global Equities Fund	96,683	(96,683)	109,990	(109,990)
Macquarie Hedged Index International Equities Fund	11,597	(11,597)	7,751	(7,751)
Macquarie International Infrastructure Securities Fund (Hedged)	21,360	(21,360)	24,443	(24,443)
Walter Scott Global Equity Fund (Hedged)	89,242	(89,242)	92,671	(92,671)

(ii) Foreign exchange risk

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 Trusts indirectly hold non-monetary assets and liabilities denominated in currencies other than the Australian dollar through their investments in underlying unit trusts. The foreign exchange risk relating to the indirectly held non-monetary assets and liabilities is a component of price risk, not foreign exchange risk.

Foreign exchange risk on non-monetary assets and liabilities is managed by:

- managing currency exposure within limits; and
- hedging undesired currency exposure.

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk (continued)

The Trusts use foreign currency forward contracts to mitigate the risk from movements in foreign exchange rates by hedging the indirect exposure to assets and liabilities held by underlying unit trusts denominated in currencies other than the Australian dollar. Details related to hedge accounting are disclosed in note 3(f).

The Trusts are not directly exposed to foreign exchange risk on monetary assets and liabilities as all of the Trusts' monetary assets and liabilities are denominated in Australian dollars.

(iii) Interest rate risk

Interest rate risk is the risk of changes in the value of the Trusts' financial instruments from changes in market interest rates.

The Trusts are not subject to significant amounts of interest rate risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

(c) Credit risk

Credit risk is the risk of a counterparty failing to complete its contractual obligations when they fall due, causing a financial loss to the Trusts.

Credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions, counterparties to derivatives and amounts due from underlying unit trusts. Application of the ECL has not resulted in any adjustment to the carrying value of these assets/recognition of the ECL allowance, as these assets are short-term in nature or of high quality, with no significant historical loss experience.

In addition, disclosures applicable to certain Trusts are as below:

- ***IFP Global Franchise Fund (Hedged)***

Credit risk is managed by:

- maintaining an approved broker and counterparty panel; and
- ensuring over-the-counter derivatives are traded with appropriately rated counterparties.

- ***Macquarie Global Equities Fund***

Credit risk is managed by:

- managing the Trust's exposures to deposit taking institutions, brokers and other counterparties; and
- ensuring over-the-counter derivatives are traded with appropriately rated counterparties.

- ***Macquarie Hedged Index International Equities Fund***

Credit risk is managed by:

- managing the Trust's exposures to deposit taking institutions, brokers and other counterparties;
- maintaining an approved broker and counterparty panel; and

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Financial risk management (continued)

(c) Credit risk (continued)

- ***Macquarie Hedged Index International Equities Fund (continued)***

- ensuring over-the-counter derivatives are traded with appropriately rated counterparties.

- ***Macquarie International Infrastructure Securities Fund (Hedged)***

Credit risk is managed by:

- managing the Trust's exposures to deposit taking institutions, brokers and other counterparties;
- maintaining an approved broker and counterparty panel; and
- ensuring over-the-counter derivatives are traded with appropriately rated counterparties.

- ***Walter Scott Global Equity Fund (Hedged)***

Credit risk is managed by:

- maintaining an approved broker and counterparty panel; and
- ensuring over-the-counter derivatives are traded with appropriately rated counterparties.

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 (2021: investment grade credit rating) as determined by Standard and Poor's rating agency.

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

(d) Liquidity risk

Liquidity risk is the risk that the Trusts may encounter difficulty in meeting their obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Trusts are exposed to daily cash redemptions of redeemable units. They therefore invest the majority of their assets in unlisted unit trusts that have daily unit pricing and can generally be readily disposed of.

The investments of the Trusts may become illiquid. As a result, the Trusts may not be able to liquidate quickly their investments in these instruments at an amount close to their fair value, or at all, to meet their 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 Trusts have no debt obligations which may compromise solvency.

In order to manage the Trusts' 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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Financial risk management (continued)

(d) Liquidity risk (continued)

In addition, disclosures applicable to certain Trusts are as below:

- ***IFP Global Franchise Fund (Hedged)***

Derivative liabilities (other than those designated in a hedging relationship) 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 90 days (2021: 90 days).

- ***Macquarie Global Equities Fund***

Derivative liabilities (other than those designated in a hedging relationship) 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 (2021: 30 days).

- ***Macquarie Hedged Index International Equities Fund***

Derivative liabilities (other than those designated in a hedging relationship) 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 60 days (2021: 60 days).

- ***Macquarie International Infrastructure Securities Fund (Hedged)***

Derivative liabilities (other than those designated in a hedging relationship) 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 (2021: 30 days).

- ***Walter Scott Global Equity Fund (Hedged)***

Derivative liabilities (other than those designated in a hedging relationship) 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 120 days (2021: 120 days).

(e) Fair value estimation

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

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Financial risk management (continued)

(e) Fair value estimation (continued)

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 tables present those of the Trusts' financial assets and financial liabilities (by class) which are measured at fair value.

	IFP Global Franchise Fund (Hedged)			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2022				
Financial assets				
- Derivatives	–	1,048	–	1,048
- Unlisted unit trusts	–	221,615	–	221,615
Total financial assets	–	222,663	–	222,663
Financial liabilities				
- Derivatives	–	8,451	–	8,451
Total financial liabilities	–	8,451	–	8,451
30 June 2021				
Financial assets				
- Derivatives	–	8	–	8
- Unlisted unit trusts	–	205,848	–	205,848
Total financial assets	–	205,856	–	205,856
Financial liabilities				
- Derivatives	–	4,850	–	4,850
Total financial liabilities	–	4,850	–	4,850

During the financial year, there were no transfers between level 1 and 2 or into/out of level 3 (2021: Nil).

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Financial risk management (continued)

(e) Fair value estimation (continued)

30 June 2022	Macquarie Global Equities Fund			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
- Derivatives	–	2,288	–	2,288
- Unlisted unit trusts	–	997,305	–	997,305
Total financial assets	–	999,593	–	999,593
Financial liabilities				
- Derivatives	–	32,768	–	32,768
Total financial liabilities	–	32,768	–	32,768
 30 June 2021	 Level 1 \$'000	 Level 2 \$'000	 Level 3 \$'000	 Total \$'000
Financial assets				
- Unlisted unit trusts	–	1,130,211	–	1,130,211
Total financial assets	–	1,130,211	–	1,130,211
Financial liabilities				
- Derivatives	–	30,309	–	30,309
Total financial liabilities	–	30,309	–	30,309

During the financial year, there were no transfers between level 1 and 2 or into/out of level 3 (2021: Nil).

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Financial risk management (continued)

(e) Fair value estimation (continued)

	Macquarie Hedged Index International Equities Fund			
30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
- Derivatives	–	189	–	189
- Unlisted unit trusts	–	120,886	–	120,886
Total financial assets	–	121,075	–	121,075
Financial liabilities				
- Derivatives	–	5,103	–	5,103
Total financial liabilities	–	5,103	–	5,103
30 June 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
- Unlisted unit trusts	–	79,308	–	79,308
Total financial assets	–	79,308	–	79,308
Financial liabilities				
- Derivatives	–	1,796	–	1,796
Total financial liabilities	–	1,796	–	1,796

During the financial year, there were no transfers between level 1 and 2 or into/out of level 3 (2021: Nil).

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Financial risk management (continued)

(e) Fair value estimation (continued)

Macquarie International Infrastructure Securities Fund (Hedged)				
30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
- Derivatives	–	500	–	500
- Unlisted unit trusts	–	215,834	–	215,834
Total financial assets	–	216,334	–	216,334
Financial liabilities				
- Derivatives	–	2,735	–	2,735
Total financial liabilities	–	2,735	–	2,735
30 June 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
- Unlisted unit trusts	–	250,667	–	250,667
Total financial assets	–	250,667	–	250,667
Financial liabilities				
- Derivatives	–	6,233	–	6,233
Total financial liabilities	–	6,233	–	6,233

During the financial year, there were no transfers between level 1 and 2 or into/out of level 3 (2021: Nil).

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Financial risk management (continued)

(e) Fair value estimation (continued)

Walter Scott Global Equity Fund (Hedged)				
30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
- Derivatives	–	2,996	–	2,996
- Unlisted unit trusts	–	920,977	–	920,977
Total financial assets	–	923,973	–	923,973
Financial liabilities				
- Derivatives	–	31,554	–	31,554
Total financial liabilities	–	31,554	–	31,554
30 June 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
- Unlisted unit trusts	–	948,190	–	948,190
Total financial assets	–	948,190	–	948,190
Financial liabilities				
- Derivatives	–	21,478	–	21,478
Total financial liabilities	–	21,478	–	21,478

During the financial year, there were no transfers between level 1 and 2 or into/out of level 3 (2021: Nil).

The carrying amounts of those of the Trusts' financial assets and financial liabilities, which are not fair valued, approximated their fair values as at the reporting date. These include short-term receivables and payables, and are not presented in the tables above.

For over-the-counter derivatives, fair value is determined using valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models. These financial instruments have therefore been classified as level 2 in the fair value hierarchy.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include unlisted unit trusts valued at the redemption value per unit, as reported by the managers of such trusts.

(f) Hedge accounting

Each unit in the Trusts are exposed to fair value movements due to the movement in the foreign currency exchange rate. The Trusts use foreign currency forward contracts for currency hedging to negate the impact of foreign currency fluctuations by:

- ensuring foreign currency exposure is within +/-5% of the portfolio value; and
- ensuring that total foreign currency exposure is in line with the benchmark exposure.

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Financial risk management (continued)

(f) Hedge accounting (continued)

Determining Hedge effectiveness

The Trusts assess hedging effectiveness by matching the notional value of the foreign currency forward contracts to the market value of the foreign exchange exposures held by the underlying unit trusts on a currency by currency basis. Responsible Entity's risk management department monitors the hedge ratio on a daily basis. To ensure that the "by currency" hedge ratio is within the range set out in the Trusts' investment strategy, the amount of hedging is periodically rebalanced.

Designation of hedge accounting

As the hedged items are actively traded, part of the designated hedging relationships are discontinued and the Trusts designate new hedging relationships based on portfolio size and the hedging instruments that exist at that time. Foreign currency forward contracts are used to hedge Trusts' foreign currency exposures.

The following tables contain details of the hedging instruments and associated hedged items for fair value hedges:

IFP Global Franchise Fund (Hedged)

	Hedging instruments			Hedged items		Hedge ineffective- ness*** losses
	Nominal amounts	Carrying amounts*	Fair value (losses)/gains	Carrying amounts**	Fair value gains/(losses)	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2022	(241,347)	(7,403)	(13,611)	241,199	12,828	(782)
30 June 2021	(223,665)	(4,842)	11,210	221,598	(11,741)	(531)

Macquarie Global Equities Fund

	Hedging instruments			Hedged items		Hedge ineffective- ness*** losses
	Nominal amounts	Carrying amounts*	Fair value (losses)/gains	Carrying amounts**	Fair value gains/(losses)	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2022	(1,045,830)	(30,480)	(75,152)	1,014,778	53,719	(21,434)
30 June 2021	(1,270,767)	(30,309)	68,159	1,261,138	(69,827)	(1,668)

Macquarie Hedged Index International Equities Fund

	Hedging instruments			Hedged items		Hedge ineffective- ness*** losses
	Nominal amounts	Carrying amounts*	Fair value (losses)/gains	Carrying amounts**	Fair value gains/(losses)	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2022	(111,818)	(4,914)	(7,585)	126,473	6,689	(896)
30 June 2021	(79,505)	(1,796)	817	81,576	(1,193)	(376)

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Financial risk management (continued)

(f) Hedge accounting (continued)

Macquarie International Infrastructure Securities Fund (Hedged)

	Hedging instruments			Hedged items		Hedge ineffective-ness ^{***}
	Nominal amounts \$'000	Carrying amounts [*] \$'000	Fair value (losses)/gains \$'000	Carrying amounts ^{**} \$'000	Fair value gains/(losses) \$'000	(losses)/gains \$'000
30 June 2022	(227,066)	(2,235)	(6,354)	227,588	6,102	(252)
30 June 2021	(215,122)	(6,233)	9,848	227,856	(9,717)	131

Walter Scott Global Equity Fund (Hedged)

	Hedging instruments			Hedged items		Hedge ineffective-ness ^{***}
	Nominal amounts \$'000	Carrying amounts [*] \$'000	Fair value (losses)/gains \$'000	Carrying amounts ^{**} \$'000	Fair value gains/(losses) \$'000	losses \$'000
30 June 2022	(949,545)	(28,558)	(53,899)	920,733	47,476	(6,423)
30 June 2021	(968,089)	(21,478)	57,236	1,000,488	(58,928)	(1,692)

*Carrying amount of hedging instruments is included in financial assets and financial liabilities held at fair value through profit or loss in the statements of financial position.

**Carrying amount of hedged items is included in financial assets held at fair value through profit or loss in the statements of financial position.

***Hedge ineffectiveness is the extent to which the changes in the fair value of the hedging instruments differ to that of the hedged item which primarily arises from timing differences, and is recognised as part of net gains or losses on financial instruments held at fair value through profit or loss in the statements of comprehensive income.

(g) Offsetting financial instruments

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

Certain derivative financial assets and financial liabilities are subject to legally enforceable master netting arrangements, such as an International Swaps and Derivatives Association ("ISDA") master netting agreement. Under the terms of these arrangements, if on any date amounts would otherwise be payable in the same currency and in respect to the same transaction with the counterparty, the obligation may be automatically satisfied and discharged if the party with the larger aggregate amount pays to the other party the excess of the larger aggregate amount over the smaller aggregate amount. Accordingly, the amounts receivable or payable in respect of a single contract are netted in the statements of financial position, as long as they are in the same currency with the same counterparty. In addition, in the comparative period, amounts receivable/payable under multiple contracts with the same counterparty were netted in the statements of financial position, which is not the approach adopted for the current financial year. The change in approach did not have a material impact on the statements of financial position.

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Financial risk management (continued)

(g) Offsetting financial instruments (continued)

In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under an ISDA agreement are terminated, the termination value is assessed, and only a net amount is payable in settlement of all transactions. The aggregation into a net position owing to/ receivable from a single counterparty is subject to the terms of the arrangements and the insolvency laws of the relevant jurisdiction of the party in default.

The following tables provide information on the impact of offsetting of derivative financial instruments in the statements of financial position and in circumstances where all outstanding transactions under an ISDA agreement are terminated.

IFP Global Franchise Fund (Hedged)

Effects of offsetting in the statement of financial position						
	Gross amounts of financial assets and financial liabilities \$'000	Gross amounts offset \$'000	Net amount presented in statement of financial position \$'000	Amounts subject to master netting arrangements \$'000	Cash collateral pledged/ received \$'000	Net amount \$'000
30 June 2022						
Financial assets						
Derivatives	1,048	–	1,048	895	–	153
Total	<u>1,048</u>	<u>–</u>	<u>1,048</u>	<u>895</u>	<u>–</u>	<u>153</u>
Financial liabilities						
Derivatives	8,451	–	8,451	895	–	7,556
Total	<u>8,451</u>	<u>–</u>	<u>8,451</u>	<u>895</u>	<u>–</u>	<u>7,556</u>

Effects of offsetting in the statement of financial position						
	Gross amounts of financial assets and financial liabilities \$'000	Gross amounts offset \$'000	Net amount presented in statement of financial position \$'000	Amounts subject to master netting arrangements \$'000	Cash collateral pledged/ received \$'000	Net amount \$'000
30 June 2021						
Financial assets						
Derivatives	194	186	8	8	–	–
Total	<u>194</u>	<u>186</u>	<u>8</u>	<u>8</u>	<u>–</u>	<u>–</u>
Financial liabilities						
Derivatives	5,036	186	4,850	8	–	4,842
Total	<u>5,036</u>	<u>186</u>	<u>4,850</u>	<u>8</u>	<u>–</u>	<u>4,842</u>

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Financial risk management (continued)

(g) Offsetting financial instruments (continued)

Macquarie Global Equities Fund

Effects of offsetting in the statement of financial position						
	Gross amounts of financial assets and financial liabilities \$'000	Gross amounts offset \$'000	Net amount presented in statement of financial position \$'000	Amounts subject to master netting arrangements \$'000	Cash collateral pledged/received \$'000	Net amount \$'000
30 June 2022						
Financial assets						
Derivatives	2,288	—	2,288	2,288	—	—
Total	<u>2,288</u>	<u>—</u>	<u>2,288</u>	<u>2,288</u>	<u>—</u>	<u>—</u>
Financial liabilities						
Derivatives	32,768	—	32,768	2,288	—	30,480
Total	<u>32,768</u>	<u>—</u>	<u>32,768</u>	<u>2,288</u>	<u>—</u>	<u>30,480</u>

Effects of offsetting in the statement of financial position						
	Gross amounts of financial assets and financial liabilities \$'000	Gross amounts offset \$'000	Net amount presented in statement of financial position \$'000	Amounts subject to master netting arrangements \$'000	Cash collateral pledged/received \$'000	Net amount \$'000
30 June 2021						
Financial assets						
Derivatives	170	170	—	—	—	—
Total	<u>170</u>	<u>170</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Financial liabilities						
Derivatives	30,479	170	30,309	—	—	30,309
Total	<u>30,479</u>	<u>170</u>	<u>30,309</u>	<u>—</u>	<u>—</u>	<u>30,309</u>

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Financial risk management (continued)

(g) Offsetting financial instruments (continued)

Macquarie Hedged Index International Equities Fund

Effects of offsetting in the statement of financial position						
	Gross amounts of financial assets and financial liabilities \$'000	Gross amounts offset \$'000	Net amount presented in statement of financial position \$'000	Amounts subject to master netting arrangements \$'000	Cash collateral pledged/ received \$'000	Net amount \$'000
30 June 2022						
Financial assets						
Derivatives	189	—	189	189	—	—
Total	<u>189</u>	<u>—</u>	<u>189</u>	<u>189</u>	<u>—</u>	<u>—</u>
Financial liabilities						
Derivatives	5,103	—	5,103	189	—	4,914
Total	<u>5,103</u>	<u>—</u>	<u>5,103</u>	<u>189</u>	<u>—</u>	<u>4,914</u>

Effects of offsetting in the statement of financial position						
	Gross amounts of financial assets and financial liabilities \$'000	Gross amounts offset \$'000	Net amount presented in statement of financial position \$'000	Amounts subject to master netting arrangements \$'000	Cash collateral pledged/ received \$'000	Net amount \$'000
30 June 2021						
Financial assets						
Derivatives	6	6	—	—	—	—
Total	<u>6</u>	<u>6</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Financial liabilities						
Derivatives	1,801	6	1,796	—	—	1,796
Total	<u>1,801</u>	<u>6</u>	<u>1,796</u>	<u>—</u>	<u>—</u>	<u>1,796</u>

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Financial risk management (continued)

(g) Offsetting financial instruments (continued)

Macquarie International Infrastructure Securities Fund (Hedged)

Effects of offsetting in the statement of financial position						
	Gross amounts of financial assets and financial liabilities \$'000	Gross amounts offset \$'000	Net amount presented in statement of financial position \$'000	Amounts subject to master netting arrangements \$'000	Cash collateral pledged/ received \$'000	Net amount \$'000
30 June 2022						
Financial assets						
Derivatives	500	—	500	387	—	113
Total	<u>500</u>	<u>—</u>	<u>500</u>	<u>387</u>	<u>—</u>	<u>113</u>
Financial liabilities						
Derivatives	2,735	—	2,735	387	—	2,348
Total	<u>2,735</u>	<u>—</u>	<u>2,735</u>	<u>387</u>	<u>—</u>	<u>2,348</u>

Effects of offsetting in the statement of financial position						
	Gross amounts of financial assets and financial liabilities \$'000	Gross amounts offset \$'000	Net amount presented in statement of financial position \$'000	Amounts subject to master netting arrangements \$'000	Cash collateral pledged/ received \$'000	Net amount \$'000
30 June 2021						
Financial assets						
Derivatives	375	375	—	—	—	—
Total	<u>375</u>	<u>375</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Financial liabilities						
Derivatives	6,608	375	6,233	—	—	6,233
Total	<u>6,608</u>	<u>375</u>	<u>6,233</u>	<u>—</u>	<u>—</u>	<u>6,233</u>

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Financial risk management (continued)

(g) Offsetting financial instruments (continued)

Walter Scott Global Equity Fund (Hedged)

Effects of offsetting in the statement of financial position						
	Gross amounts of financial assets and financial liabilities \$'000	Gross amounts offset \$'000	Net amount presented in statement of financial position \$'000	Amounts subject to master netting arrangements \$'000	Cash collateral pledged/received \$'000	Net amount \$'000
30 June 2022						
Financial assets						
Derivatives	2,996	—	2,996	2,249	—	747
Total	<u>2,996</u>	<u>—</u>	<u>2,996</u>	<u>2,249</u>	<u>—</u>	<u>747</u>
Financial liabilities						
Derivatives	31,554	—	31,554	2,249	—	29,305
Total	<u>31,554</u>	<u>—</u>	<u>31,554</u>	<u>2,249</u>	<u>—</u>	<u>29,305</u>

Effects of offsetting in the statement of financial position						
	Gross amounts of financial assets and financial liabilities \$'000	Gross amounts offset \$'000	Net amount presented in statement of financial position \$'000	Amounts subject to master netting arrangements \$'000	Cash collateral pledged/received \$'000	Net amount \$'000
30 June 2021						
Financial assets						
Derivatives	377	377	—	—	—	—
Total	<u>377</u>	<u>377</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Financial liabilities						
Derivatives	21,855	377	21,478	—	—	21,478
Total	<u>21,855</u>	<u>377</u>	<u>21,478</u>	<u>—</u>	<u>—</u>	<u>21,478</u>

Notes to the Financial Statements

For the Year Ended 30 June 2022

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 Trusts:

	IFP Global Franchise Fund (Hedged)		Macquarie Global Equities Fund	
	2022 \$	2021 \$	2022 \$	2021 \$
Audit services				
Audit of financial reports	7,405	5,143	9,554	9,093
Other audit work under the <i>Corporations Act 2001</i>	904	743	904	743
Non-audit services				
Taxation compliance services	1,080	1,050	1,080	1,050
Total remuneration paid/payable	9,389	6,936	11,538	10,886

	Macquarie Hedged Index International Equities Fund		Macquarie International Infrastructure Securities Fund (Hedged)	
	2022 \$	2021 \$	2022 \$	2021 \$
Audit services				
Audit of financial reports	9,554	9,093	13,500	12,852
Other audit work under the <i>Corporations Act 2001</i>	904	743	904	743
Non-audit services				
Taxation compliance services	1,080	1,050	1,080	1,050
Total remuneration paid/payable	11,538	10,886	15,484	14,645

	Walter Scott Global Equity Fund (Hedged)	
	2022 \$	2021 \$
Audit services		
Audit of financial reports	9,554	9,093
Other audit work under the <i>Corporations Act 2001</i>	904	743
Non-audit services		
Taxation compliance services	1,080	1,050
Total remuneration paid/payable	11,538	10,886

Audit fees are paid out of the Responsible Entity's own resources except for Macquarie International Infrastructure Securities Fund (Hedged), where it is borne by the Trust.

Notes to the Financial Statements

For the Year Ended 30 June 2022

5 Net assets attributable to unitholders

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

The Trusts meet the criteria set out under AASB 132, hence the net assets attributable to unitholders is classified as equity (see note 2(c)).

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

IFP Global Franchise Fund (Hedged)				
	2022 No. '000	2021 No. '000	2022 \$'000	2021 \$'000
Opening balance	120,042	118,924	201,454	168,629
Applications	55,797	35,091	94,919	55,523
Redemptions	(23,966)	(34,253)	(40,914)	(56,604)
Units issued upon reinvestment of distributions	1,546	280	2,202	469
Distributions to unitholders	—	—	(24,604)	(17,933)
Profit/(loss) for the year	—	—	(14,828)	51,370
Closing balance	153,419	120,042	218,229	201,454

Macquarie Global Equities Fund				
	2022 No. '000	2021 No. '000	2022 \$'000	2021 \$'000
Opening balance	716,191	613,531	1,103,522	874,342
Applications	210,958	135,576	327,117	231,093
Redemptions	(233,892)	(226,416)	(366,294)	(427,297)
Units issued upon reinvestment of distributions	52,118	193,500	70,427	299,606
Distributions to unitholders	—	—	(70,427)	(299,606)
Profit/(loss) for the year	—	—	(94,527)	425,384
Closing balance	745,375	716,191	969,818	1,103,522

Macquarie Hedged Index International Equities Fund				
	2022 No. '000	2021 No. '000	2022 \$'000	2021 \$'000
Opening balance	55,293	23,599	79,252	25,990
Applications	75,819	33,982	108,351	46,417
Redemptions	(29,346)	(3,392)	(40,635)	(4,371)
Units issued upon reinvestment of distributions	4,485	1,104	5,094	1,574
Distributions to unitholders	—	—	(13,709)	(3,171)
Profit/(loss) for the year	—	—	(19,634)	12,813
Closing balance	106,251	55,293	118,719	79,252

Notes to the Financial Statements

For the Year Ended 30 June 2022

5 Net assets attributable to unitholders (continued)

Macquarie International Infrastructure Securities Fund (Hedged)				
	2022 No. '000	2021 No. '000	2022 \$'000	2021 \$'000
Opening balance	212,916	239,045	243,002	255,954
Applications	28,797	23,173	35,027	26,533
Redemptions	(40,061)	(49,987)	(48,539)	(57,348)
Units issued upon reinvestment of distributions	1,119	685	1,176	775
Distributions to unitholders	–	–	(44,785)	(23,650)
Profit/(loss) for the year	–	–	22,882	40,738
Closing balance	202,771	212,916	208,763	243,002

Walter Scott Global Equity Fund (Hedged)				
	2022 No. '000	2021 No. '000	2022 \$'000	2021 \$'000
Opening balance	813,368	789,589	910,783	744,605
Applications	280,109	267,967	314,041	286,048
Redemptions	(135,549)	(253,310)	(151,926)	(278,274)
Units issued upon reinvestment of distributions	2,461	9,122	2,307	10,218
Distributions to unitholders	–	–	(22,095)	(96,509)
Profit/(loss) for the year	–	–	(153,744)	244,695
Closing balance	960,389	813,368	899,366	910,783

Capital risk management

The Trusts manage their net assets attributable to unitholders as capital. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Trusts are 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 Trusts.

6 Cash and cash equivalents

	IFP Global Franchise Fund (Hedged)		Macquarie Global Equities Fund	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash at bank	13	192	3	3
Total cash and cash equivalents	13	192	3	3

	Macquarie Hedged Index International Equities Fund		Macquarie International Infrastructure Securities Fund (Hedged)	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash at bank	221	278	477	750
Total cash and cash equivalents	221	278	477	750

Notes to the Financial Statements

For the Year Ended 30 June 2022

6 Cash and cash equivalents (continued)

	Walter Scott Global Equity Fund (Hedged)	
	2022	2021
	\$'000	\$'000
Cash at bank	755	942
Total cash and cash equivalents	755	942

7 Financial assets held at fair value through profit or loss

	IFP Global Franchise Fund (Hedged)		Macquarie Global Equities Fund	
	2022	2021	2022	2021
	Fair value	Fair value	Fair value	Fair value
	\$'000	\$'000	\$'000	\$'000
Derivatives designated as hedges				
Foreign currency forward contracts	1,048	8	2,288	—
Total derivatives designated as hedges	1,048	8	2,288	—
Unlisted unit trusts				
Units in unlisted unit trusts	221,615	205,848	997,305	1,130,211
Total unlisted unit trusts	221,615	205,848	997,305	1,130,211
Total financial assets held at fair value through profit or loss	222,663	205,856	999,593	1,130,211

	Macquarie Hedged Index International Equities Fund		Macquarie International Infrastructure Securities Fund (Hedged)	
	2022	2021	2022	2021
	Fair value	Fair value	Fair value	Fair value
	\$'000	\$'000	\$'000	\$'000
Derivatives designated as hedges				
Foreign currency forward contracts	189	—	500	—
Total derivatives designated as hedges	189	—	500	—
Unlisted unit trusts				
Units in unlisted unit trusts	120,886	79,308	215,834	250,667
Total unlisted unit trusts	120,886	79,308	215,834	250,667
Total financial assets held at fair value through profit or loss	121,075	79,308	216,334	250,667

Notes to the Financial Statements

For the Year Ended 30 June 2022

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

	Walter Scott Global Equity Fund (Hedged)	
	2022	2021
	Fair value	Fair value
	\$'000	\$'000
Derivatives designated as hedges		
Foreign currency forward contracts	2,996	—
Total derivatives designated as hedges	2,996	—
Unlisted unit trusts		
Units in unlisted unit trusts	920,977	948,190
Total unlisted unit trusts	920,977	948,190
Total financial assets held at fair value through profit or loss	923,973	948,190

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

8 Financial liabilities held at fair value through profit or loss

	IFP Global Franchise Fund (Hedged)		Macquarie Global Equities Fund	
	2022	2021	2022	2021
	Fair value	Fair value	Fair value	Fair value
	\$'000	\$'000	\$'000	\$'000
Derivatives designated as hedges				
Foreign currency forward contracts	8,451	4,850	32,768	30,309
Total derivatives designated as hedges	8,451	4,850	32,768	30,309
Total financial liabilities held at fair value through profit or loss	8,451	4,850	32,768	30,309

	Macquarie Hedged Index International Equities Fund		Macquarie International Infrastructure Securities Fund (Hedged)	
	2022	2021	2022	2021
	Fair value	Fair value	Fair value	Fair value
	\$'000	\$'000	\$'000	\$'000
Derivatives designated as hedges				
Foreign currency forward contracts	5,103	1,796	2,735	6,233
Total derivatives designated as hedges	5,103	1,796	2,735	6,233
Total financial liabilities held at fair value through profit or loss	5,103	1,796	2,735	6,233

Notes to the Financial Statements

For the Year Ended 30 June 2022

8 Financial liabilities held at fair value through profit or loss (continued)

	Walter Scott Global Equity Fund (Hedged)	
	2022	2021
	Fair value	Fair value
	\$'000	\$'000
Derivatives designated as hedges		
Foreign currency forward contracts	31,554	21,478
Total derivatives designated as hedges	31,554	21,478
Total financial liabilities held at fair value through profit or loss	31,554	21,478

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

9 Related party disclosures

(a) Parent entity

- **Macquarie Global Equities Fund**

The parent and the ultimate parent of the Trust is Arrowstreet Global Equity Fund (Hedged), which at 30 June 2022 owns 99.99% (2021: 99.90%) of the units of the Trust.

(b) Subsidiary

- **Macquarie International Infrastructure Securities Fund (Hedged)**

The subsidiary of the Trust is Macquarie International Infrastructure Securities Fund (Unhedged). As disclosed in note 2(e), the Trust is an investment entity and measures its investment in subsidiary at FVTPL.

The proportion of ownership interest and investment in the subsidiary is disclosed in note 9(j). The subsidiary is an Australian registered managed investment scheme domiciled in Australia, which invests in listed equities, having its principal place of business in Australia.

(c) Responsible Entity

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

(d) Investment Manager

The Investment Manager of the Trusts is MIMGL, a wholly owned subsidiary of MGL.

(e) Key management personnel

Key management personnel services are provided by MIMAL. The following persons held office as directors of MIMAL during the financial years ended 30 June 2022 and 30 June 2021, unless indicated otherwise:

M Aubrey (appointed 01/10/2021)
 C Berger
 R Gohil (resigned 01/10/2021)
 C Marull
 G Stephens
 B Terry

Notes to the Financial Statements

For the Year Ended 30 June 2022

9 Related party disclosures (continued)

(e) Key management personnel (continued)

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

(f) Key management personnel unitholdings

No key management personnel held units in Macquarie Global Equities Fund, Macquarie Hedged Index International Equities Fund, Macquarie International Infrastructure Securities Fund (Hedged) and Walter Scott Global Equity Fund (Hedged) at any time during the financial year (2021: Nil).

Key management personnel and their close family members held units in IFP Global Franchise fund (Hedged) as follows:

• IFP Global Franchise Fund (Hedged)

30 June 2022 Unitholder	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 \$
C Berger	161,242	179,585	0.12	18,343	–	26,122
30 June 2021 Unitholder	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 \$
C Berger	148,026	161,242	0.13	13,216	–	22,165

On 30 June 2022, C Berger holds 179,585 units (2021: 161,242 units) in the Trust (including units held through a discretionary trust), representing 0.12% (2021: 0.13%) share of units in the Trust.

(g) Key management personnel loan disclosures

The Trusts have 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 (2021: Nil).

Notes to the Financial Statements

For the Year Ended 30 June 2022

9 Related party disclosures (continued)

(h) Responsible Entity fees and other transactions

- ***IFP Global Franchise Fund (Hedged)***

For the financial period from 1 July 2020 to 13 May 2021, in accordance with the Trust Constitution, the Responsible Entity received a total fee of 1.38% of net asset value (inclusive of GST, net of RITC available to the Trust) per annum. For the financial period from 14 May 2021 to 30 June 2022, in accordance with the Trust Constitution, the Responsible Entity received a total fee of 1.28% of net asset value (inclusive of GST, net of RITC available to the Trust) per annum. The proportion of the GST on the fees that can be recovered by the Trust as RITCs or otherwise varies. The fee paid by the Trust will equal the rate disclosed in the Trust's offer document (inclusive of GST, net of RITCs) regardless of the rate of GST recovery in any period.

- ***Macquarie Global Equities Fund***

No Responsible Entity fees were incurred by the Trust during the financial year (2021: Nil).

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.

- ***Macquarie Hedged Index International Equities Fund***

No Responsible Entity fees were incurred by the Trust during the financial year (2021: Nil).

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.

- ***Macquarie International Infrastructure Securities Fund (Hedged)***

For the financial year ended 30 June 2022, in accordance with the Trust Constitution, the Responsible Entity received a total fee of 1.00% (2021: 1.00%) of net asset value (inclusive of GST, net of RITC available to the Trust) per annum.

For the financial year ended 30 June 2022, in accordance with the Trust Constitution, the Responsible Entity was entitled to a management expense recovery fee of 0.01% (2021: 0.01%) of the net asset value (inclusive of GST, net of RITC available to the Trust) per annum. The proportion of the GST on the fees that can be recovered by the Trust as RITCs or otherwise varies. The fee paid by the Trust will equal the rate disclosed in the Trust's offer document (inclusive of GST, net of RITCs) regardless of the rate of GST recovery in any period.

- ***Walter Scott Global Equity Fund (Hedged)***

For the financial year ended 30 June 2022, in accordance with the Trust Constitution, the Responsible Entity received a total fee of 1.28% (2021: 1.28%) of net asset value (inclusive of GST, net of RITC available to the Trust) per annum. The proportion of the GST on the fees that can be recovered by the Trust as RITCs or otherwise varies. The fee paid by the Trust will equal the rate disclosed in the Trust's offer document (inclusive of GST, net of RITCs) regardless of the rate of GST recovery in any period.

Notes to the Financial Statements

For the Year Ended 30 June 2022

9 Related party disclosures (continued)

(h) Responsible Entity fees and other transactions (continued)

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 Trusts and the Responsible Entity were as follows:

	IFP Global Franchise Fund (Hedged)		Macquarie Global Equities Fund	
	2022 \$	2021 \$	2022 \$	2021 \$
Management fees charged to the Trusts by the Responsible Entity	(2,895,278)	(2,781,341)	–	–
Fee rebates from the Responsible Entity*	2,898,071	2,737,051	13,894,267	13,846,597
Management fees payable by the Trusts to the Responsible Entity as at the reporting date	254,167	226,286	–	–
Fee rebates receivable from the Responsible Entity as at the reporting date*	766,901	373,206	3,298,210	3,884,607
	Macquarie International Infrastructure Securities Fund (Hedged)		Walter Scott Global Equity Fund (Hedged)	
	2022 \$	2021 \$	2022 \$	2021 \$
Management fees charged to the Trusts by the Responsible Entity	(2,539,646)	(2,609,377)	(12,628,152)	(11,600,174)
Fee rebates from the Responsible Entity*	2,507,246	2,559,820	12,533,916	11,403,802
Amount in relation to variance in rate of GST recovery recognised in the statements of comprehensive income as other income**	–	29,520	–	30,599
Management fees payable by the Trusts to the Responsible Entity as at the reporting date	653,777	634,102	989,216	1,002,967
Fee rebates receivable from the Responsible Entity as at the reporting date*	640,122	666,410	3,093,888	3,077,689

*The Responsible Entity rebates management fees charged from other schemes managed by the Responsible Entity where the Trusts invest in those schemes.

** The management fee payable for *Macquarie International Infrastructure Securities Fund (Hedged)* as at 30 June 2021 was disclosed net of \$29,520 receivable from the Responsible Entity, in relation to variance in rate of GST recovery for prior financial years. The management fee payable for *Walter Scott Global Equity Fund (Hedged)* as at 30 June 2021 was disclosed net of \$30,599 receivable from the Responsible Entity, in relation to variance in rate of GST recovery for prior financial years.

Notes to the Financial Statements

For the Year Ended 30 June 2022

9 Related party disclosures (continued)

(i) Related party unitholdings

Parties related to IFP Global Franchise Fund (Hedged) and Macquarie International Infrastructure Securities Fund (Hedged) (including MIMAL, its affiliates and other schemes managed by MIMAL or other wholly owned subsidiaries of MGL) held no units in the Trusts as at 30 June 2022 (2021: Nil).

Parties related to the Macquarie Global Equities Fund, Macquarie Hedged Index International Equities Fund, Walter Scott Global Equity Fund (Hedged) (including MIMAL, its affiliates and other schemes managed by MIMAL or other wholly owned subsidiaries of MGL) held units in the respective Trusts as follows:

Macquarie Global Equities Fund						
30 June 2022 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 \$
Arrowstreet Global Equity Fund (Hedged)	715,509,261	745,336,823	99.99	263,068,034	233,240,472	70,422,010
Macquarie Life Limited	112,911	–	–	–	112,911	–
Macquarie Professional Series Global Equity Fund	568,732	–	–	4,259	572,911	–
Macquarie Global Equities Fund						
30 June 2021 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 \$
Arrowstreet Global Equity Fund (Hedged)	604,390,276	715,509,261	99.90	328,098,661	216,979,676	299,324,494
Macquarie Life Limited	9,139,515	112,911	0.02	347,143	9,373,747	47,597
Macquarie Professional Series Global Equity Fund	–	568,732	0.08	630,788	62,056	233,835

There are no distributions payable to the above related parties as at 30 June 2022 (2021: Nil).

The Trust has redemptions payable of \$33,935,000 to the above related parties as at 30 June 2022 (2021: \$135,127,300).

Notes to the Financial Statements

For the Year Ended 30 June 2022

9 Related party disclosures (continued)

(i) Related party unitholdings (continued)

Macquarie Hedged Index International Equities Fund						
30 June 2022 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 \$
Macquarie Diversified Growth Fund	2,978,926	2,865,126	2.70	309,871	423,671	353,708
Macquarie Real Return Opportunities Fund	9,666,345	25,140,713	23.66	15,474,368	–	3,038,753

Macquarie Hedged Index International Equities Fund						
30 June 2021 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 \$
Macquarie Diversified Growth Fund	2,857,642	2,978,926	5.39	123,419	2,135	172,814
Macquarie Real Return Opportunities Fund	5,613,275	9,666,345	17.48	4,057,263	4,193	548,884

There are no distributions payable to the above related parties as at 30 June 2022 (2021: Nil).

There are no redemptions payable to the above related parties as at 30 June 2022 (2021: Nil).

Walter Scott Global Equity Fund (Hedged)						
30 June 2022 Unitholder	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 \$
Walter Scott Global Equity No. 2 Fund (Hedged)	39,261,755	44,082,109	4.59	9,450,251	4,629,897	992,332

Walter Scott Global Equity Fund (Hedged)						
30 June 2021 Unitholder	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 \$
Walter Scott Global Equity No. 2 Fund (Hedged)	–	39,261,755	4.83	42,516,141	3,254,386	4,255,526

There are no distributions payable to the above related party as at 30 June 2022 (2021: Nil).

There are no redemptions payable to the above related party as at 30 June 2022 (2021: Nil).

Notes to the Financial Statements

For the Year Ended 30 June 2022

9 Related party disclosures (continued)

(j) Investments

The Trusts held investments in the following schemes which are managed by MIMAL or other wholly owned subsidiaries of MGL:

	IFP Global Franchise Fund (Hedged)					
	Fair value of investments		Interest held		Distribution income	
	2022	2021	2022	2021	2022	2021
	\$	\$	%	%	\$	\$
IFP Global Franchise Fund	221,615,392	205,847,652	15.42	11.33	27,178,765	11,156,622

There are no distributions receivable from the above related party as at 30 June 2022 (2021: Nil).

The Trust has a receivable of \$26,039,000 from the above related party in respect of the units redeemed as at 30 June 2022 (2021: \$17,765,501).

	Macquarie Global Equities Fund					
	Fair value of investments		Interest held		Distribution income	
	2022	2021	2022	2021	2022	2021
	\$	\$	%	%	\$	\$
Arrowstreet Global Equity Fund	997,304,764	1,130,211,224	31.23	36.91	60,283,689	177,772,299

There are no distributions receivable from the above related party as at 30 June 2022 (2021: Nil).

The Trust has a receivable of \$33,935,000 from the above related party in respect of the units redeemed as at 30 June 2022 (2021: \$135,127,300).

	Macquarie Hedged Index International Equities Fund					
	Fair value of investments		Interest held		Distribution income	
	2022	2021	2022	2021	2022	2021
	\$	\$	%	%	\$	\$
Macquarie True Index International Equities Fund	120,886,375	79,307,587	11.05	8.54	8,340,593	2,949,241

There are no distributions receivable from the above related party as at 30 June 2022 (2021: Nil).

The Trust has a receivable of \$10,816,000 from the above related party in respect of the units redeemed as at 30 June 2022 (2021: \$3,068,000).

	Macquarie International Infrastructure Securities Fund (Hedged)					
	Fair value of investments		Interest held		Distribution income	
	2022	2021	2022	2021	2022	2021
	\$	\$	%	%	\$	\$
Macquarie International Infrastructure Securities Fund (Unhedged)	215,833,775	250,666,625	73.52	73.96	28,670,187	7,371,600

There are no distributions receivable from the above related party as at 30 June 2022 (2021: Nil).

The Trust has a receivable of \$34,033,000 from the above related party in respect of the units redeemed as at 30 June 2022 (2021: \$16,457,000).

Notes to the Financial Statements

For the Year Ended 30 June 2022

9 Related party disclosures (continued)

(j) Investments (continued)

	Walter Scott Global Equity Fund (Hedged)					
	Fair value of investments		Interest held		Distribution income	
	2022	2021	2022	2021	2022	2021
	\$	\$	%	%	\$	\$
Walter Scott Global Equity Fund	920,976,693	948,190,435	22.62	20.11	32,649,142	7,323,659

There are no distributions receivable from the above related party as at 30 June 2022 (2021: Nil).

The Trust has a receivable of \$24,814,000 from the above related party in respect of the units redeemed as at 30 June 2022 (2021: \$67,763,000).

(k) Other transactions within the Trusts

From time to time, the Trusts 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 Trusts in the current or previous financial year and there were no material contracts involving directors' interests subsisting at 30 June 2022 or 30 June 2021.

The Trusts hold bank accounts with Macquarie Bank Limited ("MBL"), a wholly owned subsidiary of MGL. The Trusts may use MBL or other wholly owned subsidiaries of MGL for broking and clearing services. Fees and expenses are negotiated on an arm's length basis for all transactions with related parties.

In addition, disclosures applicable to certain Trusts are as below:

- **IFP Global Franchise Fund (Hedged)**

During the prior financial years, MIMGL delegated certain investment functions to MIMEL, which is a wholly owned subsidiary of MGL.

- **Macquarie Global Equities Fund**

During the prior financial years, MIMGL delegated certain investment functions to MIMEL, which is a wholly owned subsidiary of MGL.

- **Macquarie International Infrastructure Securities Fund (Hedged)**

The Trust held foreign currency forward contracts with MBL as counterparty/ broker, with the fair value at 30 June 2022 of \$113,908 (2021: (\$1,397,450)).

- **Walter Scott Global Equities Fund (Hedged)**

During the prior financial years, MIMGL delegated certain investment functions to MIMEL, which is a wholly owned subsidiary of MGL.

Notes to the Financial Statements

For the Year Ended 30 June 2022

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

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

	IFP Global Franchise Fund (Hedged)		Macquarie Global Equities Fund	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Profit/(loss) for the year	(14,828)	51,370	(94,527)	425,384
Distribution income reinvested	(27,179)	(11,157)	(60,284)	(177,772)
Movement in amounts due from underlying unit trusts	(8,273)	(11,872)	101,192	(128,981)
Movement in fee rebates receivable	(394)	128	587	(1,264)
Movement in other receivables	—	2	—	—
Movement in Responsible Entity fees payable	28	31	—	—
Movement in amounts due to brokers	—	(311)	—	—
Movement in other payables	(10)	23	40	54
Movement in financial instruments held at fair value through profit or loss	13,973	(23,549)	193,361	(50,197)
Effects of foreign currency exchange rate changes on cash and cash equivalents	—	(7)	—	—
Net cash inflow/(outflow) from operating activities	(36,683)	4,658	140,369	67,224

	Macquarie Hedged Index International Equities Fund		Macquarie International Infrastructure Securities Fund (Hedged)	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Profit/(loss) for the year	(19,634)	12,813	22,882	40,738
Distribution income reinvested	(8,341)	(2,949)	(28,670)	(7,372)
Movement in amounts due from underlying unit trusts	(7,748)	(3,068)	(17,576)	3,640
Movement in fee rebates receivable	—	—	26	28
Movement in other receivables	4	(4)	3	(3)
Movement in Responsible Entity fees payable	—	—	20	(58)
Movement in amounts due to underlying unit trusts	—	(300)	—	—
Movement in other payables	—	—	12	—
Movement in financial instruments held at fair value through profit or loss	(30,119)	(48,282)	59,505	20,883
Net cash inflow/(outflow) from operating activities	(65,838)	(41,790)	36,202	57,856

Notes to the Financial Statements

For the Year Ended 30 June 2022

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

(a) Reconciliation of profit/(loss) for the year to net cash inflow/(outflow) from operating activities (continued)

	Walter Scott Global Equity Fund (Hedged)	
	2022 \$'000	2021 \$'000
Profit/(loss) for the year	(153,744)	244,695
Distribution income reinvested	–	(7,324)
Movement in amounts due from underlying unit trusts	42,949	(47,646)
Movement in amounts due from brokers	–	23,471
Movement in fee rebates receivable	(16)	(764)
Movement in other receivables	13	(4)
Movement in Responsible Entity fees payable	(14)	160
Movement in other payables	67	–
Movement in financial instruments held at fair value through profit or loss	34,293	(168,380)
Net cash inflow/(outflow) from operating activities	(76,452)	44,208

(b) Non-cash financing activities

	IFP Global Franchise Fund (Hedged)		Macquarie Global Equities Fund	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Reinvestment of unitholder distributions	2,202	469	70,427	299,606

	Macquarie Hedged Index International Equities Fund		Macquarie International Infrastructure Securities Fund (Hedged)	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Reinvestment of unitholder distributions	5,094	1,574	1,176	775

	Walter Scott Global Equity Fund (Hedged)	
	2022 \$'000	2021 \$'000
Reinvestment of unitholder distributions	2,307	10,218

Notes to the Financial Statements

For the Year Ended 30 June 2022

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 Trusts disclosed in the statements of financial position as at 30 June 2022 or on the results and cash flows of the Trusts 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 2022 and 30 June 2021.


Directors' Declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes as set out on pages 6 to 60 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 Trusts' financial position as at 30 June 2022 and of their performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Trusts will be able to pay their 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

26 September 2022

Independent auditor's report

To the unitholders of:

- IFP Global Franchise Fund (Hedged)
- Macquarie Global Equities Fund
- Macquarie Hedged Index International Equities Fund
- Macquarie International Infrastructure Securities Fund (Hedged)
- Walter Scott Global Equity Fund (Hedged)

referred to collectively as the Trusts.

Opinion

We have audited the financial report of the Trusts, which comprises the statements of financial position as at 30 June 2022, the statements of comprehensive income, statements of changes in equity and statements 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 Trusts is in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the Trusts' financial position as at 30 June 2022 and of their 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 Trusts 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 (including Independence Standards)* (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 Trusts' 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 Trusts 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 Trusts' 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 Trusts' 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 Trusts 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
26 September 2022