

# Annual Report

30 June 2016

## SPDR® S&P®/ASX 200Fund

(ARSN 097 712 377)

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# **SPDR S&P/ASX 200 Fund (ASX Code: STW)**

ARSN 097 712 377

## **Financial report**

**For the year ended 30 June 2016**

### **Contents**

	Page
Directors' report	2
Auditor's independence declaration	5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	11
Directors' declaration	33
Independent auditor's report to the unitholders of the SPDR S&P/ASX 200 Fund	34
Corporate Governance Statement	36
Unitholder Information	42
Corporate Directory	44

These financial statements cover the SPDR S&P/ASX 200 Fund as an individual entity.

The Responsible Entity of the SPDR S&P/ASX 200 Fund is State Street Global Advisors, Australia Services Limited (ABN 16 108 671 441) (AFSL 274900). The Responsible Entity's registered office is:

State Street Global Advisors, Australia Services Limited  
Level 17, 420 George Street  
Sydney NSW 2000.

## Directors' report

The directors of State Street Global Advisors, Australia Services Limited (ABN 16 108 671 441), the Responsible Entity of the SPDR S&P/ASX 200 Fund (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2016.

### Principal activities

The Fund invests in S&P/ASX 200 securities in accordance with the provisions of the Fund's Constitution.

The Fund did not have any employees during the year.

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

### Directors

The following persons held office as directors of State Street Global Advisors, Australia Services Limited during the year or since the end of the year and up to the date of this report:

Jonathan Shead  
Susan Darroch  
James MacNevin

### Review and results of operations

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

The Fund generally invests in the securities that are constituents of the S&P/ASX 200 Index (the "Index") and aims to achieve investment returns (before fees and other costs), that closely correspond to the performance of the Index.

### Results

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

	Year ended	
	30 June 2016	30 June 2015
Operating profit/(loss) before finance costs attributable to unitholders (\$)	<u>9,066,903</u>	<u>114,555,798</u>
Distribution to unitholders (\$)	<u>127,584,409</u>	<u>100,696,251</u>
Distribution (cents per unit - CPU)	<u>203.44</u>	<u>196.85</u>

The table below demonstrates the performance of the Fund as represented by the total return, which is calculated as the aggregation of the capital return and percentage distribution return. The total return is shown for the past five years to 30 June 2016:

	2016 %	2015 %	2014 %	2013 %	2012 %
Capital growth	<u>(3.74)</u>	<u>1.37</u>	<u>11.89</u>	<u>17.09</u>	<u>(11.05)</u>
Distribution of income	<u>4.02</u>	<u>3.96</u>	<u>5.05</u>	<u>5.18</u>	<u>4.00</u>
Total return	<u>0.28</u>	<u>5.33</u>	<u>16.94</u>	<u>22.27</u>	<u>(7.05)</u>
Benchmark S&P/ASX 200 Index	<u>0.56</u>	<u>5.68</u>	<u>17.43</u>	<u>22.75</u>	<u>(6.71)</u>

## Directors' report (continued)

The movement in the assets and liabilities in the Statement of financial position corresponds with the units issued and redeemed during the year as reflected in note 9 and the performance of the Fund during the year.

Consistent with our statements in the governing documents of the Fund, past performance is not a reliable indicator of future performance.

### Unit redemption prices

Unit redemption prices (quoted ex-distribution) are shown as follows:

	2016	2015	2014	2013	2012
	\$	\$	\$	\$	\$
At 30 June	49.04	50.95	50.26	44.91	38.36

### Significant changes in the state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the financial year under review.

### Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect:

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

### Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

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

The Fund's investment objective and strategy remains unchanged which is to track the performance of the Index. Accordingly the future returns of the Fund are dependent on the performance of the Index.

### Indemnity and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of State Street Global Advisors, Australia Services Limited or the auditors of the Fund. So long as the officers of State Street Global Advisors, Australia Services Limited act in accordance with the Fund's Constitution and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

### Indemnity of auditors

The auditors of the Fund are in no way indemnified out of the assets of the Fund.

### Fees paid to and interests held in the Fund by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in note 16 to the financial statements.

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

## **Directors' report (continued)**

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 16 to the financial statements.

### **Interests in the Fund**

The movement in units on issue in the Fund during the year is disclosed in note 9 to the financial statements.

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

### **Environmental regulation**

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

### **Auditor's independence declaration**

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

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



James MacNevin  
Director

Sydney  
24 August 2016



## Auditor's Independence Declaration

As lead auditor for the audit of SPDR S&P/ASX 200 Fund for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, the only contravention of

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit;

is set out below.

The SPDR S&P/ASX 200 Fund audit requires the involvement of a second partner who is required to rotate off the engagement after a period of 5 years ("the review auditor"). In the half year ended 31 December 2015 it was identified that the review auditor had undertaken that significant role in the audit for a period of 6 years (including the year ended 30 June 2015) which is a contravention of the independence requirements of the *Corporations Act 2001*. Once these circumstances were identified the review auditor ceased his involvement. I do not believe this matter has impacted the objectivity or impartiality of myself or PricewaterhouseCoopers in relation to the audit.

A handwritten signature in dark ink, appearing to read "Joe Sheeran", with a long horizontal flourish extending to the right.

Joe Sheeran  
Partner  
PricewaterhouseCoopers

Sydney  
24 August 2016

## Statement of comprehensive income

		Year ended	
		30 June 2016	30 June 2015
	Notes	\$	\$
<b>Investment income</b>			
Dividend income		136,698,595	111,660,123
Interest income		528,856	545,260
Net gains/(losses) on financial instruments held at fair value through profit or loss	6	(122,239,778)	10,343,552
Other operating income		597,961	61,238
<b>Total net investment income/(loss)</b>		<u>15,585,634</u>	<u>122,610,173</u>
<b>Expenses</b>			
Responsible Entity's fees	16	301,313	284,639
Investment Manager's fees	16	5,790,604	6,783,268
Custody and Administrator fees	16	672,076	691,098
Transaction costs		(481,424)	48,028
Withholding taxes on dividends		236,162	247,342
<b>Total operating expenses</b>		<u>6,518,731</u>	<u>8,054,375</u>
<b>Operating profit/(loss) for the year</b>		<u>9,066,903</u>	<u>114,555,798</u>
<b>Finance costs attributable to unitholders</b>			
Distributions to unitholders	10	(127,584,409)	(100,696,251)
(Increase)/decrease in net assets attributable to unitholders	9	<u>118,517,506</u>	<u>(13,859,547)</u>
<b>Profit/(loss) for the year</b>		-	-
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		-	-

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

## Statement of financial position

		As at	
	Notes	30 June 2016 \$	30 June 2015 \$
<b>Assets</b>			
Cash and cash equivalents	11	29,842,492	10,405,909
Margin accounts		6,041,228	4,078,830
Receivables	14	26,760,026	22,196,225
Financial assets held at fair value through profit or loss	7	<u>2,918,146,385</u>	<u>2,930,096,662</u>
<b>Total assets</b>		<u>2,980,790,131</u>	<u>2,966,777,626</u>
<b>Liabilities</b>			
Due to brokers - payable for securities purchased		1,500,303	59,042
Payables	15	705,301	2,053,297
Distribution payable	10	<u>50,267,597</u>	<u>39,978,771</u>
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<u>52,473,201</u>	<u>42,091,110</u>
<b>Net assets attributable to unitholders - liability</b>	9	<u>2,928,316,930</u>	<u>2,924,686,516</u>

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



## Statement of changes in equity

	Year ended	
	30 June 2016 \$	30 June 2015 \$
<b>Total equity at the beginning of the financial year</b>	-	-
Profit/(loss) for the year	-	-
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	-	-
Transactions with owners in their capacity as owners	-	-
<b>Total equity at the end of the financial year</b>	-	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the beginning or end of the year.

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

## Statement of cash flows

		Year ended	
		30 June 2016	30 June 2015
	Notes	\$	\$
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments held at fair value through profit or loss		140,850,637	67,826,620
Purchase of financial instruments held at fair value through profit or loss		(138,596,807)	(103,295,291)
Amount received from/(paid to) brokers for margin		(1,962,398)	(56,694)
Dividends received		127,556,514	110,808,194
Interest received		509,696	593,658
Other income received/(paid)		634,067	12,235
Responsible Entity's fees paid		(323,137)	(261,932)
Investment Manager's fees paid		(6,449,487)	(6,206,758)
Custody and Administrator fees paid		(783,009)	(661,022)
Payment of other operating expenses		(74,932)	(213,882)
<b>Net cash inflow/(outflow) from operating activities</b>	12(a)	<u>121,361,144</u>	<u>68,545,128</u>
<b>Cash flows from financing activities</b>			
Distributions paid		(101,924,561)	(92,021,593)
<b>Net cash inflow/(outflow) from financing activities</b>		<u>(101,924,561)</u>	<u>(92,021,593)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>19,436,583</u>	<u>(23,476,465)</u>
Cash and cash equivalents at the beginning of the year		<u>10,405,909</u>	<u>33,882,374</u>
<b>Cash and cash equivalents at the end of the year</b>	11	<u>29,842,492</u>	<u>10,405,909</u>
Non-cash financing activities	12(b)		

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

## Contents of the notes to the financial statements

	Page
1 General information	11
2 Summary of significant accounting policies	11
3 Financial risk management	16
4 Offsetting financial assets and financial liabilities	21
5 Fair value measurement	22
6 Net gains/(losses) on financial instruments held at fair value through profit or loss	24
7 Financial assets held at fair value through profit or loss	24
8 Derivative financial instruments	25
9 Net assets attributable to unitholders	26
10 Distributions to unitholders	27
11 Cash and cash equivalents	27
12 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities	28
13 Remuneration of auditors	28
14 Receivables	29
15 Payables	29
16 Related party transactions	29
17 Segment information	32
18 Events occurring after the reporting period	32
19 Contingent assets and liabilities and commitments	32

## 1 General information

These financial statements cover the SPDR S&P/ASX 200 Fund (the "Fund") as an individual entity. The Fund was constituted on 31 July 2001 and will terminate on 22 August 2081 unless terminated earlier in accordance with the provisions of the Fund's Constitution.

The Responsible Entity of the Fund is State Street Global Advisors, Australia Services Limited (the "Responsible Entity"). The Responsible Entity's registered office is Level 17, 420 George Street, Sydney, NSW, 2000. The financial statements are presented in Australian currency.

The Fund invests in S&P/ASX 200 Index listed equities in accordance with the provisions of the Fund's Constitution.

The financial statements were authorised for issue by the directors on 24 August 2016. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

### (a) Basis of preparation

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

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

The Statement of financial position is presented on a liquidity basis.

Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders.

The Fund invests in financial assets 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 will be realised within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

In the case of net assets attributable to unitholders, the units are redeemable by unitholders that are Qualifying Australian Residents (as defined in the Product Disclosure Statement ("PDS")), and use a stock broker acting as principal, on demand at the unitholder's option. Other unitholders can sell on the Australian Securities Exchange. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

#### (i) Compliance with International Financial Reporting Standards

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

#### (ii) New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2015 that have a material impact on the Fund.

### (b) Financial instruments

#### (i) Classification

The Fund's investments are categorised as held at fair value through profit or loss. They comprise:

## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments (continued)

#### (i) Classification (continued)

- Financial instruments held for trading

These include derivative financial instruments including futures. The Fund does not designate any derivatives as hedges in a hedging relationship.

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

These include financial assets and financial liabilities that are not held for trading purposes and which may be sold. These are investments in equity securities and listed unit trusts.

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

#### (ii) Recognition/derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

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

#### (iii) Measurement

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

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

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

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

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

Further details on how the fair values of financial instruments are determined are disclosed in note 5.

#### (iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Refer to note 4 to the financial statements for further information.

## 2 Summary of significant accounting policies (continued)

### (c) Net assets attributable to unitholders

Units are redeemable and are classified as financial liabilities due to mandatory distributions. The units can be put back to the Fund at any time by unitholders that are Qualifying Australian Residents (as defined in the PDS), and use a stockbroker acting as principal.

### (d) Cash and cash equivalents

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

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

### (e) Margin accounts

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

### (f) Investment income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate 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 appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense.

Trust distributions are recognised on an entitlements basis.

Other operating income primarily consists of gains and losses on assets and liabilities not designated as financial instruments held at fair value through profit or loss on the Statement of financial position.

### (g) Expenses

All expenses, including Responsible Entity's fees, Investment Manager's and Custody and Administrator fees, are recognised in the Statement of comprehensive income on an accruals basis.

### (h) Income tax

Under current legislation, the Fund is not subject to income tax as unitholders are presently entitled to the income of the Fund.

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 distributed so that the Fund is not subject to capital gains tax.

## 2 Summary of significant accounting policies (continued)

### (h) Income tax (continued)

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

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

The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the Statement of comprehensive income.

### (i) Distributions

In accordance with the Fund's Constitution, the Fund distributes its distributable (taxable) income and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are payable in accordance with the constitution and recognised in the Statement of comprehensive income as finance costs attributable to unitholders.

### (j) Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the Statement of comprehensive income as finance costs attributable to unitholders.

### (k) Foreign currency translation

#### *Functional and presentation currency*

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

### (l) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and for equities normally settled within three business days. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation and default in payments.

### (m) Receivables

Receivables may include amounts for dividends, trust distributions and interest. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables.

### (n) Payables

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

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately on the Statement of financial position as unitholders are presently entitled to the distributable income under the Fund's Constitution.

## 2 Summary of significant accounting policies (continued)

### (o) Applications and redemptions

Application amounts must be in the form of a parcel of prescribed securities transferred to the Responsible Entity's custodian and may not be wholly paid in cash. The parcel of securities related to in-specie applications generally reflect the characteristics of the S&P/ASX 200 Index. Investors may purchase units by trading on the Australian Securities Exchange ("ASX").

Unitholders can only redeem units if they are a "Qualifying Australian Resident" as defined in the PDS and use a stockbroker acting as principal. Investors may sell units by trading on the ASX.

Unit prices are determined by reference to the net assets of the Fund divided by the number of units on issue. For unit pricing purposes, net assets are determined using the last reported trade price for securities. These prices may differ from the market.

### (p) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as Custodial and Administration services, Responsible Entity fees and Investment Management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits ("RITC"). Hence Responsible Entity fees, Investment Management fees, Custody and Administrator fees and other expenses have been recognised in the Statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office ("ATO"). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of financial position. Cash flows relating to GST are included in the Statement of cash flow on a gross basis.

### (q) Use of estimates

The Fund may make 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.

For the majority of the Fund's financial instruments, quoted market prices are readily available.

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

### (r) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

### (s) New accounting standards and interpretations

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



## 2 Summary of significant accounting policies (continued)

### (s) New accounting standards and interpretations (continued)

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

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption.

The directors do not expect this to have a significant impact on the recognition and measurement of the Fund's financial instruments as they are carried at fair value through profit or loss.

The derecognition rules have not been changed from the previous requirements, and the Fund does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Fund's investments are all held at fair value through profit or loss, the change in impairment rules will not impact the Fund.

The Fund has not yet decided when to adopt AASB 9.

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

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

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

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

## 3 Financial risk management

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

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's PDS and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. The Fund may use derivative financial instruments to alter certain risk exposures.

Financial risk management is carried out by the Investment Manager under an Investment Mandate approved by the Board of Directors of the Responsible Entity (the "Board").

The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

### (a) Market risk

#### (i) Price Risk

The Fund invests in various investments including securities on the ASX, cash instruments and derivatives. The Fund is exposed to equity securities and derivatives securities price risk. The risk is that the value of a Fund's investment portfolio will fluctuate as a result of changes in market prices. The risk is influenced by economic, technological, political and legal conditions and sentiment, all of which can change. This can mean that assets held by the Fund in these markets may fall in value. Growth assets are generally considered to have a higher risk/return profile than income producing assets such as debt securities and cash.

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (i) Price Risk (continued)

The Investment Manager manages the price risk by following a clearly established investment mandate for the Fund's investments. The Fund's equity investments are securities listed on the S&P/ASX 200 Index while the cash deposits with banks are at a minimum rating of A1 or higher as rated by Standard & Poor's. The use of derivatives is limited to a small level of the total value of the Fund. Compliance with the Fund's PDS and investment mandate is monitored on a daily basis and reports are provided to the Board and Compliance Committee on a regular basis.

The table on page 18 shows the impact on net asset value of the Fund of a reasonably possible shift in the S&P/ASX 200 Index, assessed as an increase of 20% (2015: 21%) and decrease of 20% (2015: 21%) in the S&P/ASX 200 Index (with all other variables held constant).

##### (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 Fund has no significant direct foreign exchange risk exposure as the Fund operates solely in Australia and the majority of the Fund's assets and liabilities are denominated in Australian currency.

##### (iii) Interest rate risk

Interest rate risk is the risk that interest rate movements will have a negative impact on investment value or returns. Interest rate risk is managed in accordance with the underlying investment strategy of the Fund.

The Fund's policy is to maintain derivative adjusted exposure to cash instruments, at any point in time of no more than 5% of the Fund value.

Compliance with the value of cash investments held is monitored daily and reported to the Board and Compliance Committee on a regular basis.

The table below summarises the Fund's direct exposure to interest rate risks.

	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
<b>30 June 2016</b>				
<b>Assets</b>				
Cash and cash equivalents	29,842,492	-	-	29,842,492
Margin accounts	6,041,228	-	-	6,041,228
Receivables	-	-	26,760,026	26,760,026
Financial assets held at fair value through profit or loss	-	-	2,918,146,385	2,918,146,385
<b>Liabilities</b>				
Due to brokers - payable for securities purchased	-	-	(1,500,303)	(1,500,303)
Payables	-	-	(705,301)	(705,301)
Distributions payable	-	-	(50,267,597)	(50,267,597)
<b>Net exposure</b>	<b>35,883,720</b>	<b>-</b>	<b>2,892,433,210</b>	<b>2,928,316,930</b>

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (iii) Interest rate risk (continued)

	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
30 June 2015				
<b>Assets</b>				
Cash and cash equivalents	10,405,909	-	-	10,405,909
Margin accounts	4,078,830	-	-	4,078,830
Receivables	-	-	22,196,225	22,196,225
Financial assets held at fair value through profit or loss	-	-	2,930,096,662	2,930,096,662
<b>Liabilities</b>				
Due to brokers - payable for securities purchased	-	-	(59,042)	(59,042)
Payables	-	-	(2,053,297)	(2,053,297)
Distributions payable	-	-	(39,978,771)	(39,978,771)
Net exposure	14,484,739	-	2,910,201,777	2,924,686,516

An analysis of financial liabilities by maturities is provided in Note 3 paragraph (d) below.

The table in Note 3 paragraph (b) summarises the impact of an increase/decrease of interest rates on the Fund's operating profit and net assets attributable to unitholders through changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 200 basis points (2015: +/- 200 basis points) from the year end rates with all other variables held constant. The impact mainly arises from changes in the fair value of cash and cash equivalents.

#### (b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to the various market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	Price risk Impact on operating profit/Net assets attributable to unitholders		Interest rate risk Impact on operating profit/Net assets attributable to unitholders	
	-20% \$	+20% \$	-200bps \$	+200bps \$
30 June 2016	(584,582,617)	584,582,617	(717,674)	717,674
30 June 2015	(617,275,362)	617,275,362	(289,695)	289,695

The sensitivity factors for 30 June 2015 were +/-21% for price risk and +/-200bps for interest rate risk.

In determining the impact of an increase/decrease in net assets attributable to unitholders arising from market risk, the Responsible Entity has considered prior period and expected future movements of the portfolio based on market information in order to determine a reasonably possible shift in assumptions.

### 3 Financial risk management (continued)

#### (c) Credit risk

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

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or part. Credit risk is managed primarily by:

- Ensuring counterparties, together with the respective credit limits, are approved in accordance with the Investment Manager's criteria; and
- Ensuring that transactions are undertaken with a range of counterparties.

For derivative financial instruments, the Investment Manager has established limits such that, at any time, the maximum exposure of the Fund to derivative instruments shall be limited to 15%.

Compliance with the Fund's mandate is monitored on a daily basis and reported to the Board and Compliance Committee on a regular basis.

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets.

The clearing and depositary operations of the Fund's security transactions are mainly concentrated with one counterparty namely State Street Australia Limited. At 30 June 2016, State Street Australia Limited had a credit rating of A (2015: A). As at 30 June 2016, substantially all cash and investments are held in custody by State Street Australia Limited.

#### (d) Liquidity risk

The Fund has no significant liquidity risk exposure as the redemptions of redeemable units by unitholders are made through in specie asset transfers and not payable wholly in the form of cash.

The Fund's listed securities are considered readily realisable, as they are listed on the ASX.

The Fund may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Fund may not be able to quickly liquidate its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty. No such investments were held at year end.

### 3 Financial risk management (continued)

#### (d) Liquidity risk (continued)

##### (i) Maturities of non-derivative financial liabilities

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

Units are redeemed on demand at the unitholder's option. It is not expected that the contractual maturity disclosed in the table below will be representative of the actual cash outflows.

	Less than 1 month \$	1-6 months \$	6-12 months \$	Over 12 months \$	No Stated maturity \$
<b>At 30 June 2016</b>					
Due to brokers - payable for securities purchased	1,500,303	-	-	-	-
Payables	705,301	-	-	-	-
Distributions payable	50,267,597	-	-	-	-
Net assets attributable to unitholders	<u>2,928,316,930</u>	-	-	-	-
Contractual cash flows (excluding net settled derivatives)	<u>2,980,790,131</u>	-	-	-	-

	Less than 1 month \$	1-6 months \$	6-12 months \$	Over 12 months \$	No Stated maturity \$
<b>At 30 June 2015</b>					
Due to brokers - payable for securities purchased	59,042	-	-	-	-
Payables	2,053,297	-	-	-	-
Distributions payable	39,978,771	-	-	-	-
Net assets attributable to unitholders	<u>2,924,686,516</u>	-	-	-	-
Contractual cash flows (excluding net settled derivatives)	<u>2,966,777,626</u>	-	-	-	-

##### (ii) Maturities of net settled derivative financial instruments

The table below analyses the Fund's net settled derivative financial instruments for which the contractual maturities are considered to be essential to an understanding of the timing of cash flows based on the Fund's investment strategy.

	Less than 1 month \$	1-6 months \$	6-12 months \$	Over 12 months \$	No Stated maturity \$
<b>At 30 June 2016</b>					
Net settled derivatives					
Australian share price index futures	-	75,250	-	-	-

### 3 Financial risk management (continued)

#### (d) Liquidity risk (continued)

	Less than 1 month \$	1-6 months \$	6-12 months \$	Over 12 months \$	No Stated maturity \$
At 30 June 2015					
Net settled derivatives					
Australian share price index futures	-	313,885	-	-	-

### 4 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the Statement of financial position are disclosed in the first three columns of the tables below.

Financial assets	Effects of offsetting on the Statement of financial position			Related amounts not offset		
	Gross amounts of financial assets \$	Gross amounts set off in the Statement of financial position \$	Net amount of financial assets presented in the Statement of financial position \$	Amounts subject to master netting arrangements \$	Collateral received \$	Net amount \$
<b>30 June 2016</b>						
Derivative financial instruments (i)	<u>75,250</u>	-	<u>75,250</u>	-	-	<u>75,250</u>
Total	<u>75,250</u>	-	<u>75,250</u>	-	-	<u>75,250</u>
<b>30 June 2015</b>						
Derivative financial instruments (i)	<u>313,885</u>	-	<u>313,885</u>	-	-	<u>313,885</u>
Total	<u>313,885</u>	-	<u>313,885</u>	-	-	<u>313,885</u>

(i) Master netting arrangement – not currently enforceable

Agreements with derivative counterparties are based on the ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Fund does not presently have a legally enforceable right of set-off, these amounts have not been offset in the Statement of financial position, but have been presented separately in the above table.

## 5 Fair value measurement

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities designated at fair value through profit or loss (see note 7)
- Financial assets / liabilities held for trading (see note 7)
- Derivative financial instruments (see note 8)

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

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

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

### (i) Fair value in an active market (level 1)

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

The Fund values its investments in accordance with the accounting policies set out in note 2 to the financial statements.

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

### (ii) Valuation techniques used to derive level 2 and level 3 fair value

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

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

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

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

## 5 Fair value measurement (continued)

### Recognised fair value measurement

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

As at 30 June 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>				
Financial assets held for trading:				
Derivatives	75,250	-	-	75,250
Financial assets designated at fair value through profit or loss:				
Equity securities	<u>2,918,071,135</u>	<u>-</u>	<u>-</u>	<u>2,918,071,135</u>
<b>Total</b>	<u>2,918,146,385</u>	<u>-</u>	<u>-</u>	<u>2,918,146,385</u>

As at 30 June 2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>				
Financial assets held for trading:				
Derivatives	313,885	-	-	313,885
Financial assets designated at fair value through profit or loss:				
Equity securities	<u>2,929,782,777</u>	<u>-</u>	<u>-</u>	<u>2,929,782,777</u>
<b>Total</b>	<u>2,930,096,662</u>	<u>-</u>	<u>-</u>	<u>2,930,096,662</u>

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

#### (i) Transfers between levels

There were no transfers between the levels for the fair value hierarchy for the year ended 30 June 2016 and 2015. There were also no changes made to any of the valuation techniques applied as of 30 June 2016.

#### (ii) Fair value measurements using significant unobservable inputs (level 3)

The Fund did not hold any financial instruments with fair value measurements using significant unobservable inputs during the year ended 30 June 2016 or year ended 30 June 2015.

#### (iii) Fair values of other financial instruments

The Fund did not hold any financial instruments which were not measured at fair value in the Statement of financial position. Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.



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

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

	Year ended	
	30 June 2016 \$	30 June 2015 \$
<b>Financial assets</b>		
Net gain/(loss) on financial assets held for trading	169,298	311,614
Net gain/(loss) on financial assets designated at fair value through profit or loss	<u>(122,384,357)</u>	<u>11,097,430</u>
Net gain/(loss) on financial assets held at fair value through profit or loss	<u>(122,215,059)</u>	<u>11,409,044</u>
<b>Financial liabilities</b>		
Net gain/(loss) on financial liabilities held for trading	<u>(24,719)</u>	<u>(1,065,492)</u>
Net gain/(loss) on financial liabilities held at fair value through profit or loss	<u>(24,719)</u>	<u>(1,065,492)</u>
<b>Total net gains/(losses) on financial instruments held at fair value through profit or loss</b>	<u>(122,239,778)</u>	<u>10,343,552</u>

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

	As at	
	30 June 2016 \$	30 June 2015 \$
<b>Held for trading</b>		
Derivatives (note 8)	<u>75,250</u>	<u>313,885</u>
Total held for trading	<u>75,250</u>	<u>313,885</u>
<b>Designated at fair value through profit or loss</b>		
Equity securities	<u>2,918,071,135</u>	<u>2,929,782,777</u>
Total designated at fair value through profit or loss	<u>2,918,071,135</u>	<u>2,929,782,777</u>
<b>Total financial assets held at fair value through profit or loss</b>	<u>2,918,146,385</u>	<u>2,930,096,662</u>

An overview of the risk exposures relating to financial assets held at fair value through profit or loss is included in note 3.

### Material investments

Investments which constitute 5% or more by value of the net assets of the Fund are disclosed below:

2016 Security Description	Principal Activities	Total Fair Value \$	% of Total Fund Investments
COMMONWEALTH BANK OF AUSTRALIA	Banking & Finance	270,984,126	9.29%
WESTPAC BANKING CORPORATION	Banking & Finance	208,674,085	7.15%
AUST AND NZ BANKING GROUP	Banking & Finance	149,856,788	5.14%

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

### Material investments (continued)

2015 Security Description	Principal Activities	Total Fair Value \$	% of Total Fund Investments
COMMONWEALTH BANK OF AUSTRALIA	Banking & Finance	292,748,960	9.99%
WESTPAC BANKING CORPORATION	Banking & Finance	212,029,636	7.24%
AUST AND NZ BANKING GROUP	Banking & Finance	188,196,603	6.42%
BHP BILLITON LTD	Mining	183,853,440	6.27%
NATIONAL AUSTRALIA BANK LTD	Banking & Finance	183,651,154	6.27%
TELSTRA CORP LTD	Telecommunication	159,031,182	5.43%

## 8 Derivative financial instruments

In the normal course of business the Fund enters into transactions in various derivative financial instruments with certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments, such as forwards, futures, options and swaps. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and may include:

- hedging to protect an asset or liability of the Fund against a fluctuation in market values or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Fund.

The Fund holds the following derivative instruments:

### (a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are settled daily with the exchange. Index futures are contractual obligations to receive or pay a net amount based on changes in indices at a future date at a specified price, established in an organised financial market.

## 8 Derivative financial instruments (continued)

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

### 30 June 2016

	Contract/ notional \$	Fair values	
		Assets \$	Liabilities \$
Australian share price index futures	<u>4,841,950</u>	<u>75,250</u>	<u>-</u>
	<u>4,841,950</u>	<u>75,250</u>	<u>-</u>

### 30 June 2015

	Contract/ notional \$	Fair values	
		Assets \$	Liabilities \$
Australian share price index futures	<u>9,623,710</u>	<u>313,885</u>	<u>-</u>
	<u>9,623,710</u>	<u>313,885</u>	<u>-</u>

## Risk exposures and fair value measurements

Information about the Fund's exposure to credit risk, foreign exchange, interest rate risk and about the methods and assumptions used in determining fair values is provided in note 3 to the financial statements. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial instruments disclosed above.

## 9 Net assets attributable to unitholders

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

	Year ended			
	30 June 2016 No.	30 June 2015 No.	30 June 2016 \$	30 June 2015 \$
Opening balance	57,405,598	46,026,368	2,924,686,516	2,312,576,651
Applications	13,000,000	12,600,000	643,633,242	663,090,950
Redemptions	(11,000,000)	(1,500,000)	(536,856,344)	(78,874,244)
Units issued upon reinvestment of distributions	306,764	279,230	15,371,022	14,033,612
Increase/(decrease) in net assets attributable to unitholders	-	-	(118,517,506)	13,859,547
Closing balance	<u>59,712,362</u>	<u>57,405,598</u>	<u>2,928,316,930</u>	<u>2,924,686,516</u>

As stipulated within the Fund's Constitution, a unit confers an equal undivided, vested, and indefeasible interest in the assets as a whole, subject to the liabilities. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

## 9 Net assets attributable to unitholders (continued)

### Capital risk management

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

### Unaudited information on capital gains/losses

#### (a) Unrealised capital gains

At the end of the reporting period the Fund had unrealised capital gains of \$89,591,228 (2015: \$177,813,446), which if realised, and after any offset of realised capital losses, would be assessable.

#### (b) Realised capital gains

At the end of the reporting period, the Fund had realised capital gains of \$58,503,280 (2015: \$16,663,712) which were distributed to unitholders.

#### (c) Realised capital gains distributed in specie

The Fund had realised capital gains of \$58,536,535 (2015: \$16,154,198), which were distributed to redeeming unitholders by way of in specie asset redemptions.

## 10 Distributions to unitholders

The distributions for the year were as follows:

	30 June 2016 \$	Year ended 30 June 2016 CPU	30 June 2015 \$	30 June 2015 CPU
Distributions paid	77,316,812	119.26	60,717,480	125.85
Distributions payable	50,267,597	84.18	39,978,771	71.00
Total distributions	127,584,409	203.44	100,696,251	196.85

Distributions as disclosed above are excluding any realised capital gains streamed to unitholders. In accordance with the constitution, such gains are streamed as part of the redemption activity and total proceeds are composed of Withdrawal Unit Capital Gain Entitlements and the Redemption Price.

## 11 Cash and cash equivalents

	As at 30 June 2016 \$	30 June 2015 \$
Cash at bank	29,842,492	10,405,909

As at 30 June 2016, these accounts were bearing a floating interest rate of 1.50% (2015: 1.75%).

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

	Year ended	
	30 June 2016 \$	30 June 2015 \$
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Profit/(loss) for the year	-	-
Increase/(decrease) in net assets attributable to unitholders	(118,517,506)	13,859,547
Distributions to unitholders	127,584,409	100,696,251
Proceeds from sale of financial instruments held at fair value through profit or loss	140,850,637	67,826,620
Purchase of financial instruments held at fair value through profit or loss	(138,596,807)	(103,295,291)
Net (gains)/losses on financial instruments held at fair value through profit or loss	122,239,778	(10,343,552)
Dividend income reinvested	(4,325,172)	(358,300)
Net change in receivables	(4,563,801)	(494,234)
Net change in payables	(1,347,996)	710,781
Amount received from/(paid to) brokers for margin accounts	(1,962,398)	(56,694)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>121,361,144</b>	<b>68,545,128</b>
<b>(b) Non-cash financing activities</b>		
During the year, the following applications were satisfied by an in specie asset transfer	643,633,242	663,090,950
During the year, the following redemptions were satisfied by an in specie asset transfer	536,856,344	78,874,244
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	15,371,022	14,033,612

## 13 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Fund:

	Year ended	
	30 June 2016 \$	30 June 2015 \$
<b>PricewaterhouseCoopers Australian firm</b>		
<b>Audit and other assurance services</b>		
Audit and review of financial statements	22,715	20,880
Audit of compliance plan	1,130	1,087
Total remuneration for audit and other assurance services	23,845	21,967

### 13 Remuneration of auditors (continued)

	Year ended	
	30 June 2016	30 June 2015
	\$	\$
<b>Taxation services</b>		
Tax compliance services	12,600	12,020
Total remuneration for taxation services	12,600	12,020
<b>Total remuneration of PricewaterhouseCoopers</b>	<b>36,445</b>	<b>33,987</b>

In 2016 and 2015, the Investment Manager has paid the remuneration of auditors on behalf of the Fund.

### 14 Receivables

	As at	
	30 June 2016	30 June 2015
	\$	\$
Interest receivable	38,393	19,233
Dividend receivable	26,626,889	22,046,142
Other receivables	94,744	130,850
	<b>26,760,026</b>	<b>22,196,225</b>

### 15 Payables

	As at	
	30 June 2016	30 June 2015
	\$	\$
Management fee payable	429,864	1,088,747
Other payables	275,437	964,550
	<b>705,301</b>	<b>2,053,297</b>

### 16 Related party transactions

#### Responsible Entity

The Responsible Entity of SPDR S&P/ASX 200 Fund is State Street Global Advisors, Australia Services Limited. The ultimate holding company of the Responsible Entity is State Street Corporation (incorporated in the United States of America).

Under the terms of the Fund's Constitution, the Responsible Entity is entitled to receive fees of 0.50% (2015: 0.50%) per annum of the Net Asset Value, calculated daily and payable within 7 days of the end of the month. In accordance with the PDS, the Responsible Entity only charged 0.011% of the net asset value during 2016 (2015: 0.011% per annum).

## 16 Related party transactions (continued)

### Key management personnel

Key management personnel includes persons who were directors of State Street Global Advisors, Australia Services Limited at any time during the financial year as follows:

Jonathan Shead  
Susan Darroch  
James MacNevin

### Key management personnel compensation

Key management personnel are paid by State Street Global Advisors, Australia Limited. Payments made from the Fund to State Street Global Advisors, Australia Services Limited do not include any amounts attributable to the compensation of key management personnel remuneration.

### Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

### Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial year and there were no material contracts involving director's interests existing at year end.

### Investment Manager's fees and other fees for transactions provided by related parties

The Investment Manager of SPDR S&P/ASX 200 Fund is State Street Global Advisors, Australia, Limited. The ultimate holding company of the Investment Manager is State Street Corporation (incorporated in the United States of America).

Since 1 December 2015, the Investment Manager's fees were capped at 0.179% p.a. (2015 and up to 30 November 2015: 0.275%). The cap takes account of both GST payable on the management fee and also the benefit of RITC.

Since 1 December 2015, the total annual operating fees and expenses for the Fund (the Indirect Cost Ratio) was capped at 0.190% p.a. (2015 and up to 30 November 2015: 0.286%).

The Custodian and Administrator of SPDR S&P/ASX 200 Fund is State Street Australia Limited. The ultimate holding company of the Custodian is State Street Corporation (incorporated in the United States of America).

## 16 Related party transactions (continued)

### Investment Manager's fees and other fees for transactions provided by related parties (continued)

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Fund and the Responsible Entity, Investment Manager, the Custodian and Administrator were as follows:

	30 June 2016 \$	30 June 2015 \$
Responsible Entity's fees for the year	301,313	284,639
Investment Manager's fees for the year	5,790,604	6,783,268
Custody and Administrator fees for the year	672,076	691,098
Related party transaction fees for the year	(543,039)	21,419
Aggregate amounts payable to the Responsible Entity/Investment Manager/Custodian and Administrator at the end of the reporting period	453,718	1,245,358

The Fund held its bank account with State Street Bank and Trust Company during the year. As at 30 June 2016, the balance in the account was \$29,842,492 (2015: \$10,405,909).

### Related party unitholdings

Parties related to the Fund (including State Street Global Advisors, Australia Services Limited, its related parties and other schemes managed by State Street Global Advisors, Australia Services Limited), held units in the Fund as follows:

30 June 2016

Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the fund (\$)
State Street Global Advisors	1	1	49	-	-	-	-

30 June 2015

Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Fair value of investments (\$)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund (\$)
State Street Global Advisors	1	1	51	-	-	-	-

### Investments

The Fund did not hold any investments in State Street Global Advisors, Australia Services Limited, its related parties or other funds managed by State Street Global Advisors, Australia Services Limited during the year (2015: Nil).



## **17 Segment information**

The Fund is organised into one main segment which operates solely in the business of investment management within Australia.

The Fund operates in Australia and holds investments in Australia.

## **18 Events occurring after the reporting period**

No significant events have occurred since the end of the reporting period which would impact the financial position of the Fund disclosed in the Statement of financial position as at 30 June 2016 or the results and cash flows of the Fund for the year ended on that date.

## **19 Contingent assets and liabilities and commitments**


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

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 32 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2016 and of its performance for the financial year ended on that date,
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (c) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



James MacNevin  
Director

Sydney  
24 August 2016



## **Independent auditor's report to the unitholders of SPDR S&P/ASX 200 Fund**

### ***Report on the financial report***

We have audited the accompanying financial report of SPDR S&P/ASX 200 Fund (the registered scheme), which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

### ***Directors' responsibility for the financial report***

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

### ***Auditor's responsibility***

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

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

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

### ***Independence***

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001* other than as set out in the Auditor's Independence Declaration dated 24 August 2016.



### *Auditor's opinion*

In our opinion:

- (a) the financial report of SPDR S&P/ASX 200 Fund is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the registered scheme's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the registered scheme's financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

A stylized, handwritten-style logo for PricewaterhouseCoopers, with the words 'PricewaterhouseCoopers' written in a cursive script.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Joe Sheeran', with a long horizontal flourish extending to the right.

Joe Sheeran  
Partner

Sydney  
24 August 2016

## Corporate Governance Statement

SPDR S&P/ASX 200 Fund ("the Fund") is a registered Managed Investment Scheme ("Scheme") under the *Corporations Act 2001* (Cth) ("the Corporations Act"). Consequently, there are distinctive provisions governing the Fund and those who operate it, which are intended to give investors enhanced protection.

A Responsible Entity ("RE") of a Scheme must operate the Scheme and perform the functions conferred on it by the Scheme's Constitution and as required by the Corporations Act. The RE may also appoint an agent or agents to perform various functions on its behalf. The key duties of the RE are to:

- act honestly;
- exercise a duty of care and diligence;
- act in the best interests of unitholders and, if there is a conflict between the unitholders' interests and its own interests, give priority to the unitholders' interests;
- treat unitholders who hold interests in the same class equally and unitholders who hold interests in different classes fairly;
- not make use of information acquired through being an RE in order to
  - gain an improper advantage for itself or another person, or
  - cause detriment to the unitholders of the Scheme;
- ensure that the Scheme property is valued at regular intervals appropriate to the nature of the property;
- ensure that all payments out of the Scheme property are made in accordance with the Scheme's Constitution and the Corporations Act;
- report to ASIC any breach of the Corporations Act that relates to the Scheme and has had, or is likely to have, a materially adverse effect on the interests of unitholders, as soon as practicable after it becomes aware of the breach; and
- carry out or comply with any other duty, which is not inconsistent with the Corporations Act that is conferred on the RE by the Scheme's Constitution.

State Street Global Advisors, Australia Services Limited ("SSGA, ASL") is the RE of the Fund. SSGA, ASL is a wholly owned subsidiary of the Investment Manager of the Fund, State Street Global Advisors, Australia Limited ("SSGA").

SSGA, ASL is familiar with the ASX Corporate Governance Council's Principles of Good Corporate Governance and best Practice Recommendations. This section sets out the principal corporate governance practices which SSGA, ASL will apply in its capacity as RE of the Fund.

### The Board

Responsibility for corporate governance of the RE resides with SSGA, ASL's Board of Directors ("RE Board"), which is comprised of three internal Directors. In addition to the RE Board, the Corporations Act requires that a Compliance Committee with a majority of external Members must be established if less than half the Directors of the RE are external. SSGA, ASL has formed a majority independent Compliance Committee, which has specific obligations under the Corporations Act, and is discussed in detail below. The Compliance Committee fulfils the independence obligation as the RE Board is comprised of internal Directors.

The names of the Directors are set out on page 2 of the financial report. These Directors have gained extensive experience and expertise in relation to the funds management industry, the RE and the Fund. They also bring to the RE Board a range of complementary commercial qualifications and skills.

A nominations committee has not been established for the RE Board as currently the Directors appointed to the RE Board are paid employees of the parent company, SSGA.

## Corporate Governance Statement (continued)

The RE Board of Directors is responsible on a day-to-day basis for operating the Fund in the interests of the unitholders of the Fund and monitoring the Fund's activities for compliance with the Fund's Constitution, other offer documentation and the Corporations Act. Specific responsibilities include:

- setting and monitoring corporate strategies and objectives for management;
- monitoring business performance;
- monitoring the financial position, including reviewing the integrity of the financial reporting;
- ensuring the availability of adequate resources to meet objectives;
- ensuring the placement of effective management processes and approving major corporate initiatives to ensure continued growth and success;
- ensuring that significant business risks are identified, reported and managed effectively;
- setting high standards for ethical conduct; and
- reporting to and communicating with ASIC and Unitholders.

RE Board meetings are held at least quarterly with additional meetings held as required.

Due to the size and nature of operations, the RE Board, along with the Compliance Committee where relevant under the Corporations Act (and with certain outsourced services provided by SSGA, related entities and external service providers), will carry out all the corporate governance functions and responsibilities attaching to the Fund. The RE Board will receive quarterly reports from the Compliance Committee and the Manager of the RE. In addition, directors will spend time reading and analysing RE Board papers and reports submitted by the Investment Manager and Custodian of the RE.

All directors have unrestricted access to company records and information. The RE Board or individual directors may obtain independent advice (including legal advice) from external advisors, at the cost of the RE, where this is reasonably necessary for the RE Board to carry out its duties and responsibilities. The RE may recharge these expenses to the Fund where the Fund's Constitution allows.

The procedures for establishing and reviewing the compensation arrangements for the RE are specified in the Fund's Constitution.

The RE does not have a formal process to evaluate the performance of the RE Board however all personnel, including the general manager and executives, are subject to semi-annual performance reviews as part of their employment by SSGA. The performance of the RE is monitored on an ongoing basis by the RE Board, and the Compliance Committee to the extent required by the Corporations Act.

As the RE is not a listed entity, however wholly owned by SSGA, the selection of directors is a matter for SSGA and the RE Board as a whole after giving consideration to the overall mix of skills and experience of the board and the contribution that a candidate for directorship may add to the Board.

### The Compliance Committee

The Corporations Act requires that an RE of a Scheme must apply adequate measures in operating the Scheme to ensure compliance with the Corporations Act and the Scheme's Constitution. The Fund operates under a Compliance Plan lodged with the Australian Securities and Investments Commission.

The Corporations Act also requires that a Compliance Committee be established if less than half of the Directors of the RE are external Directors. SSGA, ASL has a Compliance Committee comprising:

Ms. Penni James (Chair, independent);

Mr. James MacNevin (State Street Global Advisors, Australia Services Limited); and

Mr. Richard Stokes (independent).

## Corporate Governance Statement (continued)

Ms. James has over 25 years experience in the financial services industry including over eighteen years compliance management experience in local and global financial services organizations. Ms. James is a Chartered Accountant and currently serves on several Compliance Committees.

Mr. MacNevin joined State Street in 1993 and has over 20 years continuous experience in the financial services industry. Mr. MacNevin is a Director of State Street Global Advisors, Australia Services Limited and Chief Operating Officer for SSGA Asia Pacific. Mr. MacNevin also serves on the board of SSGA Australia Limited, SSGA Asia Limited and SSGA Singapore Limited.

Mr. MacNevin holds a Bachelor of Arts from Australian National University (ANU) and a financial markets diploma from Securities Institute of Australia and is a graduate of the Australian Institute of Company Directors.

Mr. Stokes has over 35 years experience in the financial services industry. Mr. Stokes developed extensive experience in the funds management industry, having worked for funds management companies in London, Johannesburg and Sydney. He has been consulting to the financial services industry for more than 20 years. Mr. Stokes is a Chartered Accountant.

The majority of the Compliance Committee are external members, as required by the Corporations Act. Although the current Chair of the Compliance Committee is an internal member, each of the Compliance Committee members has only one vote. The Compliance Committee will consider whether the rotation of Chair would be appropriate on an annual basis.

The Compliance Committee reviews the operations of the RE through reporting received at regular Compliance Committee meetings.

The Compliance Committee operates under a formal Terms of Reference, which details the functions and responsibilities of the Committee.

For the purpose of carrying out the functions of the Compliance Committee, all Committee members have access to:

- information, including accounting records of the Fund and information relevant to compliance with the Corporations Act and the Constitution as well as staff of the RE;
- the auditor of the RE;
- the auditor of the Compliance Plan; and
- the auditor of the Fund.

Members of the Compliance Committee may obtain independent advice (including legal advice) from external advisors, at the cost of the RE, where this is reasonably necessary for the Committee to carry out its functions.

### Diversity of Employees

Although the RE does not have any employees, its related party service providers within the State Street Corporation provide equal employment opportunity to all employees and applicants for employment in accordance with all applicable Equal Employment Opportunity laws, directives and regulations of governing bodies.

As part of the Federal Affirmative Action legislation, State Street Australia is required annually to lodge a public report on Affirmative Action with the Equal Opportunity for Women Agency (EOWA). This report gives a detailed analysis of State Street's workforce demographics, showing in particular the number of women in the organization, their levels and roles they are performing.

State Street Australia has an established Affirmative Action program to implement equal employment opportunity in all phases of employment activities in the organization. State Street Australia's commitment to providing equal employment opportunities and Affirmative Action and in providing a work environment free from all forms of discrimination is articulated in the Affirmative Action – Australia policy statement.

Affirmative action goals and timetables are established annually for State Street Australia to increase the representation of women and minorities. Particular emphasis is placed on hiring, training and promoting qualified women and minorities into certain job categories when it is apparent that they are not fully represented.

## Corporate Governance Statement (continued)

State Street's commitment to equal opportunities and Affirmative Action is communicated internally throughout all levels of the organization. Reference to the company's policy statement is included in the Standard of Conduct and is covered in the orientation class for all new hires by the appropriate HR representative. Company publications periodically discuss issues pertaining to diversity and Affirmative Action.

State Street provides equal employment opportunity to all employees and applicants for employment in accordance with all applicable Equal Employment Opportunity laws, directives and regulations of governing bodies.

In recognition of its responsibility to the community, its employees and clients, and in accordance with applicable law, State Street does not and will not discriminate against employees and prospective employees and will make all employment decisions in accordance with applicable laws prohibiting discrimination. It is State Street's policy to afford equal opportunity regardless of race, color, religion, creed, national origin, ancestry, ethnicity, age, disability, genetic information, sex, sexual orientation, gender, gender identity or expression, citizenship, marital status, domestic partnership or civil union status, familial status, military and veteran status and other characteristics protected by applicable law.

State Street will promptly and fully investigate all complaints of discrimination or harassment and take any steps necessary to remedy the situation.

### Code of Ethics

SSGA, ASL, being a wholly-owned subsidiary of SSGA has formally adopted the SSGA Code of Ethics.

The Code of Ethics is designed to reinforce SSGA's reputation for integrity by avoiding even the appearance of impropriety in the conduct of business. The Code of Ethics sets forth procedures and limitations which govern the personal securities transactions of every employee of SSGA. The Code of Ethics requires high standards of integrity, honesty and fairness from employees. It promotes responsible and ethical decision-making by directors, executives, employees and contractors.

In addition, SSGA, ASL is subject to the State Street Standard of Conduct, which applies to all directors and employees. The underlying premise of the Standard of Conduct is that each employee is responsible for performing his or her job in a lawful manner; maintain confidentiality of information and for reporting violations of the Standard of Conduct. SSGA, ASL will also ensure that its appointed agents have adopted an appropriate code of conduct.

### Integrity in Financial Reporting

The RE prepares and publishes, with the assistance of its service providers, half-yearly and annual financial statements for the Fund as required by the Corporations Act. All financial reports will be prepared in accordance with the relevant accounting standards.

The RE Board confirms to the best of its knowledge that the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which operates efficiently and effectively in all material respects.

The financial statements will be subject to an annual audit by external independent, professional auditors. In addition, the external auditors will also review the half-yearly financial statements.

The audit process for the RE and the Fund are treated separately, with each having different external auditors.

The current external auditor of the RE is Ernst & Young. PricewaterhouseCoopers is the current external auditor for the Fund and is also the Compliance Plan auditor.

The RE Board will review the results of the external audit process of the Fund and the Compliance Plan to ensure:

- that the external Compliance Plan auditor and external Fund auditor are appropriately qualified, legally eligible to act and properly appointed at all times;
- that the terms of appointment of the external auditors are appropriate and in accordance with the Corporations Act;
- that the external auditors have access to and obtain all relevant information as the Corporations Act requires; and
- that the external auditors conduct all inquiries and provide all reports required by the Corporations Act.



## Corporate Governance Statement (continued)

The RE has not formed an audit committee, however the financial statements are reviewed by the Manager of the RE prior to any recommendation of the final statements to the RE Board for approval.

The external auditors are invited to attend RE Board meetings in which annual financial statements and Compliance Plan audit findings are considered and adopted. The external auditors are also invited to attend the Compliance Committee meetings where appropriate.

The RE Board will review the adequacy of resources of the RE necessary for the provision of financial reporting to comply with its Australian Financial Services Licence, the Corporations Act and the ASX Listing Rules.

### Timely and Balanced Disclosure

The RE Board believes that unitholders and the general investment market should be informed of all major business events that influence the Fund.

The RE is committed to ensuring that the Fund meets its disclosure obligations under ASX Listing Rule 3.1 and has policies in place for satisfying these continuous disclosure obligations.

Market-sensitive information, including financial reports, is lodged with ASX as soon as available.

At least one Director of the RE Board is required to approve the release of ASX announcements, which are to be lodged electronically with the ASX as soon as practicable.

### Rights of Unitholders

The Corporations Act and general law provide a number of rights to unitholders, including a right to share in Fund income and Fund capital. Whilst the law does not require the RE to call a General Meeting of unitholders, in certain circumstances, the RE may elect to hold a General Meeting. A General Meeting may also be called by unitholders with at least 5% of the votes that may be cast on the resolution; or by at least 100 unitholders who are entitled to vote on the resolution.

When a general meeting for the Fund is required to be held, the RE will arrange for the External Auditor of the Fund to be present.

The RE Board reviews the procedures governing communication with unitholders to ensure compliance with the Constitution, Corporations Act, ASX Listing Rules, ASX waivers and disclosure documents.

The SPDR website ([www.spdrs.com.au](http://www.spdrs.com.au)) and the Product Disclosure Statement both provide contact details to unitholders.

All unitholders are offered the choice of the method by which communications are delivered to them.

### Management of Risk

The RE Board is committed to effective risk management. The RE has in place a rigorous risk management framework that identifies and monitors areas of risk and leverages the risk management efforts of its parent, SSGA. It includes:

- review of all published financial statements which require approval by the RE Board, including half yearly reviewed statements, year-end audited statements, statements in Product Disclosure Statements and other statements required by regulatory bodies;
- oversight of the activities of its service providers;
- review of all policies on compliance and adherence to compliance;
- any complaints made by unitholders and the resolution processes adopted; and
- any breaches and notification of breaches to ASIC.

While the RE does not maintain an internal audit function, it is subject to internal audits conducted by its ultimate parent, State Street Corporation normally every three years. In addition to the internal audits, risk management is undertaken through an established Compliance function which requires State Street staff to complete regular compliance training and assessments.

## **Corporate Governance Statement (continued)**

The framework of the internal audit is reviewed annually by the Risk Committee of the RE's parent of which includes selected Directors of the RE. The directors of the RE attest to the effectiveness of the risk management and internal controls in the declarations made to the financial auditor of the funds and the compliance plan auditor.

As the Fund seeks to replicate the before fees performance of its benchmark index and invests in securities comprising its benchmark, the Fund is exposed to the economic, environmental and social sustainability risks the underlying securities of the index are exposed to. Due to the index tracking nature of the Fund these risks are not managed by active exclusion of securities from the Fund.

### **Fair and Responsible Remuneration**

In accordance with the Constitution of the Fund, the RE is entitled to be paid fees. The calculation of the RE fees are explained in the current Product Disclosure Statement.

All directors and employees of the RE are employees of the parent company, SSGA. There is no additional remuneration to the Directors and Company Secretary due to their involvement with the RE.

Given that the Directors of the RE are paid employees of the parent company, there is no need for a Board remuneration Committee and therefore such a committee has not been established.

The external Members of the Compliance Committee are paid A\$40,000 per annum (exclusive of GST). These fees are reviewed from time to time by the RE Board and are paid by the RE.

## Unitholder Information

The following unitholder information set out below was applicable as at 30 June 2016.

There is only one class of units, being ordinary units.

### Distribution of holdings

Holding description	Number of unitholders
1 - 1,000	20,282
1,001 - 5,000	6,628
5,001 - 10,000	714
10,001 - 100,000	393
100,001 and over	36
Total	<u>28,053</u>

There were 203 holders of less than a marketable parcel.

### **Top 20 holders**

The names of the largest twenty holders of ordinary units in the Fund as at 30 June 2016 are listed below:

Name	Ordinary units	
	Number held	Percentage of units on issue %
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,262,270	10.49
BNP PARIBAS NOMS PTY LTD	5,117,250	8.57
J P MORGAN NOMINEES AUSTRALIA LIMITED	3,047,699	5.10
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD	1,603,765	2.69
NATIONAL NOMINEES LIMITED	1,521,443	2.55
BAINPRO NOMINEES PTY LIMITED	747,881	1.25
UBS NOMINEES PTY LTD	571,780	0.96
MALLA PTY LTD	501,250	0.84
CITICORP NOMINEES PTY LIMITED	473,624	0.79
RBS NOMINEES (AUSTRALIA) PTY LIMITED	437,329	0.73
SISTERS OF MERCY PARRAMATTA	378,587	0.63
NATIONAL NOMINEES LIMITED	375,000	0.63
CUSTODIAL SERVICES LIMITED	338,141	0.57
IOOF INVESTMENT MANAGEMENT LIMITED	276,267	0.46
ANZ EQUITIES (NOMINEES) PTY LTD	270,123	0.45
UBS NOMINEES PTY LTD	262,721	0.44
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED SF WARRANTS	231,144	0.39
SANDHURST TRUSTEES LTD	220,000	0.37
JDA INVESTMENTS PTY LIMITED	195,187	0.33
NULIS NOMINEES (AUSTRALIA) LIMITED	<u>193,985</u>	<u>0.32</u>
Total	<u>23,025,446</u>	<u>38.56</u>

## Unitholder Information (continued)

### Substantial holder

Substantial holder in the Fund is set out below:

	Number held	Percentage of units on issue %
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,262,270	10.49

The information set out above is summarised from substantial holder notices received by the RE during the year to 30 June 2016. This information may not accurately reflect current holdings. Unitholders in the Fund have been granted relief by ASIC so that they are only required to file substantial holder notices twice per year (within 2 business days of each 1 July and 31 December). Please see the current PDS for the Fund for further information.

There is currently no on-market buy-back in operation.

### Voting rights

Unitholders in the Fund are entitled to:

- On a show of hands - each member of the Fund has 1 vote;
- On a poll - each member of the Fund has 1 vote for each dollar value of the total interests they hold in the Fund.

Subject to the Corporations Act, ASX Listing Rules and the Fund Constitution, at meetings of unitholders of the Fund, SSGA, ASL as the RE, is entitled to vote in respect of units it holds for other registered managed investment schemes.

## **Corporate Directory**

### **Responsible Entity**

State Street Global Advisors, Australia Services Limited  
ABN 16 108 671 441  
Australian Financial Services Licence 274900

### **Registered Office**

Level 17  
420 George Street  
Sydney NSW 2000

Phone: (02) 9240 7600

### **Directors of the Responsible Entity**

Jonathan Shead (appointed on 1 August 2007)  
Susan Darroch (appointed on 29 November 2012)  
James MacNevin (appointed on 4 April 2013)

### **Secretary**

Phil Maher

### **Compliance Committee**

Penni James (Chair, independent);  
James MacNevin (State Street Global Advisors, Australia Services Limited); and  
Richard E Stokes (independent)

### **Auditors of the Fund**

PricewaterhouseCoopers  
201 Sussex Street  
Sydney NSW 2000

### **Principal Registry**

Link Market Services Limited  
1a Homebush Bay Dr  
RHODES NSW 2138

Phone: 1300 665 385

### **Stock Exchange Quotations**

The Fund is quoted on the Australian Securities Exchange Limited. Its code is STW.