eInvest Income Generator Fund (Managed Fund)

ARSN 623 311 419

Annual report

For the year ended 30 June 2019

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Annual report

For the year ended 30 June 2019

Contents

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

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

The Responsible Entity's registered office is:
Level 27, 88 Phillip Street
Sydney, NSW 2000

Directors' report

The Directors of Perennial Investment Management Limited, the Responsible Entity of eInvest Income Generator Fund (Managed Fund) (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2019.

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

Principal activities

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

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

The Fund did not have any employees during the year.

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

The various service providers for the Fund are detailed below:

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

Directors

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

Name	Date of appointment
Anthony Patterson	Appointed 30 September 2016
Camilla Love	Appointed 30 September 2016
Mark Bennett	Appointed 14 February 2018

Review and results of operations

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

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

	Year ended 30 June 2019 $'000	For the period 19 December 2017 to 30 June 2018 $'000
Operating profit/(loss) for the year ($'000)	**1,248**	442
Distributions paid and payable ($'000)	**2,503**	-
Distributions (cents per unit)	**47.77**	-

Directors' report (continued)

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may have a significant effect on:

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

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 Product Disclosure Statement and the provisions of the Fund's Constitution.

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

Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to the Officers and Directors of Perennial Investment Management Limited. So long as the Officers and Directors of Perennial Investment Management Limited act in accordance with the Fund's Constitution and the Law, the Officers and Directors remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

Indemnification of auditor

The auditor of the Fund is in no way indemnified out of the assets of the Fund.

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

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in Note 14 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 14 to the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 7 to the financial statements.

The value of the Fund's assets and liabilities is disclosed in 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 Commonwealth, State or Territory law.

Directors' report (continued)

Rounding of amounts to the nearest thousand dollars

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

Auditor's independence declaration

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5 and forms part of the Directors' Report for the year ended 30 June 2019.

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

Anthony Patterson
Director
Perennial Investment Management Limited

Sydney
18 September 2019

KPMG

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

To the Directors of Perennial Investment Management Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of eInvest Income Generator Fund (Managed Fund) for the financial year ended 30 June 2019 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Rachel Mil

KPMG

Rachel Milum

Partner

Melbourne

18 September 2019

Statement of comprehensive income

	Note	Year ended 30 June 2019 $'000	For the period 19 December 2017 to 30 June 2018 $'000
Investment income			
Interest income		**20**	5
Dividend and distribution income		**2,661**	157
Net gains/(losses) on financial instruments at fair value through profit or loss	5	**(1,214)**	311
Total investment income/(loss)		**1,467**	473
Expenses			
Management fees	14	**139**	17
Transaction costs		**42**	8
Other expenses		**38**	6
Total expenses		**219**	31
Operating profit/(loss) for the year		**1,248**	442
Other comprehensive income		**-**	-
Total comprehensive income for the year		**1,248**	442

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

Statement of financial position

	Note	As at 30 June 2019 $'000	As at 30 June 2018 $'000
Assets			
Cash and cash equivalents	9	**2,237**	1,253
Receivables	11	**152**	158
Due from brokers - receivable for securities sold		**-**	445
Financial assets at fair value through profit or loss	6	**19,263**	16,143
Total assets		**21,652**	17,999
Liabilities			
Distributions payable		**1,505**	-
Payables	12	**19**	21
Due to brokers - payable for securities purchased		**-**	351
Total liabilities		**1,524**	372
Net assets attributable to unit holders – equity	7	**20,128**	17,627

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

Statement of changes in equity

	Note	Year ended 30 June 2019 $'000	For the period 19 December 2017 to 30 June 2018 $'000
Total equity at the beginning of the financial year		**17,627**	-
Comprehensive income for the year			
Profit/(loss) for the year	7	**1,248**	442
Other comprehensive income		**-**	-
Total comprehensive income		**1,248**	442
Transactions with unit holders			
Applications	7	**8,033**	17,620
Redemptions	7	**(4,289)**	(435)
Reinvestment of distributions	7	**12**	-
Distributions to unit holders	7	**(2,503)**	-
Total transactions with unit holders		**1,253**	17,185
Total equity at the end of the financial year		**20,128**	17,627

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

Statement of cash flows

	Note	Year ended 30 June 2019 $'000	For the period 19 December 2017 to 30 June 2018 $'000
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		**14,687**	1,344
Payments for the purchase of financial instruments at fair value through profit or loss		**(18,927)**	(17,270)
Interest income received		**19**	4
Dividends and distributions received		**2,682**	1
Management fees paid		**(145)**	-
Transaction costs paid		**(42)**	(8)
Other expenses paid		**(48)**	(3)
Net cash inflow/(outflow) from operating activities	10	**(1,774)**	(15,932)
Cash flows from financing activities			
Proceeds from applications by unit holders		**8,033**	17,620
Payments for redemptions by unit holders		**(4,289)**	(435)
Distributions to unit holders		**(986)**	-
Net cash inflow/(outflow) from financing activities		**2,758**	17,185
Net increase/(decrease) in cash and cash equivalents		**984**	1,253
Cash and cash equivalents at the beginning of the year		**1,253**	-
Cash and cash equivalents at the end of the year	9	**2,237**	1,253

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

Notes to the financial statements

Contents

1 General information

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

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

The Responsible Entity is incorporated and domiciled in Australia.

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

The financial statements were authorised for issue by the Directors on the date the Directors' declaration was signed. The Directors of the Responsible Entity have the power to amend and reissue the 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 the period 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 (AASB) and the *Corporations Act 2001* in Australia. The Fund is a for-profit entity 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 do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and liabilities and net assets attributable to unit holders.

The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

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

The financial statements of the Fund also comply with IFRS as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Fund

The Fund had to change some of its accounting policies as a result of new and revised accounting standards which became effective for the first time in the current reporting period. The affected policies are:

- AASB 9 *Financial Instruments* (and applicable amendments)

AASB 9 became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in AASB 139. The derecognition rules have not changed from the previous requirements, and the Fund does not apply hedge accounting.

Classification and measurement of debt securities is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument represent solely payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

- AASB 9 *Financial Instruments* (and applicable amendments) (continued)

All other debt instruments must be recognised at fair value through profit or loss. An entity may however , at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. AASB 9 also introduces a new expected credit loss (ECL) impairment model.

AASB 9 has been applied retrospectively by the Fund without the use of hindsight and it has determined that adoption did not result in a change to the classification or measurement of financial instruments in either the current or prior periods. The Fund has elected to restate the comparative period presented to comply with AASB 9. The Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

- AASB 15 *Revenue from Contracts with Customers*

AASB 15 became effective for annual periods beginning on or after 1 January 2018 which is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Fund's main sources of income are interest, dividends and distributions and gains on financial instruments at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the adoption of AASB 15 does not have a material impact on the Fund's accounting policies or the amounts recognised in the financial statements.

(iii) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

(b) Financial instruments

(i) Classification

- Financial assets

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The Fund's portfolio of financial assets is managed and performance is 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 assets on a fair value basis together with other related financial information.

For equity securities, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For cash and cash equivalents and receivables, these assets are held in order to collect the contractual cash flows and the contractual terms of these assets give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (due to brokers, distributions payable, management fees payable, audit and tax fees payable, administration fees payables and custodian fees payable).

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Recognition and 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 the fair value of the financial assets or financial liabilities from this date.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities are discharged.

(iii) Measurement

- Financial instruments 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 liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets or liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income in the period in which they arise.

For further details on how the fair values of financial instruments are determined please see Note 4 to the financial statements.

(iv) Impairment

At each reporting date, the Fund shall measure the loss allowance on financial assets at amortised cost (cash, due from broker and receivables) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Fund has 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.

As at the end of the reporting period, there are no financial assets or liabilities offset or with the right to offset in the statement of financial position.

(c) Net assets attributable to unit holders

Units are redeemable at the unit holders' option; however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unit holders.

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

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

2 Summary of significant accounting policies (continued)

(c) Net assets attributable to unit holders (continued)

The units can be put back to the Fund at any time for cash based on the redemption price.

The units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the units back to the Fund.

As at 30 June 2019 and 30 June 2018, net assets attributable to unitholders were classified as equity.

(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 and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

(e) Investment income

(i) Interest income

Interest income on cash and cash equivalents is recognised in the statement of comprehensive income on an accruals basis. Changes in fair value of financial instruments are recorded in accordance with the policies described in Note 2(b) to the financial statements.

(ii) Dividends and distributions

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

Trust distributions are recognised on an entitlement basis.

(f) Expenses

All expenses are recognised in the statement of comprehensive income on an accruals basis.

(g) Income tax

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unit holders.

(h) Distributions

The Fund may distribute its distributable income, in accordance with the Fund's Constitution, to unit holders by cash or reinvestment. The distributions are recognised in the statement of changes in equity.

(i) Increase/decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders.

(j) Functional and presentation currency

Balances 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.

(k) 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. The due from brokers balance is held for collection and are recognised initially at fair value and subsequently measured at amortised cost.

2 Summary of significant accounting policies (continued)

(k) Due from/to brokers (continued)

At each reporting date, the Fund shall measure the loss allowance on financial assets at amortised cost (cash, due from broker and receivables) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(l) Receivables

Receivables may include amounts for interest, trust distributions and dividends. Dividends and trust distributions are accrued when the right to receive payment is established. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

(m) Payables

Payables include liabilities, accrued expenses owed by the Fund and any distributions declared which are unpaid as at the end of the reporting period.

A separate distribution payable is recognised in the statement of financial position.

Distributions declared effective 30 June in relation to unit holders who have previously elected to reinvest distributions are recognised as reinvested effective 1 July of the following financial year.

(n) Applications and redemptions

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

(o) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as management, administration and custodian services where applicable, have been passed on to the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%. Hence, fees for these services and any other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts 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 flows on a gross basis.

(p) Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and next financial period. Estimates are continually evaluated and are 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. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Investment Manager.

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

For more information on how fair value is calculated please see Note 4 to the financial statements.

The adoption of AASB 9 introduced a new expected credit loss (ECL) impairment model, which has not materially impacted the Fund. Please see Note 3 for more information on credit risk.

2 Summary of significant accounting policies (continued)

(q) Comparative period

The Fund was constituted on 12 October 2017, registered with Australian Securities and Investments Commission on 19 December 2017 and commenced operations on 4 May 2018. The current reporting period is for the year ended 30 June 2019. For the statement of comprehensive income, statement of changes in equity and the statement of cash flows, the previous corresponding period is the period from 19 December 2017 to 30 June 2018. For the statement of financial position, the previous corresponding date is 30 June 2018.

(r) Rounding of amounts

The Fund is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars unless otherwise indicated.

(s) Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 Financial risk management

The Fund's activities may expose it to a variety of financial risks including market risk (which incorporates price risk and interest risk), credit risk and liquidity risk.

The Fund's overall risk management program focuses on ensuring compliance with the Fund's Product Disclosure Statement and the investment guidelines of the Fund. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund's policy allows it to use derivative financial instruments in managing its financial risks.

All investments present a risk of loss of capital. The maximum loss of capital on long equity and debt securities is limited to the fair value of those positions. The maximum loss of capital on long futures and forward currency contracts is limited to the notional contract values of those positions. On equities sold short, the maximum loss of capital can be unlimited.

The investments of the Fund, and associated risks, are managed by the Investment Manager, Perennial Value Management Limited under an Investment Management Agreement (IMA) approved by the Responsible Entity. It contains the investment strategy and guidelines of the Fund, consistent with those stated in the Product Disclosure Statement.

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

(a) Market risk

i. Price risk

Price risk is the risk that the fair value or future cash flows of equities will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

Price risk exposure arises from the Fund's investment portfolio. The investments are classified on the Statement of Financial Position as at fair value through profit or loss. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Investment Manager mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the Board.

The Fund's overall market positions are monitored on a regular basis by the Fund's Investment Manager. This information and the compliance with the Fund's Product Disclosure Statement are reported to the relevant parties on a regular basis as deemed appropriate such as the compliance manager, other key management personnel, compliance committees and ultimately the Board.

3 Financial risk management (continued)

(a) Market risk (continued)

i. Price risk (continued)

At 30 June 2019, if the equity prices had increased/decreased by the percentage indicated below, with all other variables held constant, the net assets attributable to unitholders (and profit/loss) attributable to unitholders would have changed by the following amounts, approximately:

	Impact on operating profit/net assets attributable to unit holders	
	Price risk	
	-5%	+5%
	$'000	$'000
As at 30 June 2019	**(963)**	**963**
As at 30 June 2018	(807)	807

ii. Interest rate risk

Interest rate risk management is undertaken by maintaining as close to a fully invested position as possible, thus limiting the exposure of the Fund to interest rate risk.

(b) Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay its obligations in full when they fall due, causing a financial loss to the Fund.

The Fund does not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. The main concentration of credit risk, to which the Fund is exposed, arises from cash and cash equivalents and amounts due from brokers balances. None of these assets are impaired nor past their due date. The maximum exposure to credit risk at the reporting date is the carrying amount of cash and cash equivalents and amounts due from brokers.

The main concentration of credit risk, to which the Fund is exposed, arises from the Fund's investment in debt securities. The Fund is also exposed to counterparty credit risk on derivative financial instruments, cash and cash equivalents, amounts due to from brokers and other receivables.

The Fund determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2019 and 30 June 2018, all receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of AA/Aa or higher and are either callable on demand or due to be settled within 1 week. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

There was no significant credit risk in the Fund as at 30 June 2019 and 30 June 2018.

(c) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Liquidity risk is managed by investing the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Investment Manager continuously monitors Fund investments for liquidity, through its risk assessment system.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders. The Fund did not reject or withhold any redemptions during the year.

3 Financial risk management (continued)

(c) Liquidity risk (continued)

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 at reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

As at 30 June 2019	Less than 1 month $'000	1 to 6 months $'000	6 to 12 months $'000	Over 12 months $'000	Total $'000
Distributions payable	1,505	-	-	-	1,505
Payables	19	-	-	-	19
Total financial liabilities	**1,524**	-	-	-	**1,524**
As at 30 June 2018					
Payables	21	-	-	-	21
Total financial liabilities	21	-	-	-	21

4 Fair value measurement

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

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

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

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

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.

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

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

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

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

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

4 Fair value measurement (continued)

(b) Recognised fair value measurements

The table below presents the Fund's financial assets and liabilities measured and recognised at fair value as at 30 June 2019 and 30 June 2018.

As at 30 June 2019	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Listed securities	**19,263**	**-**	**-**	**19,263**
Total financial assets	**19,263**	**-**	**-**	**19,263**
As at 30 June 2018				
Financial assets				
Listed securities	16,143	-	-	16,143
Total financial assets	16,143	-	-	16,143

(c) Transfer between levels

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

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

(d) Financial instruments not carried at fair value

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

Net assets attributable to unit holders' carrying value differ from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current period.

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

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

	Year ended 30 June 2019 $'000	For the period 19 December 2017 to 30 June 2018 $'000
Financial assets		
Net gain/(loss) on financial assets at fair value through profit or loss	**(1,214)**	311
Total net gains/(losses) on financial instruments at fair value through profit or loss	**(1,214)**	311

6 Financial assets at fair value through profit or loss

	As at 30 June 2019 $'000	As at 30 June 2018 $'000
Listed securities	**19,263**	16,143
Total financial assets at fair value through profit or loss	**19,263**	16,143

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

7 Net assets attributable to unit holders

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

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

	Year ended 30 June 2019		For the period 19 December 2017 to 30 June 2018	
	Units ('000)	**$'000**	Units ('000)	$'000
Opening balance	**4,283**	**17,627**	-	-
Applications	**1,963**	**8,033**	4,348	17,620
Redemptions	**(1,027)**	**(4,289)**	(65)	(435)
Reinvestment of distributions	**3**	**12**	-	-
Distributions to unit holders	**-**	**(2,503)**	-	-
Profit/(loss) for the year	**-**	**1,248**	-	442
Closing balance	**5,222**	**20,128**	4,283	17,627

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

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

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

Capital risk management

The Fund considers its net assets attributable to unit holders as capital.

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's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders.

8 Distributions to unit holders

	Year ended 30 June 2019		For the period 19 December 2017 to 30 June 2018	
	$'000	**CPU**	$'000	CPU
Distributions				
July	**79**	**1.67**	-	-
August	**83**	**1.67**	-	-
September	**86**	**1.67**	-	-
October	**92**	**1.67**	-	-
November	**95**	**1.67**	-	-
December	**95**	**1.67**	-	-
January	**95**	**1.67**	-	-
February	**96**	**1.67**	-	-
March	**95**	**1.67**	-	-
April	**92**	**1.67**	-	-
May	**90**	**1.67**	-	-
June (payable)	**1,505**	**29.40**	-	-
Total distributions	**2,503**	**47.77**	-	-

9 Cash and cash equivalents

	As at 30 June 2019 $'000	As at 30 June 2018 $'000
Cash at bank	2,237	1,253
Total cash and cash equivalents	2,237	1,253

These accounts are earning a floating interest rate of 1.00% as at 30 June 2019 (30 June 2018: 1.35%).

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

	Year ended 30 June 2019 $'000	For the period 19 December 2017 to 30 June 2018 $'000
Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) for the year	1,248	442
Proceeds from sale of financial instruments at fair value through profit or loss	14,687	1,344
Payments for the purchase of financials instruments at fair value through profit or loss	(18,927)	(17,270)
Net (gains)/losses on financial instruments at fair value through profit or loss	1,214	(311)
Net change in receivables	6	(158)
Net change in payables	(2)	21
Net cash inflow/(outflow) from operating activities	(1,774)	(15,932)

11 Receivables

	As at 30 June 2019 $'000	As at 30 June 2018 $'000
Interest receivable	2	1
Dividends receivable	135	156
GST receivable	15	1
Total receivables	152	158

12 Payables

	As at 30 June 2019 $'000	As at 30 June 2018 $'000
Responsible entity fees payable	11	17
Recoverable fees payable	8	4
Total payables	19	21

13 Remuneration of auditor

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

	Year ended 30 June 2019 $	For the period 19 December 2017 to 30 June 2018 $
KPMG		
Audit and other assurance services		
Audit of financial statements	**9,000**	6,500
Other regulatory audit services	**2,500**	2,500
Total remuneration for audit and other assurance services	**11,500**	9,000
Total remuneration of KPMG	**11,500**	9,000

The auditor's remuneration is paid by the Responsible Entity. Fees are stated exclusive of GST.

14 Related party transactions

The Responsible Entity of eInvest Income Generator Fund (Managed Fund) is Perennial Investment Management Limited (ABN 13 108 747 637) (AFSL 275101). Accordingly, transactions with entities related to Perennial Investment Management Limited are disclosed below.

The Responsible Entity has contracted services to Perennial Value Management Limited, to act as Investment Manager for the Fund and Mainstream Fund Services Pty Limited act as Administrator and NAB is custodian for the Fund. The contracts are on normal commercial terms and conditions.

(a) Key management personnel

(i) Directors

Key management personnel include persons who were Directors of Perennial Investment Management Limited at any time during or since the end of the financial year and up to the date of this report.

Name	Date of appointment
Anthony Patterson	Appointed 30 September 2016
Camilla Love	Appointed 30 September 2016
Mark Bennett	Appointed 14 February 2018

(ii) Other key management personnel

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

(b) Transactions with key management personnel

There were no transactions with key management personnel during the reporting period.

(c) Key management personnel unit holdings

Key management personnel did not hold units in the Fund as at 30 June 2019 (30 June 2018: nil).

14 Related party transactions (continued)

(d) Key management personnel compensation

Key management personnel are paid by Perennial Investment Management Limited. Payments made from the Fund to Perennial Investment Management Limited do not include any amounts directly attributable to the compensation of key management personnel.

(e) Key management personnel loans

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

(f) 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 management personnel's interests existing at year end.

(g) Responsible Entity and Investment Manager's fees and other transactions

Under the terms of the Fund's Constitution and Product Disclosure Statement for the Fund, the Responsible Entity and the Investment Manager are entitled to receive management fees.

The Fund pays Management Costs of up to 0.80% (2018: 0.80%) per annum to the Responsible Entity for managing the assets of the Fund and overseeing the operations of the Fund.

The transactions during the year and amounts payable as at year end between the Fund, the Responsible Entity and the Investment Manager were as follows:

	Year ended 30 June 2019 $	For the period 19 December 2017 to 30 June 2018 $
Cost recovered for the year	**32,041**	3,844
Total fees payable to the Investment Manager at year end	**8,275**	3,844
Responsible Entity fees for the year	**138,845**	16,657
Total fees payable to the Responsible Entity at year end	**11,405**	16,657

For information on how management and performance fees are calculated please refer to the Fund's Product Disclosure Statement.

(h) Related party unit holdings

Parties related to the Fund (including Perennial Investment Management Limited, its related parties and other schemes managed by Perennial Investment Management Limited and the Investment Manager) held no units in the Fund as at 30 June 2019 (30 June 2018: nil).

(i) Investments

The Fund did not hold investments in Perennial Investment Management Limited or its related parties during the year.

15 Events occurring after the reporting period

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

16 Contingent assets and liabilities and commitments

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

Directors' declaration

In the opinion of the Directors of the Responsible Entity:

(a) The financial statements and notes set out on pages 6 to 24 are in accordance with the *Corporations Act 2001,* including:

(i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Fund's financial position as at 30 June 2019 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.

(c) Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

Anthony Patterson
Director
Perennial Investment Management Limited

Sydney
18 September 2019

KPMG

Independent Auditor's Report

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

Opinion

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

In our opinion, the accompanying Financial Report of the Scheme is in accordance with the *Corporations Act 2001*, including:

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

The ***Financial Report*** comprises:

- Statements of financial position as at 30 June 2019;
- Statements of comprehensive income, Statements of changes in equity, and Statements of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Scheme in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

KPMG

Valuation of listed equity investments ($19,263,000)	
Refer to Note 2(b), Note 3, Note 4 and Note 6 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Valuation of listed equity investments is a key audit matter due to: • The size of the Scheme's portfolio of listed equity investments. Investments represent 88.9% of total assets at year end; • Investment valuation is a key driver of performance results; and • It was the area with greatest effect on our overall audit strategy and allocation of resources in planning and performing our audit.	Our procedures included: • Independently checking the ownership of listed equity investments with the Scheme's custodian; • Working with our valuation experts, we checked the valuation of listed equity investments in the portfolio, as recorded in the general ledger to externally quoted market prices; and • Evaluating the Scheme's disclosures of listed equity investments to the requirements of the accounting standard.

Other Information

Other Information is financial and non-financial information in eInvest Income Generator Fund (Managed Fund)'s annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of Perennial Investment Management Limited (the Responsible Entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Scheme's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

KPMG

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Rachel Milum

Rachel Milum

Partner

Melbourne

18 September 2019