

# **Apostle Dundas Global Equity Fund**

ARSN 093 116 771

## **Condensed interim report**

**For the half-year ended 31 December 2022**

# Apostle Dundas Global Equity Fund

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## Condensed interim report For the half-year ended 31 December 2022

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This condensed interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made in respect of Apostle Dundas Global Equity Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the current Product Disclosure Statement as per Note 2.

This condensed interim report covers Apostle Dundas Global Equity Fund as an individual entity.

The Responsible Entity of Apostle Dundas Global Equity Fund is K2 Asset Management Ltd (ABN 95 085 445 094).

The Responsible Entity's registered office is:  
Level 32, 101 Collins Street  
Melbourne, Victoria, 3000.

## Directors' report

The Directors of K2 Asset Management Ltd (ABN: 95 085 445 094), the Responsible Entity of Apostle Dundas Global Equity Fund (the "Fund"), present their report together with the condensed interim report of the Fund for the half-year ended 31 December 2022 and the auditor's report thereon.

### Principal activities

The Fund continues to invest in equity securities of leading global companies from developed and emerging markets in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund has three separate classes of units, Class B, Class C and Class D units. Class D units are listed on Australian Stock Exchange (ASX).

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

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

The various service providers for the Fund are detailed below:

Service	Provider
Responsible Entity	K2 Asset Management Ltd
Investment Manager	Apostle Funds Management Pty Limited
Sub-Investment Manager	Dundas Partners LLP
Custodian and Administrator	State Street Australia Limited
Statutory Auditor	KPMG
Unit Registry	State Street Australia Limited (Class B and C) and Boardroom Pty Limited (Class D)

### Directors

The following persons held office as Directors of K2 Asset Management Ltd during the half-year or since the end of the half-year and up to the date of this report:

Campbell W Neal  
Hollie A Wight  
George Boubouras

### Review and results of operations

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

## Directors' report (continued)

### Review and results of operations (continued)

#### Results

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

	Half-year ended	
	31 December 2022	31 December 2021
Profit/(loss) before finance costs attributable to unit holders for the half-year (\$'000)	99,301	187,631
<b>Distributions - Class B Units</b>		
Distributions paid and payable (\$'000)	4,205	2,055
Distributions (cents per unit)	0.75	0.56
<b>Distributions - Class C Units</b>		
Distributions paid and payable (\$'000)	26	-
Distributions (cents per unit)	0.09	-
<b>Distributions - Class D Units</b>		
Distributions paid and payable (\$'000)	6	-
Distributions (cents per unit)	0.18	-

### Net Asset Value per unit

NAV per unit (quoted ex-distribution) are shown as follows:

	As at	
	31 December 2022	31 December 2021
	\$	\$
Class B Units	3.09	3.75
Class C Units	1.74	2.11
Class D Units	4.26	5.17

### Significant changes in the state of affairs

The residual impacts of COVID-19 and emerging risks such as rising inflation and commodity prices, increasing interest rates and supply chain constraints continue to create uncertainty as businesses navigate a new landscape. At the date of signing the condensed interim report, uncertainty remains on the likely impact of these factors on the short and long-term performance of the Fund. The Responsible Entity will continue to assess this impact. The Fund continues to fulfil payment on all redemption requests in accordance with the current Product Disclosure Statement.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Fund that occurred during the half-year ended 31 December 2022.

## Directors' report (continued)

### Matters subsequent to the end of the half-year

No matter or circumstance has arisen since 31 December 2022 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 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.

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Fund.

### 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 of K2 Asset Management Ltd. So long as the officers of K2 Asset Management Ltd act in accordance with the Fund's Constitution and the Law, the officers 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.

### Environmental regulation

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

### Rounding of amounts to the nearest thousand dollars

The Fund is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report and financial report. Amounts in the Directors' report and condensed interim financial report have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

## Directors' report (continued)

### Lead 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 6.

This report is made in accordance with a resolution of the Directors of K2 Asset Management Ltd.



Hollie A Wight  
Director

Melbourne  
24 February 2023



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

To the Directors of K2 Asset Management Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Apostle Dundas Global Equity Fund for the half-year ended 31 December 2022 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

  
Chris Wooden

*Partner*

Melbourne

24 February 2023

## Statement of condensed interim comprehensive income

	Notes	Half-year ended	
		31 December 2022	31 December 2021
		\$'000	\$'000
<b>Investment income</b>			
Interest income		40	-
Dividend income		8,642	5,996
Net foreign exchange (losses)/gains		(358)	585
Net gains on financial instruments held at fair value through profit or loss		96,991	185,840
Other operating income		13	-
<b>Total net investment income</b>		<u>105,328</u>	<u>192,421</u>
<b>Expenses</b>			
Responsible entity fees	7(a)	253	193
Management fees	7(a)	4,143	3,186
Auditor's remuneration		7	4
Custody and administration fees		240	192
Withholding taxes		1,104	891
Transaction costs		224	261
Other expenses		56	63
<b>Total operating expenses</b>		<u>6,027</u>	<u>4,790</u>
<b>Profit before finance costs attributable to unit holders for the half-year</b>		<u>99,301</u>	<u>187,631</u>
<b>Finance costs attributable to unit holders</b>			
Distributions to unit holders		(4,237)	(2,055)
(Increase)/decrease in net assets attributable to unit holders	5	<u>95,064</u>	<u>(185,576)</u>
<b>Profit/(loss) for the half-year</b>		-	-
Other comprehensive income		-	-
<b>Total comprehensive income for the half-year</b>		<u>-</u>	<u>-</u>

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

## Statement of condensed interim financial position

	Notes	As at	
		31 December 2022 \$'000	30 June 2022 \$'000
<b>Assets</b>			
Cash and cash equivalents	6	34,939	22,475
Receivables		2,233	2,585
Financial assets at fair value through profit or loss	4	<u>1,758,881</u>	<u>1,686,071</u>
<b>Total assets</b>		<u>1,796,053</u>	<u>1,711,131</u>
<b>Liabilities</b>			
Payables		854	782
Distributions payable		<u>4,237</u>	<u>8,205</u>
<b>Total liabilities (excluding net assets attributable to unit holders)</b>		<u>5,091</u>	<u>8,987</u>
<b>Net assets attributable to unit holders - liability</b>	5	<u>1,790,962</u>	<u>1,702,144</u>

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

### Statement of condensed interim changes in equity

The Fund's net assets attributable to unit holders are classified as a liability under *AASB 132 Financial Instruments: Presentation*. As the Fund has no equity, the Fund has not presented any items of changes in equity for the current or comparative half-year.

## Statement of interim cash flows

	Half-year ended	
	31 December 2022	31 December 2021
Notes	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Proceeds from sale of financial instruments at fair value through profit or loss	65,649	124,155
Purchase of financial instruments at fair value through profit or loss	(41,468)	(140,227)
Dividends received	7,883	5,203
Interest received	40	-
Other income received	13	-
Responsible Entity fees paid	(292)	(187)
Management fees paid	(3,941)	(3,084)
Custody and administration fees paid	(315)	(177)
Payment of other operating expenses	(283)	(358)
Proceeds from foreign exchange movements	<u>1,131</u>	<u>719</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<u>28,417</u>	<u>(13,956)</u>
<b>Cash flows from financing activities</b>		
Proceeds from applications by unit holders	7,160	21,819
Payments for redemptions by unit holders	(21,402)	(6,974)
Distributions paid to unit holders	<u>(222)</u>	<u>(147)</u>
<b>Net cash inflow/(outflow) from financing activities</b>	<u>(14,464)</u>	<u>14,698</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>13,953</b>	<b>742</b>
Cash and cash equivalents at the beginning of the half-year	22,475	24,843
Effects of foreign currency exchange rate changes on cash and cash equivalents	<u>(1,489)</u>	<u>(134)</u>
<b>Cash and cash equivalents at the end of the half-year</b>	<b>6</b> <u>34,939</u>	<u>25,451</u>
<b>Non-cash financing activities</b>	<u>7,983</u>	<u>2,725</u>

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

## Contents of the notes to the interim financial statements

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## 1 General information

These condensed interim report covers Apostle Dundas Global Equity Fund (the “Fund”) as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 10 December 1996 and will terminate in accordance with the provisions of the Fund’s Constitution or by Law.

Fund has three separate classes of units, Class B, Class C and Class D. Class D units were admitted to trading status on the ASX under the AQUA Rules on 24 February 2021 (ASX code: ADEF).

The Responsible Entity of the Fund is K2 Asset Management Ltd (ABN 95 085 445 094) (the “Responsible Entity”). The Responsible Entity’s registered office is Level 32, 101 Collins Street, Melbourne, Victoria, 3000. The condensed interim report are presented in the Australian currency unless otherwise noted.

The Fund invests in equity securities of leading global companies from developed and emerging markets and other investment instruments as permitted by the Product Disclosure Statement and the provisions of the Fund’s Constitution.

## 2 Basis of preparation of interim financial statements

The condensed interim financial report for the half-year ended 31 December 2022 has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

This condensed interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022, any public announcements made in respect of Apostle Dundas Global Equity Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the current Product Disclosure Statement.

This condensed interim report was authorised for issue by the Directors on 24 February 2023.

### (a) Significant accounting policies

Except as disclosed in the financial report for the year ended 30 June 2022, there were no new accounting standards, amendments and interpretations that are expected to have a material impact on the financial statements.

The significant accounting and risk management policies and practices adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Fund’s financial statements for the year ended 30 June 2022.

## 3 Fair value measurement

The Fund measures and recognises the following financial assets and liabilities at fair value.

- Financial assets at fair value through profit or loss (see Note 4)

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).

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

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and listed equity securities) are based on last traded price at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

### 3 Fair value measurement (continued)

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

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.

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

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

#### (b) Fair value in an inactive or unquoted market (level 2)

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 reporting date. 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 reporting date 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. The fair value of an option contract is determined by applying the Black Scholes option valuation model.

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.

#### (c) Recognised fair value measurements

The tables below present the Fund's financial assets and liabilities measured and recognised at fair value as at 31 December 2022.

As at 31 December 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Listed equity securities	<u>1,758,881</u>	-	-	<u>1,758,881</u>
Total	<u>1,758,881</u>	-	-	<u>1,758,881</u>

### 3 Fair value measurement (continued)

#### (c) Recognised fair value measurements (continued)

As at 30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Listed equity securities	<u>1,686,071</u>	<u>-</u>	<u>-</u>	<u>1,686,071</u>
Total	<u>1,686,071</u>	<u>-</u>	<u>-</u>	<u>1,686,071</u>

#### (d) 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 for the half-year ended 31 December 2022 and year ended 30 June 2022. There were also no changes made to any of the valuation techniques applied as of 30 June 2022.

#### (e) Valuation processes

Portfolio reviews are undertaken regularly by management to identify securities that potentially may not be actively traded or have stale security pricing. This process identifies securities which possibly could be regarded as being level 3 securities.

Further analysis, should it be required, is undertaken to determine the accounting significance of the identification. For certain security types, in selecting the most appropriate valuation model, management performs back testing and considers actual market transactions. Changes in allocation to or from level 3 are analysed at the end of each reporting period.

#### (f) Financial instruments not carried at fair value

The carrying values of receivables and payables approximate their fair values due to their short-term nature.

Net assets attributable to unit holders' carrying value differs 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 or prior reporting periods.

### 4 Financial assets at fair value through profit or loss

	As at	
	31 December 2022 \$'000	30 June 2022 \$'000
<b>Financial assets at fair value through profit or loss</b>		
International listed equity securities	<u>1,758,881</u>	<u>1,686,071</u>
<b>Total financial assets at fair value through profit or loss</b>	<u>1,758,881</u>	<u>1,686,071</u>

## 5 Net assets attributable to unit holders - liability

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

	Half-year ended			
	31 December 2022 Units'000	31 December 2021 Units'000	31 December 2022 \$'000	31 December 2021 \$'000
<b>Class B Units</b>				
Opening balance	560,925	367,453	1,640,288	1,204,310
Applications	473	1,079	1,476	3,860
Redemptions	(5,519)	(81)	(17,412)	(275)
Reinvestment of distributions	2,724	827	7,966	2,710
Increase/(decrease) in net assets attributable to unit holders	-	-	91,667	175,719
<b>Closing balance</b>	<b>558,603</b>	<b>369,278</b>	<b>1,723,985</b>	<b>1,386,324</b>
<b>Class C Units</b>				
Opening balance	29,904	30,129	49,291	55,627
Applications	2,801	7,251	4,953	14,476
Redemptions	(1,996)	(3,233)	(3,511)	(6,478)
Reinvestment of distributions	7	6	11	12
Increase/(decrease) in net assets attributable to unit holders	-	-	2,689	8,557
<b>Closing balance</b>	<b>30,716</b>	<b>34,153</b>	<b>53,433</b>	<b>72,194</b>
<b>Class D Units</b>				
Opening balance	3,116	1,601	12,565	7,230
Applications	174	724	731	3,483
Redemptions	(109)	(45)	(466)	(223)
Reinvestment of distributions	1	1	6	3
Increase/(decrease) in net assets attributable to unit holders	-	-	708	1,300
<b>Closing balance</b>	<b>3,182</b>	<b>2,281</b>	<b>13,544</b>	<b>11,793</b>
<b>Closing balance</b>			<b>1,790,962</b>	<b>1,470,311</b>

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 three separate classes of units as at 31 December 2022 (31 December 2021 - three classes of units). Each unit has the same voting rights as other units, irrespective of the classes. Each unit class has a different management fee rate. Class D units are listed on ASX.

Units are redeemed on demand at the unit holders' option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

On the Statement of interim cash flows, proceeds from applications by unitholders incorporate application funding received from unit holders and also the value of units issued upon reinvestment of distributions, while distribution paid includes the cash distribution portion only.

## 5 Net assets attributable to unit holders - liability (continued)

### Capital risk management

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

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.

## 6 Cash and cash equivalents

	As at	
	31 December 2022 \$'000	30 June 2022 \$'000
Cash at bank	<u>34,939</u>	<u>22,475</u>
<b>Total cash and cash equivalents</b>	<u><b>34,939</b></u>	<u><b>22,475</b></u>

## 7 Related party transactions

The Responsible Entity of Apostle Dundas Global Equity Fund is K2 Asset Management Ltd (ABN 95 085 445 094). Accordingly, transactions with entities related to K2 Asset Management Ltd are disclosed below.

The Responsible Entity has contracted services to Apostle Funds Management Pty Limited to act as Investment Manager for the Fund and State Street Australia Limited to act as Custodian and Administrator for the Fund. The contracts are on normal commercial terms and conditions.

### (a) Responsible Entity fees, 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 transactions during the half-year and amounts payable as at half-year end between the Fund, the Responsible Entity and the Investment Manager were as follows:

	Half-year ended	
	31 December 2022 \$	31 December 2021 \$
Management fees for the half-year	4,143,036	3,185,603
Responsible Entity fees for the half-year	253,329	192,916

## 7 Related party transactions (continued)

### (a) Responsible Entity fees, Investment Manager's fees and other transactions (continued)

	Half-year ended	
	31 December 2022	30 June 2022
	\$	\$
Management fees payable at half-year/year	667,479	589,664
Responsible Entity fees payable at half-year/year	43,695	39,185

The management fees borne by the Fund are paid to the Investment Manager, who in turn provides the on-payment of the fees to the respective service providers. Service provider fees include Responsible Entity fees, Custodian and Administrator fees and other expenses.

## 8 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period and up to the date of this report which would impact on the financial position of the Fund as disclosed in the statement of condensed interim financial position as at 31 December 2022 or on the results and cash flows of the Fund for the half-year ended on that date.

## 9 Contingent assets and liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 31 December 2022 and 30 June 2022.

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 7 to 17 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2022 and of its performance for the half-year ended on that date.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (c) Note 2 confirms that the condensed interim reports 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 K2 Asset Management Ltd.



Hollie A Wight  
Director

Melbourne  
24 February 2023



# Independent Auditor's Review Report

To the unitholders of Apostle Dundas Global Equity Fund

## Conclusion

We have reviewed the accompanying **Interim Financial Report** of Apostle Dundas Global Equity Fund (the Scheme).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Interim Financial Report of Apostle Dundas Global Equity Fund does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Scheme's financial position as at 31 December 2022 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed statement of financial position as at 31 December 2022;
- Condensed statement of comprehensive income for the Half-year ended on that date;
- Condensed statement of changes in equity and Statement of cash flows for the Half-year ended on that date;
- Notes 1 to 9 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

## Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



## Responsibilities of the Directors for the Interim Financial Report

The Directors of K2 Asset Management Limited (the Responsible Entity) are responsible for:

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

## Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Scheme's financial position as at 31 December 2022 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

Chris Wooden

*Partner*

Melbourne

24 February 2023