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SPDR[®] S&P[®]/ASX 200 Financials Ex A-REIT Fund (ARSN 149 870 020)

Annual Report 30 June 2014

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**SPDR S&P/ASX 200 Financials EX A-REIT Fund
(ASX Code: OZF)**

ARSN 149 870 020

Financial report

For the year ended 30 June 2014

SPDR S&P/ASX 200 Financials EX A-REIT Fund (ASX Code: OZF)

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For the year ended 30 June 2014

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These financial statements cover the SPDR S&P/ASX 200 Financials EX A-REIT Fund as an individual entity.

The Responsible Entity of the SPDR S&P/ASX 200 Financials EX A-REIT 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 Financials EX A-REIT Fund (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2014.

Principal activities

The Fund invests in a diversified portfolio of Australian listed securities in accordance with the provision of the Fund 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 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 Constitution.

The Fund generally invests in the securities that are constituents of the S&P/ASX 200 Financial Ex A-REIT 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 2014	30 June 2013
Operating profit/(loss) before finance costs attributable to unitholders (\$)	<u>6,233,208</u>	<u>7,928,789</u>
Distribution to unitholders (\$)	<u>1,862,937</u>	<u>1,188,546</u>
Distribution (cents per unit - CPU)	<u>101.60</u>	<u>72.21</u>

The table below demonstrates the performance of the Fund as represented by the total return, which is calculated as the aggregation of the change in unit redemption price and distribution per unit. The total return is shown for the past three years to 30 June 2014.

	2014 %	2013 %	2012 %
Capital growth	15.41	32.13	(4.52)
Distribution of income	<u>5.80</u>	<u>5.87</u>	<u>5.03</u>
Total return	<u>21.21</u>	<u>38.00</u>	<u>0.51</u>

Directors' report (continued)

The performance above is reflective of the performance of the Index which resulted in an increase of 21.92% (2013: 38.00%) during the year.

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, future performance is not guaranteed. Investors should exercise care in using past performance as a predictor of future performance.

Unit redemption prices

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

	2014	2013	2012	2011
	\$	\$	\$	\$
At 30 June	20.93	18.14	13.73	14.38

It is the opinion of the directors that adopting Australian Accounting Standards does not have unit pricing consequences, as the basis of unit price accounting is as outlined in the Fund Constitution and the governing documents of the Fund. The key differences between net assets for unit pricing purposes and net assets as reported in the financial statements prepared under Australian Accounting Standards have been outlined below:

	30 June 2014 \$	30 June 2013 \$
Net assets for unit pricing purposes	35,626,544	27,213,069
Difference between net market value (for unit pricing) and fair value (for financial reporting) of financial assets held at fair value through profit or loss	(5,407)	(5,601)
Effect of classification of net assets attributable to unitholders as liabilities	(35,621,137)	(27,207,468)
Net assets under Australian Accounting Standards	-	-

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 2014 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 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.

Directors' report (continued)

The future returns are dependent upon the performance of the underlying Index. 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 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.

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.

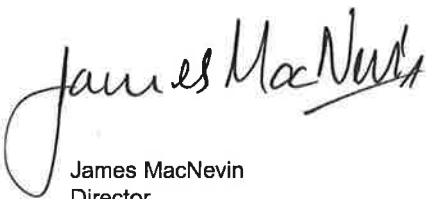
Environmental regulation

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
26 August 2014



Auditor's Independence Declaration

As lead auditor for the audit of SPDR S&P/ASX 200 Financials EX A-REIT Fund for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink, appearing to read 'Darren Ross', with a large checkmark to its left.

Darren Ross
Partner
PricewaterhouseCoopers

Sydney
26 August 2014

Statement of comprehensive income

		Year ended	
		30 June 2014	30 June 2013
	Notes	\$	\$
Investment income			
Dividend income		1,894,115	1,420,184
Interest income		2,711	3,070
Net gains/(losses) on financial instruments held at fair value through profit or loss	6	4,480,946	6,606,063
Other operating income		170	19
Total net investment income/(loss)		6,377,942	8,029,336
Expenses			
Responsible Entity's fees	16	3,734	2,643
Investment Manager's fees	16	136,146	96,388
Transaction costs		4,830	1,507
Other operating expenses		24	9
Total operating expenses		144,734	100,547
Operating profit/(loss)		6,233,208	7,928,789
Finance costs attributable to unitholders			
Distributions to unitholders	10	(1,862,937)	(1,188,546)
(Increase)/decrease in net assets attributable to unitholders	9	(4,370,271)	(6,740,243)
Profit/(loss) for the year		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		-	-

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

Statement of financial position

		As at	
	Notes	30 June 2014 \$	30 June 2013 \$
Assets			
Cash and cash equivalents	11	266,602	834,776
Margin accounts		69,171	97,716
Receivables	14	536,735	459,105
Financial assets held at fair value through profit or loss	7	<u>35,352,463</u>	<u>26,124,580</u>
Total assets		<u>36,224,971</u>	<u>27,516,177</u>
Liabilities			
Payables	15	18,963	13,958
Distribution payable	10	<u>584,871</u>	<u>294,751</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>603,834</u>	<u>308,709</u>
Net assets attributable to unitholders - liability	9	<u>35,621,137</u>	<u>27,207,468</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 2014 \$	30 June 2013 \$
Total equity at the beginning of the financial year	-	-
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the financial year	-	-

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 2014	30 June 2013
	Notes	\$	\$
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		874,877	1,498,066
Purchase of financial instruments held at fair value through profit or loss		(1,639,060)	(735,896)
Amount received from/(paid to) brokers for margin		58,345	(82,870)
Dividends received		1,815,361	1,229,740
Interest received		3,735	1,513
Other income received		270	398
Responsible Entity's fees paid		(3,638)	(2,536)
Investment Manager's fees paid		(132,656)	(92,466)
Payment of other operating expenses		(3,435)	-
Net cash inflow/(outflow) from operating activities	12(a)	<u>973,799</u>	<u>1,815,949</u>
Cash flows from financing activities			
Distributions paid		<u>(1,541,973)</u>	<u>(990,338)</u>
Net cash inflow/(outflow) from financing activities		<u>(1,541,973)</u>	<u>(990,338)</u>
Net increase/(decrease) in cash and cash equivalents		(568,174)	825,611
Cash and cash equivalents at the beginning of the year		<u>834,776</u>	<u>9,165</u>
Cash and cash equivalents at the end of the year	11	<u>266,602</u>	<u>834,776</u>
Non-cash financing activities	12(b)		

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

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1 General information

These financial statements cover the SPDR S&P/ASX 200 Financials Ex A-REIT Fund (the "Fund") as an individual entity. The Fund was constituted on 15 March 2011 and registered by ASIC as a managed investment scheme on 28 March 2011 and commenced operations on 7 April 2011. The Fund will terminate on 14 March 2091 unless terminated earlier in accordance with the provisions of the Fund 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 a diversified portfolio of Australian listed securities in accordance with the provision of the Fund Constitution.

The financial statements were authorised for issue by the directors on 26 August 2014. 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 amount expected to be recovered or settled within twelve months after the end of each reporting period 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

The Fund had to change some of its accounting policies as the result of new and revised accounting standards which became effective for the annual reporting period commencing on 1 July 2013. The affected policies are:

- Determining fair value - AASB 13 *Fair Value Measurement*
- Offsetting arrangements - AASB 2012-2 *Amendments to Australian Accounting Standards Disclosures Offsetting Financial Assets and Financial Liabilities*
- Disclosure of interest in other entities - AASB12 *Disclosure of interests in Other Entities*

Changes in accounting policy: Fair value measurement

AASB 13 *Fair Value Measurement* aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. The standard does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other Australian Accounting Standards.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

Previously the fair value of financial instruments (including derivatives) was measured on the basis that the financial instruments would be settled or extinguished with the counterparty. The adoption of AASB 13 has clarified that fair value is an exit price notion, and as such, the fair value of financial instruments should be determined based on a transfer value to a third party market participant.

Changes in accounting policy: Offsetting arrangements

AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* requires additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendments did not have any impact on the Fund's financial position or performance, however, may result in an additional disclosure in the notes to the financial statements.

Changes in accounting policy: Disclosure of interests in other entities

AASB 12 *Disclosure of interests in Other Entities* requires entities to disclose significant judgments and assumptions made in determining whether the entity controls, jointly controls, significantly influences or has some other interests in other entities. Entities are also required to provide more disclosures around certain 'structured entities'. The adoption of the standard does not have a material impact on the Fund.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2013 that would be expected to have a material impact on the Fund.

(iii) Standards effective after 1 July 2013 that have been early adopted by the Fund

The Fund has also elected to adopt the following two standards early:

- AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* is effective for annual periods beginning on or after 1 January 2014, and has been early adopted by the Fund. These amendments clarify the offsetting criteria in AASB 132 and address inconsistencies in their application. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement arrangements may be considered equivalent to net settlement.
- Amendments made to AASB 124 by AASB 2014-1 (Annual improvements 2010-2012 cycle), which confirm that the Fund must disclose the fees paid for management personnel services received from a third party such as the Responsible Entity, but not the compensation paid by the Responsible Entity to its employees or directors.

The amendments did not have any impact on the Fund's financial position or performance.

(b) Financial instruments

(i) Classification

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

- 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 exchange traded equity instruments.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(i) Classification (continued)

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 carried at fair value through profit or loss are expensed in the Statement of comprehensive income.

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

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

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.

(c) Net assets attributable to unitholders

Units are redeemable by unitholders that are Qualifying Australian Residents (as defined in the Product Disclosure Statement (PDS)), and use a stockbroker for the redemption. The units are classified as financial liabilities as the Fund is required to distribute its distributable income. The units can be put back to the Fund at any time. The fair value of redeemable units is measured at the redemption amount that is payable (in cash and securities representing each in investor's equal undivided, vested, and infeasible interest in the assets as a whole, subject to liabilities, as defined by the Fund Constitution) at the end of the reporting period if unitholders exercised their right to put the units back to the Fund.

2 Summary of significant accounting policies (continued)

(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.

(g) Expenses

Fund expenses covering the Responsible Entity's fee and the Investment Manager's fee 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.

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.

2 Summary of significant accounting policies (continued)

(i) Distributions

In accordance with the Fund 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 at the end of December and June each year 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 and interest. Dividends 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 Constitution.

(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 Financial Ex A-REIT 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 are a Stockbroker acting as principal. Investors may sell units by trading on the ASX.

2 Summary of significant accounting policies (continued)

(o) Applications and redemptions (continued)

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 2014 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:

- (i) *AASB 9 Financial Instruments (2009 or 2010 version), AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures and AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments* (effective from 1 January 2018).

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting. The 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.

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

2 Summary of significant accounting policies (continued)

(s) New accounting standards and interpretations (continued)

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 and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Production Disclosure statement ("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 include sensitivity analysis in the case of market price risk.

(a) Market risk

(i) Price Risk

The Fund invests in various investments including securities on the Australian Securities Exchange, 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 fixed interest securities and cash.

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 listed securities that are constituents of the S&P/ASX 200 Financial Ex A-REIT Index while the cash instruments 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 19 shows the impact on net asset value of the Fund of a reasonably possible shift in the S&P/ASX 200 Financial Ex A-REIT Index, assessed as an increase of 25% (2013: 28%) and decrease of 25% (2013: 28%) in the S&P/ASX 200 Financial Ex A-REIT 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 hold no more than 5% of the Fund value in cash instruments.

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

3 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

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

	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
30 June 2014				
Assets				
Cash and cash equivalents	266,602	-	-	266,602
Margin accounts	69,171	-	-	69,171
Receivables	-	-	536,735	536,735
Financial assets held at fair value through profit or loss	-	-	35,352,463	35,352,463
Liabilities				
Payables	-	-	(18,963)	(18,963)
Distributions payable	-	-	(584,871)	(584,871)
Net exposure	<u>335,773</u>	<u>-</u>	<u>35,285,364</u>	<u>35,621,137</u>
	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
30 June 2013				
Assets				
Cash and cash equivalents	834,776	-	-	834,776
Margin accounts	97,716	-	-	97,716
Receivables	-	-	459,105	459,105
Financial assets held at fair value through profit or loss	-	-	26,124,580	26,124,580
Liabilities				
Payables	-	-	(13,958)	(13,958)
Distributions payable	-	-	(294,751)	(294,751)
Net exposure	<u>932,492</u>	<u>-</u>	<u>26,274,976</u>	<u>27,207,468</u>

An analysis of financial liabilities by maturities is provided in paragraph (d) on page 19.

The table on page 19 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 (2013: +/- 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.

3 Financial risk management (continued)

(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		Interest rate risk	
	Impact on operating profit/Net assets attributable to unitholders			
	-25%	+25%	-200bps	+200bps
	\$	\$	\$	\$
30 June 2014	(8,871,547)	8,871,547	(6,715)	6,715
30 June 2013	(7,568,758)	7,568,758	(18,650)	18,650

The sensitivity factors for 30 June 2013 were +/-28% 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.

(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 2014, State Street Australia Limited had a credit rating of A (2013: A). As at 30 June 2014, 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 Australian Securities Exchange.

3 Financial risk management (continued)

(d) Liquidity Risk (continued)

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 investment were held at year end.

(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.

	Less than 1 month \$	1-6 months \$	6-12 months \$	Over 12 months \$	No Stated maturity \$
At 30 June 2014					
Payables	18,963	-	-	-	-
Distributions payable	584,871	-	-	-	-
Net assets attributable to unitholders	<u>35,621,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contractual cash flows (excluding net settled derivatives)	<u>36,224,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Less than 1 month \$	1-6 months \$	6-12 months \$	Over 12 months \$	No Stated maturity \$
At 30 June 2013					
Payables	13,958	-	-	-	-
Distributions payable	294,751	-	-	-	-
Net assets attributable to unitholders	<u>27,207,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contractual cash flows (excluding net settled derivatives)	<u>27,516,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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 \$
At 30 June 2014					
Net settled derivatives					
Australian share price index futures	-	50	-	-	-

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 2013					
Net settled derivatives					
Australian share price index futures	-	23,450	-	-	-

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 \$
30 June 2014						
Derivative financial instruments (i)	50	-	50	-	-	50
Total	50	-	50	-	-	50
30 June 2013						
Derivative financial instruments (i)	23,450	-	23,450	-	-	23,450
Total	23,450	-	23,450	-	-	23,450

(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 at fair value through profit or loss (FVTPL) (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 quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. Financial assets are priced at closing bid prices, while financial liabilities are priced at closing ask prices.

The Fund values its investments in accordance with the accounting policies set out in note 2 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

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

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

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

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

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

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

The 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.

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

5 Fair value measurement (continued)

(ii) Fair value in an inactive or unquoted market (level 2 and level 3) (continued)

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.

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 2014 and 30 June 2013.

As at 30 June 2014	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Financial assets held for trading:				
Derivatives	50	-	-	50
Financial assets designated at fair value through profit or loss:				
Equity securities	35,352,413	-	-	35,352,413
Total	35,352,463	-	-	35,352,463
As at 30 June 2013	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Financial assets held for trading:				
Derivatives	23,450	-	-	23,450
Financial assets designated at fair value through profit or loss:				
Equity securities	26,101,130	-	-	26,101,130
Total	26,124,580	-	-	26,124,580

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.

(iii) Transfers between levels

There were no transfers between the levels in the fair value hierarchy in 2014 and 2013.

(iv) Movement in level 3 instruments

There were no investments classified as level 3 within the Fund as at 30 June 2014 and 30 June 2013.

(v) 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 2014	30 June 2013
	\$	\$
Financial assets		
Net gain/(loss) on financial assets held for trading	58,325	66,675
Net gain/(loss) on financial assets designated at fair value through profit or loss	<u>4,474,546</u>	<u>6,584,024</u>
Net gain/(loss) on financial assets held at fair value through profit or loss	<u>4,532,871</u>	<u>6,650,699</u>
Financial liabilities		
Net gain/(loss) on financial liabilities held for trading	<u>(51,925)</u>	<u>(44,636)</u>
Net gain/(loss) on financial liabilities held at fair value through profit or loss	<u>(51,925)</u>	<u>(44,636)</u>
Total net gains/(losses) on financial instruments held at fair value through profit or loss	<u>4,480,946</u>	<u>6,606,063</u>

7 Financial assets held at fair value through profit or loss

	As at	
	30 June 2014	30 June 2013
	\$	\$
Held for trading		
Derivatives (note 9)	<u>50</u>	<u>23,450</u>
Total held for trading	<u>50</u>	<u>23,450</u>
Designated at fair value through profit or loss		
Equity securities	<u>35,352,413</u>	<u>26,101,130</u>
Total designated at fair value through profit or loss	<u>35,352,413</u>	<u>26,101,130</u>
Total financial assets held at fair value through profit or loss	<u>35,352,463</u>	<u>26,124,580</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 total investments of the Fund are disclosed below:

2014		Total Fair Value \$	% of Total Fund Investments
Security Description	Principle Activities		
COMMONWEALTH BANK OF AUSTRALIA	Banking & Finance	8,830,802	24.98%
WESTPAC BANKING CORPORATION	Banking & Finance	7,105,517	20.10%
AUST AND NZ BANKING GROUP	Banking & Finance	6,170,450	17.45%
NATIONAL AUSTRALIA BANK LTD	Banking & Finance	5,204,710	14.72%

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

Material investments (continued)

2013 Security Description	Principle Activities	Total Fair Value \$	% of Total Fund Investments
COMMONWEALTH BANK OF AUSTRAL COMMON STOCK NPV	Banking & Finance	6,483,443	25.08%
WESTPAC BANKING CORP COMMON STOCK NPV	Banking & Finance	5,221,100	20.20%
AUST AND NZ BANKING GROUP COMMON STOCK NPV	Banking & Finance	4,565,772	17.66%
NATIONAL AUSTRALIA BANK LTD	Banking & Finance	4,047,938	15.66%

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 2014

	Contract/ notional \$	Fair values	
		Assets \$	Liabilities \$
Australian share price index futures	<u>133,775</u>	<u>50</u>	<u>-</u>
	<u>133,775</u>	<u>50</u>	<u>-</u>

30 June 2013

	Contract/ notional \$	Fair values	
		Assets \$	Liabilities \$
Australian share price index futures	<u>930,150</u>	<u>23,450</u>	<u>-</u>
	<u>930,150</u>	<u>23,450</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 2014 No.	30 June 2013 No.	30 June 2014 \$	30 June 2013 \$
Opening balance	1,500,432	1,000,113	27,207,468	13,723,204
Applications	400,000	700,000	8,126,752	10,726,478
Redemptions	(200,000)	(200,000)	(4,114,197)	(3,987,540)
Units issued upon reinvestment of distributions	1,554	319	30,843	5,083
Increase/(decrease) in net assets attributable to unitholders	<u>-</u>	<u>-</u>	<u>4,370,271</u>	<u>6,740,243</u>
Closing balance	<u>1,701,986</u>	<u>1,500,432</u>	<u>35,621,137</u>	<u>27,207,468</u>

As stipulated within the Fund 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.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Fund Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

(a) Unrealised capital gains

At the reporting date, the Fund had unrealised taxable capital gains of \$4,081,414 (2013: \$2,773,235) which if realised, and after any offset of realised capital losses, would be assessable.

(b) Realised capital gains

As at 30 June 2014, the date of the distribution calculation, the Fund had realised capital gains of \$1,148,528 (2013: \$470,305) which were distributed to the unitholders.

(c) Realised capital gains distributed in specie

The Fund had realised capital gains of \$990,673 (2013: \$440,892) 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:

	Year ended			
	30 June 2014 \$	30 June 2014 CPU	30 June 2013 \$	30 June 2013 CPU
Distributions paid	1,278,066	67.24	893,795	52.57
Distributions payable	584,871	34.36	294,751	19.64
Total distributions	<u>1,862,937</u>	<u>101.60</u>	<u>1,188,546</u>	<u>72.21</u>

11 Cash and cash equivalents

	As at	
	30 June 2014 \$	30 June 2013 \$
Cash at bank	<u>266,602</u>	<u>834,776</u>

As at 30 June 2014, these accounts were bearing floating interest rate of 2.25% (2013: 0.25%).

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

	Year ended	
	30 June 2014 \$	30 June 2013 \$
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) for the year	-	-
Increase/(decrease) in net assets attributable to unitholders	4,370,271	6,740,243
Distributions to unitholders	1,862,937	1,188,546
Proceeds from sale of financial instruments held at fair value through profit or loss	874,877	1,498,066
Purchase of financial instruments held at fair value through profit or loss	(1,639,060)	(735,896)
Net (gains)/losses on financial instruments held at fair value through profit or loss	(4,480,946)	(6,606,063)
Net change in receivables	(77,630)	(192,279)
Net change in payables	5,005	6,202
Amount received from/(paid to) brokers for margin accounts	58,345	(82,870)
Net cash inflow/(outflow) from operating activities	973,799	1,815,949
(b) Non-cash financing activities		
During the year, the following applications were satisfied by in specie asset transfer	(8,126,751)	10,726,478
During the year, the following redemptions were satisfied by in specie asset transfer	4,114,197	3,987,540
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	30,843	5,083

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 2014 \$	30 June 2013 \$
PricewaterhouseCoopers Australian firm		
<i>Audit and other assurance services</i>		
Audit and review of financial statements	20,880	22,201
Audit of compliance plan	1,087	1,156
Total remuneration for audit and other assurance services	21,967	23,357
<i>Taxation services</i>		
Tax compliance services	12,020	14,000
Total remuneration for taxation services	12,020	14,000
Total remuneration of PricewaterhouseCoopers	33,987	37,357

In 2014 and 2013, the Investment Manager has paid the remuneration of auditors on behalf of the Fund.

14 Receivables

	As at	
	30 June 2014	30 June 2013
	\$	\$
Interest receivable	533	1,557
Dividend receivable	535,267	456,513
Other receivables	935	1,035
	<u>536,735</u>	<u>459,105</u>

15 Payables

	As at	
	30 June 2014	30 June 2013
	\$	\$
Management fee payable	11,689	8,199
Other payables	7,274	5,759
	<u>18,963</u>	<u>13,958</u>

16 Related party transactions

Responsible Entity

The Responsible Entity of SPDR S&P/ASX 200 Financials EX A-REIT 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 Constitution, the Responsible Entity is entitled to receive fees of 1.00% (2013: 1.00% 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 2014 (2013: 0.011% per annum).

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 unitholdings

At 30 June 2014 and 30 June 2013 no key management personnel held units in the Fund.

16 Related party transactions (continued)

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 key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

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 Financials EX A-REIT 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).

During the year the Investment Manager's fees were capped at 0.389% p.a (2013: 0.389%). The cap takes account of both the GST payable on the operating fees and expenses of the Fund and also the benefit of the RITC.

During the year the total annual operating fees and expense for the Fund (the Indirect Cost Ratio) were capped at 0.40% p.a. (2013: 0.40% p.a.)

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

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, and the Custodian and Administrator were as follows:

	30 June 2014 \$	30 June 2013 \$
Responsible Entity's fees for the year	3,734	2,643
Investment Manager's fees for the year	136,146	96,388
Related party transaction fees for the year	4,350	945
Aggregate amounts payable to the Responsible Entity/Investment Manager/Custodian and Administrator at the end of the reporting period	12,010	8,424

The Fund held its bank account with State Street Bank and Trust Company during the year at arm's length commercial rates. As at 30 June 2014, the balance in the account was \$266,602 (2013: \$834,776).

16 Related party transactions (continued)

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 2014

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	21	-	-	-	-

30 June 2013

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	18	-	-	-	-

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 (2013: 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 on the financial position of the Fund disclosed in the Statement of financial position as at 30 June 2014 or on 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 2014 and 30 June 2013.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 31 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 2014 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
26 August 2014



Independent auditor's report to the unitholders of SPDR S&P/ASX 200 Financials EX A-REIT Fund

Report on the financial report

We have audited the accompanying financial report of SPDR S&P/ASX 200 Financials EX A-REIT Fund (the registered scheme), which comprises the statement of financial position as at 30 June 2014, 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 (including Australian Accounting Interpretations) 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*.

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Liability limited by a scheme approved under Professional Standards Legislation.



Auditor's opinion

In our opinion:

- (a) the financial report of SPDR S&P/ASX 200 Financials EX A-REIT 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 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the registered scheme's financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of SPDR S&P/ASX 200 Financials EX A-REIT Fund (the registered scheme) for the year ended 30 June 2014 included on the responsible entity's web site. The responsible entity's directors are responsible for the integrity of this web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written over the printed name.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Darren Ross', written over the printed name.

Darren Ross
Partner

Sydney
26 August 2014

Corporate Governance Statement

SPDR S&P/ASX 200 Financials EX A-REIT 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:

Mr. James MacNevin (Chair);

Mr. Richard Stokes (independent); and

Ms. Penni James (independent).

Corporate Governance Statement (continued)

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, SSgA Singapore Limited, State Street India and SSgA Fund Management, SSgA's joint venture in China.

Mr MacNevin holds a Bachelor of Arts from 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.

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.

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 (EWOA). This report gives a detailed analysis of State Streets 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 to 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 will prepare and publish, 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 will state in writing to the best of their 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 an 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) 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.

Additionally, SSgA, ASL is subject to an internal audit conducted by State Street Corporation normally every three years.

This framework is reviewed by the Risk Committee of the RE's parent of which includes selected Directors of the RE.

Corporate Governance Statement (continued)

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 then 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.

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

James MacNevin (Chair);
Richard E Stokes (independent); and
Penni James (independent)

Auditors of the Fund

PricewaterhouseCoopers Australian firm
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

Corporate Directory (continued)

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